Notice of Entry of Appearance as Attorney or Accredited Representative

Department of Homeland Security

DHS Form G-28
OMB No. 1615-0105
Expires 02/29/2016

Part 1. Information About Attorney or Accredited Representative

Name and Address of Attorney or Accredited Representative

1.a. Family Name *(Last Name)*: Divine

1.b. Given Name *(First Name)*: Robert

1.c. Middle Name: C.

2. Name of Law Firm or Recognized Organization: Baker Donelson Bearman Caldwell & Berkowitz, P.C.

3. Name of Law Student or Law Graduate:

4. State Bar Number: 013211

5.a. Street Number: 633

5.b. Street Name: Chestnut Street

5.c. Apt. ☐ Ste. ☐ Flr. ☐ 1800 Republic Centre

5.d. City or Town: Chattanooga

5.e. State: TN 5.f. Zip Code: 37450

5.g. Postal Code:

5.h. Province:

5.i. Country: United States

6. Daytime Phone Number: (423) 752-4416

7. E-Mail Address of Attorney or Accredited Representative: rdivine@bakerdonelson.com

Part 2. Eligibility Information For Attorney or Accredited Representative

(Check applicable items(s) below)

1. ☑ I am an attorney eligible to practice law in, and a member in good standing of, the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia.

1.a. Supreme Court, Tennessee

1.b. I *(choose one)* ☑ ***am not*** ☐ ***am*** subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law. (If you are subject to any order(s), explain fully in the space below.)

1.b.1.

2. ☐ I am an accredited representative of the following qualified nonprofit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 292.2. Provide the name of the organization and the expiration date of accreditation.

2.a. Name of Recognized Organization

2.b. Date Accreditation expires *(mm/dd/yyyy)* ▶

3. ☐ I am associated with

3.a.

the attorney or accredited representative of record who previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request. If you check this item, also complete **number 1 (1.a. - 1.b.1.) or number 2 (2.a. - 2.b.)** in **Part 2** *(whichever is appropriate)*.

4. ☐ I am a law student or law graduate working under the direct supervision of the attorney or accredited representative of record on this form in accordance with the requirements in 8 CFR 292.1(a)(2)(iv).

Part 3. Notice of Appearance as Attorney or Accredited Representative

This appearance relates to immigration matters before (select one):

1. ☑ USCIS - List the form number(s)

1.a. I-924A & ongoing Regional Center

2. ☐ ICE - List the specific matter in which appearance is entered

2.a.

3. ☐ CBP - List the specific matter in which appearance is entered

3.a.

I hereby enter my appearance as attorney or accredited representative at the request of:

4. **Select only one:** ☑ Applicant ☐ Petitioner ☐ Respondent (ICE, CBP)

Name of Applicant, Petitioner, or Respondent

5.a. Family Name *(Last Name)* Medlyn

5.b. Given Name *(First Name)* Peter

5.c. Middle Name

5.d. Name of Company or Organization, if applicable

Tennessee Regional Center, LLC

NOTE: Provide the mailing address of Petitioner, Applicant,or Respondent and not the address of the attorney or accredited representative, **except when a safe mailing address is permitted** on an application or petition filed with Form G-28.

6.a. Street Number and Name 109 S. Broadway

6.b. Apt. ☐ Ste. ☐ Flr. ☐

6.c. City or Town Knoxville

6.d. State TN 6.e. Zip Code 37902

7. Provide A-Number and/or Receipt Number

RCW1031910190

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, ICE, or CBP.

8.a. Signature of Applicant, Petitioner, or Respondent

8.b. Date *(mm/dd/yyyy)* ▶ 12/09/13

Part 4. Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

1. Signature of Attorney or Accredited Representative

2. Signature of Law Student or Law Graduate

3. Date *(mm/dd/yyyy)* ▶ 12/12/13

Part 5. Additional Information

1. Other attorneys authorized in Baker Donelson firm: Robert C. Divine, L. Mabel Arroyo, Robert N. Johnson, Masae Y. Okura, Melanie C. Walker, or any other attorney of the firm.

OMB No. 1615-0061; Expires 01/31/2015

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-924A, Supplement to Form I-924

RECD CSC130EC13 12:44 C30060

Part 1. Information About Principal of the Regional Center

Name: Last	First	Middle
Medlyn	Peter	

In Care Of:

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville	State: TN	Zip Code: 37902

Date of Birth (mm/dd/yyyy): (b)(6)	Fax Number (include area code): 865-544-4226	Telephone Number (include area code): 865-599-2322

Web site address: www.eb5-invest.com

USCIS-assigned number for the Designated Regional Center (attach the Regional Center's most recently issued approval notice)

Part 2. Application Type *(check one)*

☑ **a.** Supplement for the Fiscal Year Ending September 30, 2013 *(YYYY)*

☐ **b.** Supplement for a Series of Fiscal Years Beginning on October 1, _____ *(YYYY)* and Ending on September 30, _____ *(YYYY)*

Part 3. Information About the Regional Center

(Use a continuation sheet, if needed, to provide information for additional management companies/agencies, regional center principals, agents, individuals, or entities who are or will be involved in the management, oversight, and administration of the regional center.)

A. Name of Regional Center: Tennessee Regional Center

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville	State: TN	Zip Code: 37902

Web site Address: www.eb5-invest.com	Fax Number (include area code): 865-544-4226	Telephone (include area code): 865-599-2322

B. Name of Managing Company/Agency:

Street Address/P.O. Box:

City:	State:	Zip Code:

Web site Address:	Fax Number (include area code):	Telephone (include area code):

C. Name of Other Agent: Ronald Hensarling

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville	State: TN	Zip Code: 37902

Web site www.eb5-invest.com	Fax Number (include area code): 865-544-4226	Telephone (include area code): 865-599-2322

(b)(6) RCW1334751344 [redacted] I924A 12/13/2013

Part 3. Information About the Regional Center *(Continued)*

Answer the following questions for the time period identified in **Part 2** of this form. **Note:** If extra space is needed to complete any item, attach a continuation sheet, indicate the item number, and provide the response.

1. Identify the aggregate EB-5 capital investment and job creation has been the focus of EB-5 capital investments sponsored through the regional center. (**Note:** Separately identify jobs maintained through investments in "troubled businesses.")

Aggregate EB-5 Capital Investment	Aggregate Direct and Indirect Job Creation	Aggregate Jobs Maintained
0	0	0

2. Identify each industry that has been the focus of EB-5 capital investments sponsored through the Regional Center, and the resulting aggregate EB-5 capital investment and job creation. (**Note:** Separately identify jobs maintained through investments in "troubled businesses".)

a. Industry Category Title: Accommodations		NAICS Code for the Industry Category 7 2 1 0 0 0
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained: 0
b. Industry Category Title: Food Services		NAICS Code for the Industry Category 7 2 2 0 0 0
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained: 0
c. Industry Category Title: Amusement		NAICS Code for the Industry Category 7 1 3 0 0 0
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained: 0

3. Provide the following information for each job creating commercial enterprise located within the geographic scope of your regional center that has received EB-5 investor capital:

a. Name of Commercial Enterprise: *See addendum		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	
Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes?		☐ No	☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

b. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code
EB-5 Capital Investment	Direct and Indirect Job Creation	Jobs Maintained	

Part 3. Information About the Regional Center *(Continued)*

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

c. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

Part 3. Information About the Regional Center *(Continued)*

d. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

e. Name of Commercial Enterprise:		Industry Category Title:	
Address Street Number and Name:	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.			
(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

4. Provide the total number of approved, denied and revoked Form I-526 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

(b)(4)

Form I-526 Petition Final Case Actions		
Approved	**Denied**	**Revoked**

5. Provide the total number of approved, denied and revoked Form I-829 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

Form I-829 Petition Final Case Actions		
Approved	**Denied**	**Revoked**

NOTE: USCIS may require case-specific data relating to individual EB-5 petitions and the job creation determination and further information regarding the allocation methodologies utilized by a regional center in certain instances in order to verify the aggregate data provided above.

Part 4. Applicant Signature *Read the information on penalties in the instructions before completing this section. If someone helped you prepare this petition, he or she must compete **Part 5**.*

I certify, under penalty of perjury under the laws of the United States of America, that this supplemental form and the evidence submitted with it are all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought. I also certify that I have authority to act on behalf of the Regional Center.

Signature of Applicant	**Printed Name of Applicant**	**Date** *(mm/dd/yyyy)*
	Peter Medlyn	12/9/13
Daytime Phone Number *(Area/Country Codes)* 865-599-2322	**E-Mail Address** pmedlyn@eb5-invest.com	
Relationship to the Regional Center Entity (Managing Member, President, CEO, etc.) Chief Executive Officer		

Part 5. Signature of Person Preparing This Form, If Other Than Above *(Sign Below)*

I declare that I prepared this form using information provided by someone with authority to act on behalf of the Regional Center, and the answers and information are those provided by the Regional Center.

Attorney or Representative: In the event of a Request for Evidence (RFE), may the USCIS contact you by Fax or E-mail? ☐ No ☑ Yes

Signature of Preparer	**Printed Name of Preparer**	**Date** *(mm/dd/yyyy)*
	Robert C. Divine	12/12/13
Firm Name and Address Baker Donelson Bearman Caldwell & Berkowitz, P.C. 633 Chestnut Street, 1800 Republic Centre, Chattanooga, Tennessee 37450, USA		
Daytime Phone Number *(Area/Country Codes)* (423) 752-4416	**Fax Number** *(Area/Country Codes)* (423) 752-9533	**E-Mail Address** rdivine@bakerdonelson.com

SUBMISSION CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION PER FOIA (5 U.S.C. § 552 (b)(4)), SUBMITTER REQUESTS PREDISCLOSURE NOTIFICATION PER PRESIDENTIAL EXECUTIVE ORDER NO. 12, 600, 52 FED. REG. 23781 (JUNE 23, 1987)

ADDENDUM to FORM I-924A

Tennessee Regional Center, LLC RCW1031910190

for FY 2013

(b)(4)

The Regional Center was approved on July 30, 2013

We continue to field many calls from developers and investors who have found us through our web site which states we are actively looking for new viable projects in East Tennessee. We have completed due diligence on many projects this year.

BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

1800 REPUBLIC CENTRE
633 CHESTNUT STREET
CHATTANOOGA, TENNESSEE 37450

PHONE: 423.756.2010
FAX: 423.756.3447
www.bakerdonelson.com

ROBERT C. DIVINE
Direct Dial: (423) 752-4416
Direct Fax: (423) 752-9533
E-Mail Address:rdivine@bakerdonelson.com

December 12, 2013

USCIS
California Service Center
Attn: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Re: **I-924 A Filing FY Ending September 30, 2013**
Regional Center: Tennessee Regional Center
Receipt No.: RCW1031910190

Dear Officer:

Attached please find the I-924A filing for fiscal year ending September 30, 2013 for the Tennessee Regional Center and the most recently issued approval notice. We have also provided an addendum detailing the status of current projects in process and under consideration. Please note my ongoing representation of this regional center for purposes of the I-924A and all other matters. A current Form G-28 is attached.

Respectfully submitted,

Robert C. Divine

Robert C. Divine

U.S. Department of Homeland Security
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

U.S. Citizenship and Immigration Services

Date: JUL 30 2013

Peter Medlyn
C/O Tennessee Regional Center, LLC
109 S. Broadway
Knoxville, TN 37902

Application:	Form I-924, Application for Regional Center under the Immigrant Investor Pilot Program
Applicant:	Peter Medlyn
Re:	Initial Regional Center Designation Tennessee Regional Center RCW1031910190 (Formerly W09001230)/ ID 1031910190

This notice is in reference to the proposal that was filed by the applicant with the U.S. Citizenship and Immigration Services ("USCIS") on November 04, 2010. The proposal was filed to request approval of initial regional center designation under the Immigrant Investor Program. The Immigrant Investor Program was established under § 610 of the Department of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993 (Pub. L. 102-395, Oct. 6, 1992, 106 Stat. 1874). The proposal was approved on August 11, 2010; however, two Intent to Terminate were subsequently issued.

I. Executive Summary of Adjudication

1. Effective the date of this notice, USCIS reaffirms the approval of the request to designate Tennesse Regional Center, LLC as a qualifying participant in the Immigrant Investor Program and this approval notice will supersede the August 11, 2010 approval notice.

II. Regional Center Designation[1]

USCIS approves the applicant's request to focus, promote economic growth, and offer capital investment opportunities in the following geographic area, which is the same as the Knoxville-Sevierville- La Follette Combined Statistical Area, and industry categories:

A. Geographic Area

State	Counties
Tennessee	[redacted]

(b)(4)

B. Industry Categories

NAICS	Industry Name
2362	[redacted]
7131	
7211	
72251	
44-45	

III. Job Creation

USCIS approves the geographic area and industry categories noted above based on the economic impact analysis presented and reviewed in conjunction with the adjudication of this regional center proposal.

This hypothetical project does not have the factual details necessary to be in compliance with the requirements described in Matter of Ho, 22 I&N Dec. 206 (Assoc. Comm'r 1998), and therefore, USCIS's approval of the hypothetical job creation estimates presented in the Form I-924 will not be accorded deference and may not be relied upon by an individual investor when filing the Form I-526. The business plan and job creation estimates will receive a de novo review by USCIS when an individual investor files Form I-526. Once an actual project is adjudicated upon the filing of the initial Form I-526 related to the I-924 hypothetical project approval, USCIS will give deference to subsequent Forms I-526 when the critical assumptions remain materially unchanged from the initially-approved Form I-526.

When filing Form I-526, it will be the responsibility of the individual investor to submit a comprehensive, detailed and credible business plan, showing by a preponderance of the evidence that his or her investment in the new commercial enterprise will create not fewer than 10 full-time positions. If prior to filing a form

[1] USCIS issued a Policy Memorandum (PM-602-0083) on the subject of "EB-5 Adjudication Policy," dated May 30, 2013, stating that formal amendments to the regional center designation are no longer required when a regional center changes its industries of focus or geographic boundaries. A regional center may still elect to pursue a formal amendment by filing Form I-924 if it seeks certainty in advance that changes in the industries or the geographic area will be permissible prior to filing Form I-526 petitions.

I-829, the job creation estimated in the business plan submitted by the individual investor materially changes or will not be realized, then it will be the responsibility of the EB-5 investor to notify USCIS of an agreed upon methodology to allocate job creation among eligible investors.

IV. Guidelines for Filing Form I-526 Petitions

Each individual petition, in order to demonstrate that it is affiliated with the Tennessee Regional Center, LLC in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain the following:

1. A copy of this regional center approval notice and designation letter including all subsequent amendment approval letters (if applicable).

2. An economic impact analysis which reflects a job creation methodology required at 8 CFR § 204.6 (j)(4)(iii) and shows how the capital investment by an individual immigrant investor will create not fewer than ten (10) indirect jobs for each immigrant investor.

3. A comprehensive, detailed and credible business plan for an actual project that contains the factual details necessary to be in compliance with the requirements described in Matter of Ho, 22 I&N Dec. 206 (Assoc. Comm'r 1998).

4. Legally executed organizational documents of the commercial enterprise.

Note: The project reviewed with this Form I-924 application is a hypothetical project. Organizational and transactional documents associated with the new commercial enterprise (NCE) submitted with this Form I-924 have not been reviewed to determine compliance with program requirements since these documents will receive de novo review in subsequent filings (e.g., an amended Form I-924 application with a Form I-526 exemplar or the first Form I-526 petition filed by an investor under the regional center project).

V. Designee's Responsibilities in the Operations of the Regional Center

As provided in 8 CFR § 204.6 (m)(6), to ensure that the regional center continues 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, and increased domestic capital investment in the approved geographic area. Such information must be submitted to USCIS on an annual basis or as otherwise requested by USCIS. The applicant must monitor all investment activities under the sponsorship of the regional center and to maintain records in order to provide the information required on the Form I-924A Supplement to Form I-924. Form I-924A, Supplement to Form I-924 Application is available in the "Forms" section on the USCIS website at www.uscis.gov.

Regional centers that remain designated for participation in the Immigrant Investor Program as of September 30th of a calendar year are required to file Form I-924A Supplement in that year. The Form I-

924A Supplement with the required supporting documentation must be filed on or before December 29th of the same calendar year.

The failure to timely file a Form I-924A Supplement for each fiscal year in which the regional center has been designated for participation in the Immigrant Investor Program will result in the issuance of an intent to terminate the participation of the regional center in the Immigrant Investor Program, which may ultimately result in the termination of the designation of the regional center.

The regional center designation is non-transferable, as any changes in management of the regional center will require the approval of an amendment to the approved regional center designation.

If the applicant has any questions concerning the regional center designation under the Immigrant Investor Program, please contact the USCIS by email at USCIS.ImmigrantInvestorProgram@uscis.dhs.gov.

Sincerely,

Daniel M. Renaud
Acting Chief, Immigrant Investor Program

cc: Robert Divine, Esq.

U.S. Citizenship and Immigration Services

Questions and Answers: Form I-924A

Background

8 CFR 204.6(m)(6) provides that regional centers must continue to meet the requirements of Section 610(a) of the Appropriations Act by continuing to promote economic growth, improved regional productivity, job creation or increased domestic capital investment in the approved geographic area.

Form I-924A, Supplement to Form I-924 ("I-924A") is used to demonstrate a regional center's continued eligibility for the regional center designation and must be filed with USCIS on an annual basis for each fiscal year (October 1 through September 30) within 90 days after the end of the fiscal year (on or before December 29th).

Form I-924A may be obtained on the USCIS website.

Below you will find questions and answers regarding the regional center Form I-924A filing and reporting requirements.

Part 1. Questions and Answers

Q. Form I-924A asks in Part 1 for the provision of the USCIS-assigned number for the designated regional center. My regional center has had several case numbers assigned to its regional center filings. Which USCIS-assigned number should I provide?

A. USCIS assigned a unique identifier to every approved or prospective regional center in August of 2011. Unlike a receipt number which changes with every filing, this unique identifier is permanently assigned to each approved regional center, and will be associated with all Form I-924 applications that are filed by the regional center. The regional center unique identifier's naming convention is as follows:

IDxxxxxxxxxx

Please provide the regional center's unique identifier (if known) and a copy of the regional center's most recently issued approval notice.

Q. Form I-924A asks in Part 2 for the regional center to check box a. or b. Part 2.a. appears to be the box to check for a filing for a specific fiscal year. Part 2.b. appears to be the box to check for a filing for a range of fiscal years. Under what circumstances is Part 2.b. to be used?

A. 8 CFR 204.6(m)(6) requires regional centers to provide information demonstrating continued eligibility for the regional center designation on an annual basis, on a cumulative basis, and/or as otherwise requested by USCIS. In some instances USCIS may request that a regional center submit information covering a succession of fiscal years on Form I-924A. Part 2.b. should be checked by the regional center in those instances to specifically identify the period of time covered by the Form I-924A information submission.

Q. In Part 3, does "capital investment" refer only to the investments made by EB-5 capital investors,

or should it include other financing that is part of the EB-5 capital investment project?

A. "Capital investment" in Part 3 of Form I-924A refers solely to investments made by EB-5 investors. A regional center has the option to supplement the required information in Form I-924A, such as other financing that is part of an EB-5 capital investment project.

Q. At what point is capital considered "invested" for purposes of inclusion in Part 3 of Form I-924A; Form I-526 filing, I-526 approval, release from escrow (if any), or expenditure in a project?

A. Capital investment occurs when the EB-5 investor's capital is actually transferred into the new commercial enterprise. Funds held in escrow should not be counted as capital invested for the purposes of completing Form I-924A, Part 3, as these funds have yet to be actually transferred into the new commercial enterprise.

Q. At what point are jobs considered to be created for purposes of inclusion in Part 3 of Form I-924A; I-526 approval – the time of the expenditure of the capital in the capital investment project or the accomplishment of other milestones in the business plan for the project?

A. In reporting statistics, USCIS estimates job creation (10 jobs per investor) based upon the number of Form I-829 petitions that were approved within the period of time under study. Regional centers may opt to adopt this timing approach to simplify the record keeping and data analysis required to be responsive to Part 3 of Form I-924A.

If a regional center chooses to adopt a job creation reporting methodology using economic impact modeling for the job-creating business activities that occurred within its capital investment projects during the fiscal year, then a detailed narrative and analysis should be provided with the Form I-924A that identifies the jobs that were created during the fiscal year and the methodology used to estimate the job creation. Further, regional centers should consistently use the same methodology from year-to-year to avoid erroneous or duplicative job creation estimates.

Q. Should capital investment and job creation numbers be reported strictly within the fiscal year in which they were respectively accomplished?

A. Yes, the amount of capital invested and jobs created through the regional center's capital investment projects should be reported strictly within the fiscal year in which they were respectively accomplished. For Form I-924A filings for fiscal year 2011, the capital investment and job creation in Part 3 should only include events that occurred between October 1, 2010 and September 30, 2011.

Q. Where should a regional center account for jobs that were maintained in a "troubled business" during the fiscal year?

A. The number of jobs that were maintained in a "troubled business" should be identified in the section entitled "Aggregate Jobs Maintained" in Part 3.2 of the Form I-924A.

Q. What level of detail must a regional center use to identify the NAICS code for the Industry Category in Part 3.2 of Form I-924A?

A. The purpose of collecting North American Industry Classification System ("NAICS code") information regarding the industries in which EB-5 capital is invested and jobs are created is to enable USCIS to provide information to internal and external stakeholders about the industries that are participating in EB-5 capital investment projects.

According to the U.S. Census Bureau's FAQs regarding the NAICS codes , NAICS is a two-through six-digit hierarchical classification system, offering five levels of detail. Each digit in the code is part of a series of progressively narrower categories, and the more digits in the code signify

greater classification detail. The first two digits designate the economic sector, the third digit designates the subsector, the fourth digit designates the industry group, the fifth digit designates the NAICS industry, and the sixth digit designates the national industry.

The NAICS code identified in Part 3.2 of Form I-924A should have sufficient detail to identify the industry for the primary business activity of the capital investment project. In general a NAICS code with four-digits, which identifies the industry group of a given economic activity would be an appropriate entry. For example, if the capital investment project involved Fruit and Nut then the appropriate NAICS code to use would be 1113.

Q. If a regional center creates jobs in numerous industry categories, should the regional center identify multiple industry categories, or indicate only the largest industry category in Part 3.3 of Form I-924A?

A. All of the industry category titles relating to the primary business activities conducted by the commercial enterprise should be identified in the event that the commercial enterprise engages in investments in multiple capital investment projects that span industries. Form I-924A indicates on page 2 of the form that if extra space is needed to complete any item, that the regional center should attach a continuation sheet, indicate the item number, and provide the response.

Last updated:12/06/2011

Plug-ins

I-924A

for regional center

No fee required

BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

1800 REPUBLIC CENTRE • 633 CHESTNUT STREET • CHATTANOOGA, TN 37450

I-924A for
Tennessee Regional Center
RCW1031910190

Align

From: (423) 756-2010 Origin ID: CHAA
Robert C. Divine
Baker Donelson Bearman Caldwell & B
633 Chestnut Street
1800 Republic Centre
Chattanooga, TN 37450

FedEx. Express

J13201306280326

Ship Date: 12DEC13
ActWgt: 1.0 LB
CAD: 2840228/INET3430

Delivery Address Bar Code

SHIP TO: (423) 756-2010 BILL SENDER

Attn: EB5 RC Proposal
USCIS California Service Center
24000 Avila Road, 2nd Floor

LAGUNA NIGUEL, CA 92677

Ref # 010629 2924250-0000(
Invoice #
PO #
Dept #

TRK# 0201 7973 8015 2291

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CSC

From: (423) 756-2010 Origin ID: CHAA
Robert C. Divine
Baker Donelson Bearman Caldwell & B
633 Chestnut Street
1800 Republic Centre
Chattanooga, TN 37450

FedEx. Express

J13201306280326

Ship Date: 12DEC13
ActWgt: 1.0 LB
CAD: 2840228/INET3430

AM DEC 13 2013

Delivery Address Bar Code

STAMP #115

SHIP TO: (423) 756-2010 BILL SENDER
Attn: EB5 RC Proposal
USCIS California Service Center
24000 Avila Road, 2nd Floor

LAGUNA NIGUEL, CA 92677

Ref # 010629.2924250-000001
Invoice #
PO #
Dept #

924A x2

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U.S. Department of Homeland Security
U.S. Citizenship and Immigration Services

Notice of Action

A#	Application/Petition: I-924, Application for Regional Center Under the Immigrant Investor Pilot Program
Receipt #: RCW1031910190	Applicant/Petitioner: Peter Medlyn
Notice Date: September 8, 2014 — Page: 1 of 4	Beneficiary:

ROBERT C DIVINE
RE: PETER MEDLYN
633 CHESTNUT ST 1800 REPUBLIC CENT
CHATTANOOGA TN 37450

Notice of Intent to Terminate

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 THIRTY THREE (33) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

CSC _____ WS _____ DIV I

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

Note: You are given until October 13, 2014 in which to submit the information requested.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your petition.

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:

U.S. CITIZENSHIP AND IMMIGRATION SERVICES
IMMIGRANT INVESTOR PROGRAM
20 MASSACHUSETTS AVE., N.W.
MAILSTOP 2235
WASHINGTON, DC 20529

Please see additional information on the back.

U.S. Department of Homeland Security
U.S. Citizenship and Immigration Services

Notice of Action

A#		Application/Petition I-924, Application for Regional Center Under the Immigrant Investor Pilot Program
Receipt # RCW1031910190		Applicant/Petitioner Peter Medlyn
Notice Date September 8, 2014	Page 1 of 4	Beneficiary

Peter Medlyn
109 S. Broadway
Knoxville, TN 37902

Notice of Intent to Terminate

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 THIRTY THREE (33) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

CSC _____ WS _____ DIV I

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

Note: You are given until October 13, 2014 in which to submit the information requested.

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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:

U.S. CITIZENSHIP AND IMMIGRATION SERVICES
IMMIGRANT INVESTOR PROGRAM
20 MASSACHUSETTS AVE., N.W.
MAILSTOP 2235
WASHINGTON, DC 20529

ROBERT C DIVINE
RE: PETER MEDLYN
633 CHESTNUT ST 1800 REPUBLIC CENTI
CHATTANOOGA TN 37450

Notice of Intent to Terminate

Application for Regional Center Under the Immigrant Investor Pilot Program
TENNESSEE REGIONAL CENTER

I. PROCEDURAL HISTORY AND BACKGROUND

Tennessee Regional Center applied for designation as a regional center pursuant to section 610 of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. 102-395, as amended (Public Law 102-395) on December 21, 2009. On August 11, 2010 USCIS designated Tennessee Regional Center as a regional center and authorized its participation in the Immigrant Investor Program (the "Program").[1] Subsequent to its approval, two Notices of Intent to Terminate were issued. On July 30, 2013, USCIS reaffirmed the approval of the regional center's designation.

The purpose of this letter is to notify Tennessee Regional Center that USCIS intends to terminate its participation as a regional center in the Program pursuant to 8 C.F.R. § 204.6(m)(6) for the reasons set forth below.

II. ANALYSIS

According to 8 C.F.R. § 204.6(m)(6),

> [t]o ensure that regional centers continue to meet the requirements of section 610(a) of [Public Law 102-395], 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.

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"). As explained in the Form I-924A instructions, the information collected through the Form I-

[1] On September 28, 2012, President Obama signed into law Senate bill S. 3245 which amended section 610 of Public Law 102-395. S. 3245 struck the word "pilot" from section 610 of Public Law 102-395 and extended the Immigrant Investor Program until September 30, 2015.

924A permits USCIS to determine whether a regional center continues to serve the purposes of the Program and, upon a determination that a 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, USCIS is authorized to initiate termination proceedings to terminate a regional center's designation for participation in the Program.

USCIS intends to terminate Tennessee Regional Center's participation as a regional center in the Program because it no longer serves the purpose of promoting economic growth.

(b)(4)

III. DECISION

This letter shall serve as notice to Tennessee Regional Center of USCIS's intention, pursuant to 8 C.F.R. § 204.6(m)(6), to terminate its participation as a regional center in the Program for the reasons set forth above. You have 30 days from receipt of this notice to offer evidence in opposition to the grounds alleged in this notice of intent to terminate.

Once the timeframe noted above for your response elapses, USCIS will determine whether Tennessee Regional Center's participation as a regional center in the Program should be terminated and, if so, you will receive written notification of the decision and the reasons for termination.

Please mail any evidence you wish to provide in opposition to the grounds alleged in this notice of intent to terminate to the address noted below and include a copy of this letter on top of your submission.

U.S. Citizenship and Immigration Services
Immigrant Investor Program Office, Mailstop 2235
131 M Street, NE
Washington, DC 20529

COPY

RECEIPT NUMBER RCW1334751344		CASE TYPE I924A Supplement to Form I-924
RECEIVED DATE December 13, 2013		APPLICANT MEDLYN, PETER
NOTICE DATE December 13, 2013	PAGE 1 of 1	
ROBERT C DIVINE RE: TENNESSEE REGIONAL CENTER 633 CHESTNUT ST 1800 REPUBLIC CENTRE CHATTANOOGA TN 37450		NOTICE TYPE: Receipt Notice

Receipt Notice - This notice confirms that USCIS received your application or petition as shown above. Please reference the receipt number, above, on any correspondence with USCIS. If any of the above information is incorrect, please immediately contact us at USCIS.ImmigrantInvestorProgram@dhs.gov to let us know. This will help avoid future problems.

This notice does not grant any immigration status or benefit. It is not even evidence that this case is still pending. It only shows that the application or petition was filed on the date shown.

Processing time – Processing times vary by kind of case. You can check our website at www.uscis.gov for our current processing times for this kind of case at the particular office to which this case is or becomes assigned. If you do not receive an initial decision or update from us within our current processing time, email us at USCIS.ImmigrantInvestorProgram@dhs.gov. Save this notice, and any other notice we send you about this case, and please make and keep a copy of any papers you send us by any means along with any proof of delivery to us. Please have all these papers with you if you contact us about this case.

If your address changes – If your mailing address changes while you case is pending, notify us at USCIS.ImmigrantInvestorProgram@dhs.gov, otherwise you may not receive notice of our action on this case.

Please see the additional information on the back. You will be notified separately about any other cases you filed.

U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
P.O. BOX 30111
LAGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

☑ USCIS - List the form number(s): I-924A & ongoing Regional Center

☐ CBP - List the specific matter in which appearance is entered:

☐ ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and **not** the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent				A Number or Receipt Number, if any	☑ Petitioner ☐ Applicant ☐ Respondent
Name: Last Tennessee Regional Center, LLC	First		Middle		
Address: Street Number and Street Name 109 S. Broadway	Apt. No.	City Knoxville	State TN	Zip Code 37902	

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent Peter Medlyn, Principal **Date** 12-12-12

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. ☑ I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Supreme Court, Tennessee

I am not ☑ or ☐ **am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).**

B. ☐ I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

C. ☐ I am associated with _____.

The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request *(If you check this item, also complete item **A** or **B** above in **Part 2**, whichever is appropriate).*

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative	Attorney Bar Number(s), if any
Robert C. Divine	013211
Signature of Attorney or Accredited Representative Robert C. Divine	Date 12/7/2012

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Baker Donelson Bearman Caldwell & Berkowitz, P.C., 1800 Republic Centre, 633 Chestnut Street, Chattanooga, Tennessee 37450, USA

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(423) 752-4416	(423) 752-9533	rdivine@bakerdonelson.com

Form G-28 (Rev. 04/22/09)N

Other attorneys authorized in Baker Donelson firm: Robert C. Divine, L. Mabel Arroyo, Robert N. Johnson, Masae Y. Okura, Melanie C. Walker, or any other attorney of the firm.

Tennessee Regional Center, LLC

OMB No. 1615-0061; Expires 09/30/2012

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-924A, Supplement to Form I-924

Part 1. Information About Principal of the Regional Center

Name: Last	First	Middle
Medlyn	Peter	

In Care Of:

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville (b)(6)	State: TN	Zip Code: 37902

Date of Birt (mm/dd/yyy [redacted]	Fax Number (include area code): (865) 544-4226	Telephone Number (include area code): (865) 599-2322

Web site address: www.eb5-invest.com

USCIS-assigned number for the Designated Regional Center (attach the Regional Center's most recently issued approval notice) W09001230

Part 2. Application Type (Check one)

☒ a. Supplement for the Fiscal Year Ending September 30, 2012 *(YYYY)*

☐ b. Supplement for a Series of Fiscal Years Beginning on October 1, _____ *(YYYY)* and Ending on September 30, _____ *(YYYY)*

Part 3. Information About the Regional Center

(Use a continuation sheet, if needed, to provide information for additional management companies/agencies, regional center principals, agents, individuals, or entities who are or will be involved in the management, oversight, and administration of the regional center.)

A. Name of Regional Center: Tennessee Regional Center

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville	State: TN	Zip Code: 37902
Web site Address: www.eb5-invest.com	Fax Number (include area code): (865) 544-4226	Telephone (include area code): (865) 599-2322

B. Name of Managing Company/Agency:

Street Address/P.O. Box:

City:	State:	Zip Code:
Web site Address:	Fax Number (include area code):	Telephone (include area code):

C. Name of Other Agent: Ronald Hensarling

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville	State: TN	Zip Code: 37902
Web site Address: www.eb5-invest.com	Fax Number (include area code): (865) 544-4226	Telephone (include area code): (865) 599-2322

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(b)(6) [redacted] I924A 12/19/2012
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Part 3. Information About the Regional Center *(Continued)*

Answer the following questions for the time period identified in **Part 2** of this form. **Note:** If extra space is needed to complete any item, attach a continuation sheet, indicate the item number, and provide the response.

1. Identify the aggregate EB-5 capital investment and job creation has been the focus of EB-5 capital investments sponsored through the regional center. (**Note:** Separately identify jobs maintained through investments in "troubled businesses.")

Aggregate EB-5 Capital Investment	Aggregate Direct and Indirect Job Creation	Aggregate Jobs Maintained
0	0	0

2. Identify each industry that has been the focus of EB-5 capital investments sponsored through the Regional Center, and the resulting aggregate EB-5 capital investment and job creation. (**Note:** Separately identify jobs maintained through investments in "troubled businesses".)

a. Industry Category Title: Accomodations		NAICS Code for the Industry Category 7 2 1 0 0 0
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained:
b. Industry Category Title: Food Services		NAICS Code for the Industry Category 7 2 2 0 0 0
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained:
c. Industry Category Title: Amusement		NAICS Code for the Industry Category 7 1 3 0 0 0
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained:

3. Provide the following information for each job creating commercial enterprise located within the geographic scope of your regional center that has received EB-5 investor capital:

a. Name of Commercial Enterprise: None * See addendum		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	
Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes?		☐ No	☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

b. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code
EB-5 Capital Investment	Direct and Indirect Job Creation	Jobs Maintained	

Part 3. Information About the Regional Center *(Continued)*

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

c. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

Part 3. Information About the Regional Center *(Continued)*

d. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

e. Name of Commercial Enterprise:		Industry Category Title:	
Address Street Number and Name:	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.			
(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

4. Provide the total number of approved, denied and revoked Form I-526 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

(b)(4)

Form I-526 Petition Final Case Actions		
Approved	**Denied**	**Revoked**

5. Provide the total number of approved, denied and revoked Form I-829 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

(b)(4)

Form I-829 Petition Final Case Actions		
Approved	**Denied**	**Revoked**

NOTE: USCIS may require case-specific data relating to individual EB-5 petitions and the job creation determination and further information regarding the allocation methodologies utilized by a regional center in certain instances in order to verify the aggregate data provided above.

BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

1800 REPUBLIC CENTRE
633 CHESTNUT STREET
CHATTANOOGA, TENNESSEE 37450

PHONE: 423.756.2010
FAX: 423.756.3447
www.bakerdonelson.com

ROBERT C. DIVINE
Direct Dial: (423) 752-4416
Direct Fax: (423) 752-9533
E-Mail Address:rdivine@bakerdonelson.com

December 18, 2012

U.S. Citizenship and Immigration Services
California Service Center
Attn: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Re: *I-924A for Tennessee Regional Center*

Dear Officer:

Enclosed please find the I-924A with attachments for Tennessee Regional Center with our G-28.

Respectfully,

Robert C. Divine

Robert C. Divine

RCD:scp

I-924A

for regional center

No fee required

R.E.D.
REAL ESTATE
DEVELOPMENT
RUST

Addendum to Form I-924A for FY2012
Tennessee Regional Center, W09001230 (b)(4)

This letter serves as an addendum to the above-referenced I-924A.

REDT
109 S Broadway, Knoxville, TN 37902
Phone: +1-865-599-2322 • Fax: +1-865-544-4226
info@eb5-invest.com • eb5-invest.com • eb5investchina.com • redtllc.com

R.E.D.
REAL ESTATE
DEVELOPMENT
RUST

We are fielding many calls from developers and investors who have found us through our web site which states we are actively looking for new viable projects in East Tennessee. We actively seek new projects for development of the region through a variety of channels. We have completed due diligence on many projects this year and we look forward to going forward with our first project as soon as possible. If you require additional information, please contact me.

Sincerely,

Peter Medlyn
Chief Executive Officer

REDT
109 S Broadway, Knoxville, TN 37902
Phone: +1-865-599-2322 • Fax: +1-865-544-4226
info@eb5-invest.com • eb5-invest.com • eb5investchina.com • redtllc.com

From: (423) 756-2010 Origin ID: CHAA
Robert C. Divine
Baker Donelson Bearman Caldwell & B
633 Chestnut Street
1800 Republic Centre
Chattanooga, TN 37450

FedEx. Express

J12201209200325

Ship Date: 12DEC12
ActWgt: 1.0 LB
CAD: 2840228/INET3300

Delivery Address Bar Code

SHIP TO: (423) 756-2010 BILL SENDER
Attn: EB-5 Processing Unit
USCIS
24000 Avila Road
2nd Floor
LAGUNA NIGUEL, CA 92677

Ref # 010629 2920345-000001
Invoice #
PO #
Dept #

AM DEC 19 2012
STAMP #156

924

THU - 13 DEC A1
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WED - 19 DEC A1
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92677
CA-US
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Emp# 799289 18DEC12 CHAA 515C1/B2B3/6F03

The World On Time.

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

Filing Information

(b)(4)

Name: **Tennessee Regional Center, LLC**

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

(b)(4) **Filing Information**

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

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Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-797C, Notice of Action

THIS NOTICE DOES NOT GRANT ANY IMMIGRATION STATUS OR BENEFIT.

RECEIPT NUMBER RCW1235450904		CASE TYPE I924A Supplement to Form I-924
RECEIVED DATE December 19, 2012		APPLICANT MEDLYN, PETER
NOTICE DATE December 19, 2012	PAGE 1 of 1	
ROBERT C DIVINE RE: TENNESSEE REGIONAL CENTER 1800 REPUBLIC CENTRE 633 CHESTNUT ST CHATTANOOGA TN 37450		NOTICE TYPE: Receipt Notice

Receipt Notice - This notice confirms that USCIS received your application or petition as shown above. Please reference the receipt number, above, on any correspondence with USCIS. If any of the above information is incorrect, please immediately contact us at USCIS.ImmigrantInvestorProgram@dhs.gov to let us know. This will help avoid future problems.

This notice does not grant any immigration status or benefit. It is not even evidence that this case is still pending. It only shows that the application or petition was filed on the date shown.

Processing time – Processing times vary by kind of case. You can check our website at www.uscis.gov for our current processing times for this kind of case at the particular office to which this case is or becomes assigned. If you do not receive an initial decision or update from us within our current processing time, email us at USCIS.ImmigrantInvestorProgram@dhs.gov. Save this notice, and any other notice we send you about this case, and please make and keep a copy of any papers you send us by any means along with any proof of delivery to us. Please have all these papers with you if you contact us about this case.

If your address changes – If your mailing address changes while you case is pending, notify us at USCIS.ImmigrantInvestorProgram@dhs.gov, otherwise you may not receive notice of our action on this case.

Please see the additional information on the back. You will be notified separately about any other cases you filed.

U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
P.O. BOX 30111
LAGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283

Please see the back of this notice for important information.

COPY

RECEIPT NUMBER RCW1235450904		CASE TYPE I924A Supplement to Form I-924
RECEIVED DATE December 19, 2012		APPLICANT MEDLYN, PETER
NOTICE DATE December 19, 2012	PAGE 1 of 1	
ROBERT C DIVINE RE: TENNESSEE REGIONAL CENTER 1800 REPUBLIC CENTRE 633 CHESTNUT ST CHATTANOOGA TN 37450		NOTICE TYPE: Receipt Notice

Receipt Notice - This notice confirms that USCIS received your application or petition as shown above. Please reference the receipt number, above, on any correspondence with USCIS. If any of the above information is incorrect, please immediately contact us at USCIS.ImmigrantInvestorProgram@dhs.gov to let us know. This will help avoid future problems.

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Processing time – Processing times vary by kind of case. You can check our website at www.uscis.gov for our current processing times for this kind of case at the particular office to which this case is or becomes assigned. If you do not receive an initial decision or update from us within our current processing time, email us at USCIS.ImmigrantInvestorProgram@dhs.gov. Save this notice, and any other notice we send you about this case, and please make and keep a copy of any papers you send us by any means along with any proof of delivery to us. Please have all these papers with you if you contact us about this case.

If your address changes – If your mailing address changes while you case is pending, notify us at USCIS.ImmigrantInvestorProgram@dhs.gov, otherwise you may not receive notice of our action on this case.

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CALIFORNIA SERVICE CENTER
P.O. BOX 30111
LAGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283

REC'D CSC 12DEC19 21:00

C30056

OMB No. 1615-0061; Expires 09/30/2012

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-924A, Supplement to Form I-924

Part 1. Information About Principal of the Regional Center

Name: Last	First	Middle
Medlyn	Peter	

In Care Of:

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville (b)(6)	State: TN	Zip Code: 37902

Date of Birth (mm/dd/yyyy): [redacted]	Fax Number (include area code): (865) 544-4226	Telephone Number (include area code): (865) 599-2322

Web site address: www.eb5-invest.com

USCIS-assigned number for the Designated Regional Center (attach the Regional Center's most recently issued approval notice) W09001230. See attached.

Part 2. Application Type (Check one)

☒ a. Supplement for the Fiscal Year Ending September 30, 2011 *(YYYY)*

☐ b. Supplement for a Series of Fiscal Years Beginning on October 1, _____ *(YYYY)* and Ending on September 30, _____ *(YYYY)*

Part 3. Information About the Regional Center

(Use a continuation sheet, if needed, to provide information for additional management companies/agencies, regional center principals, agents, individuals, or entities who are or will be involved in the management, oversight, and administration of the regional center.)

A. Name of Regional Center: Tennessee Regional Center, LLC

Street Address/P.O. Box: all contacts same as Part 1

City:	State:	Zip Code:
Web site Address:	Fax Number *(include area code)*:	Telephone *(include area code)*:

B. Name of Managing Company/Agency:

Street Address/P.O. Box:

City:	State:	Zip Code:
Web site Address:	Fax Number *(include area code)*:	Telephone *(include area code)*:

C. Name of Other Agent: Ronald Hensarling

Street Address/P.O. Box: same contacts as Part 1

City:	State:	Zip Code:
Web site Address:	Fax Number *(include area code)*:	Telephone *(include area code)*:

RCW1235450907
[redacted] I924A 12/19/2012
(b)(6)
66

Part 3. Information About the Regional Center *(Continued)*

Answer the following questions for the time period identified in **Part 2** of this form. **Note:** If extra space is needed to complete any item, attach a continuation sheet, indicate the item number, and provide the response.

1. Identify the aggregate EB-5 capital investment and job creation has been the focus of EB-5 capital investments sponsored through the regional center. (**Note:** Separately identify jobs maintained through investments in "troubled businesses.")

Aggregate EB-5 Capital Investment	Aggregate Direct and Indirect Job Creation	Aggregate Jobs Maintained
0	0	0

2. Identify each industry that has been the focus of EB-5 capital investments sponsored through the Regional Center, and the resulting aggregate EB-5 capital investment and job creation. (**Note:** Separately identify jobs maintained through investments in "troubled businesses".)

a. Industry Category Title: Accomodations		NAICS Code for the Industry Category 0 0 0 7 2
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained: 0
b. Industry Category Title: Food Services		NAICS Code for the Industry Category 0 0 0 7 2 2
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained: 0
c. Industry Category Title: Amusement		NAICS Code for the Industry Category 0 0 0 1 3
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained: 0

3. Provide the following information for each job creating commercial enterprise located within the geographic scope of your regional center that has received EB-5 investor capital:

a. Name of Commercial Enterprise: None (no investors yet)		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	
Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes?		☐ No	☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name: Not applicable (no investors yet)		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

b. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code
EB-5 Capital Investment	Direct and Indirect Job Creation	Jobs Maintained	

Part 3. Information About the Regional Center *(Continued)*

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

c. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

Part 3. Information About the Regional Center *(Continued)*

d. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

e. Name of Commercial Enterprise:		Industry Category Title:	
Address Street Number and Name:	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.			
(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

4. Provide the total number of approved, denied and revoked Form I-526 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

Form I-526 Petition Final Case Actions		
Approved	**Denied**	**Revoked**

(b)(4)

5. Provide the total number of approved, denied and revoked Form I-829 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

Form I-829 Petition Final Case Actions		
Approved	**Denied**	**Revoked**

NOTE: USCIS may require case-specific data relating to individual EB-5 petitions and the job creation determination and further information regarding the allocation methodologies utilized by a regional center in certain instances in order to verify the aggregate data provided above.

Part 4. Applicant Signature *Read the information on penalties in the instructions before completing this section. If someone helped you prepare this petition, he or she must compete Part 5.*

I certify, under penalty of perjury under the laws of the United States of America, that this supplemental form and the evidence submitted with it are all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought. I also certify that I have authority to act on behalf of the Regional Center.

Signature of Applicant	Printed Name of Applicant	Date *(mm/dd/yyyy)*
	Peter Medlyn	10/25/2011
Daytime Phone Number *(Area/Country Codes)* 8655992322	**E-Mail Address** pmedlyn@eb5-invest.com	
Relationship to the Regional Center Entity (Managing Member, President, CEO, etc.) Chief Executive Officer		

Part 5. Signature of Person Preparing This Form, If Other Than Above *(Sign Below)*

I declare that I prepared this form using information provided by someone with authority to act on behalf of the Regional Center, and the answers and information are those provided by the Regional Center.

Attorney or Representative: In the event of a Request for Evidence (RFE), may the USCIS contact you by Fax or E-mail? ☐ No ☒ Yes

Signature of Preparer	Printed Name of Preparer	Date *(mm/dd/yyyy)*
	Robert C. Divine	10/25/2011
Firm Name and Address Baker, Donelson, Bearman, Caldwell, & Berkowitz, P.C. 633 Chestnut St., Suite 1800 Chattanooga, TN 37450		
Daytime Phone Number *(Area/Country Codes)* 4237524416	**Fax Number** *(Area/Country Codes)* 4237529533	**E-Mail Address** rdivine@bakerdonelson.com

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

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Name: **Tennessee Regional Center, LLC**

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Tre Hargett, Secretary of State
Division of Business Services
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Nashville, TN 37243-1102

(b)(4)

Filing Information

Principal Address Changed

Filing Information

(b)(4)

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Filing Information

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-797C, Notice of Action

THIS NOTICE DOES NOT GRANT ANY IMMIGRATION STATUS OR BENEFIT.

RECEIPT NUMBER RCW1235450907		CASE TYPE I924A Supplement to Form I-924
RECEIVED DATE December 19, 2012		APPLICANT MEDLYN, PETER
NOTICE DATE December 19, 2012	PAGE 1 of 1	
TENNESSEE REGIONAL CENTER LLC 109 S BROADWAY KNOXVILLE TN 37902		NOTICE TYPE: Receipt Notice

Receipt Notice - This notice confirms that USCIS received your application or petition as shown above. Please reference the receipt number, above, on any correspondence with USCIS. If any of the above information is incorrect, please immediately contact us at USCIS.ImmigrantInvestorProgram@dhs.gov to let us know. This will help avoid future problems.

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CALIFORNIA SERVICE CENTER
P.O. BOX 30111
LAGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283

Please see the back of this notice for important information.

COPY

RECEIPT NUMBER RCW1235450907		CASE TYPE I924A Supplement to Form I-924
RECEIVED DATE December 19, 2012		APPLICANT MEDLYN, PETER
NOTICE DATE December 19, 2012	PAGE 1 of 1	
TENNESSEE REGIONAL CENTER LLC 109 S BROADWAY KNOXVILLE TN 37902		NOTICE TYPE: Receipt Notice

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P.O. BOX 30111
LAGUNA NIGUEL CA 92607-0111
Customer Service Telephone: (800) 375-5283

Department of Homeland Security
U.S. Citizenship and Immigration Services

I–797E, Notice of Action

A #		Application/Petition I924, Application for Regional Center under Immigrant Investor Pilot Program
Receipt # RCW1031910190		Application/Petitioner **Tennessee Regional Center**
Notice Date January 8, 2013	Page 1 of 21	Beneficiary

Robert C. Divine, Esq.
Baker Donelson, Bearman, Caldwell & Berkowitz, P.C.
RE: Tennessee Regional Center
1800 Republic Centre, 633 Chestnut Street, Suite 1800
Chattanooga, TN 37450

Intent to Terminate Processing Coversheet

Notice also sent to:

RETURN THIS BLUE PROCESSING COVERSHEET ON TOP OF YOUR RESPONSE TO THE INTENT TO TERMINATE.

Note: You are given until February 7, 2013 in which to submit the requested information to the address at the bottom of this notice.

RESPONSE TO AN INTENT TO TERMINATE

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

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

CSC3700 WS25099 DIV III AC

You will be notified separately about any other applications or petitions you filed. Save 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:
USCIS - CALIFORNIA SERVICE CENTER
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0590
800-375-5283

RCW1031910190

Please see additional information on the reverse side.

COPY

Form I–797E (Rev. 05/05/06)

This Notice of Intent to Terminate affects the Tennessee Regional Center (TRC) which was initially approved and designated as a qualifying regional center by the U.S. Citizenship and Immigration Services (USCIS) on August 11, 2010.

USCIS issued a Notice of Intent to Terminate on April 25, 2012. However, a review of the evidence submitted in response to the USCIS Notice of Intent to Terminate indicates that unresolved issues remain with respect to the viability of the Tennessee Regional Center. Therefore, this second Notice of Intent to Terminate is issued.

I. PROCEDURAL HISTORY AND BACKGROUND

The TRC proposal has been filed seeking benefits pursuant to Section 610 of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. 102-395, as amended (Public Law 102-395). The TRC proposal was filed on December 21, 2009 and approved eight months later on August 11, 2010. The approval of the TRC proposal by USCIS granted TRC status as a qualifying regional center capable of participating as set forth by Public Law 102-395. Here, the stated purpose of TRC was attracting immigrant investor capital into the contiguous Counties of [redacted] to include the following capital investment project [redacted] (b)(4)

Project):

- [redacted] (b)(4)

In support of this capital investment project, the following industry categories and NAICS codes were approved:

NAICS 721	Accommodations
NAICS 722	Food Service
NAICS 713	Amusement
NAICS 45	Retail Trade
NAICS 23622	Construction and Related

A review of the TRC proposal reveals that the approved capital investment project noted above is not viable capital investment project.

The purpose of this letter is to notify the TRC that USCIS intends to terminate the existing designation as a regional center for participation in the Pilot Program pursuant to 8 CFR § 204.6(m)(6). USCIS finds that the initial decision to grant the regional center designation to TRC was in error. An explanation follows.

II. REGIONAL CENTER STATUTORY AND REGULATORY FRAMEWORK

Section 610 of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. 102-395 (Public Law 102-395), as amended, provides:

(a) Of the visas otherwise available under section 203(b)(5) of the Immigration and Nationality Act (8 U.S.C. 1153(b)(5)), the Secretary of State, together with the Secretary of Homeland Security, shall set aside visas for a pilot program to implement the provisions of such section. Such pilot program shall involve a regional center in the United States, designated by the Secretary of Homeland Security on the basis of a general proposal, for the promotion of economic growth, including increased export sales, improved regional productivity, job creation, or increased domestic capital investment. A regional center shall have jurisdiction over a limited geographic area, which shall be described in the proposal and consistent with the purpose of concentrating pooled investment in defined economic zones. The establishment of a regional center may be based on general predictions, contained in the proposal, concerning the kinds of commercial enterprises that will receive capital from aliens, the jobs that will be created directly or indirectly as a result of such capital investments, and the other positive economic effects such capital investments will have.

(b) For purposes of the pilot program established in subsection (a), beginning on October 1, 1992, but no later than October 1, 1993, the Secretary of State, together with the Secretary of Homeland Security, shall set aside 3000 visas annually until September 30, 2012 to include such aliens as are eligible for admission under section 203(b)(5) of the Immigration and Nationality Act and this section, as well as spouses or children which are eligible, under the terms of the Immigration and Nationality Act, to accompany or follow to join such aliens.

(c) In determining compliance with section 203(b)(5)(A)(iii) of the Immigration and Nationality Act, and notwithstanding the requirements of 8 CFR § 204.6, the Secretary of Homeland Security shall permit aliens admitted under the pilot program described in this section to establish reasonable methodologies for determining the number of jobs created by the pilot program, including such jobs which are estimated to have been created indirectly through revenues generated from increased exports, improved regional productivity, job creation, or increased domestic capital investment resulting from the pilot program.

(d) In processing petitions under section 204(a)(1)(H) of the Immigration and Nationality Act (8 U.S.C. 1154(a)(1)(H)) for classification under section 203(b)(5) of such Act (8 U.S.C. 1153(b)(5)), the Secretary of Homeland Security may give priority to petitions filed by aliens seeking admission under the pilot program described in this section. Notwithstanding section 203(e) of such Act (8 U.S.C. 1153(e)), immigrant visas made available under such section 203(b)(5) may be issued to such aliens in an order that takes into account any priority accorded under the preceding sentence.

The regulation at 8 CFR § 204.6(m) provides:

(3) Requirements for regional centers. Each regional center wishing to participate in the Immigrant Investor Pilot Program shall submit a proposal to the Assistant Commissioner for Adjudications, which:

(i) Clearly describes how the regional center focuses on a geographical region of the United States, and how it will promote economic growth through increased export sales, improved regional productivity, job creation, and increased domestic capital investment;

(ii) Provides in verifiable detail how jobs will be created indirectly through increased exports;

(iii) Provides a detailed statement regarding the amount and source of capital which has been committed to the regional center, as well as a description of the promotional efforts taken and planned by the sponsors of the regional center;

(iv) Contains a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and

(v) Is supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables.

(4) Submission of proposals to participate in the Immigrant Investor Pilot Program. On August 24, 1993, the Service will accept proposals from regional centers seeking approval to participate in the Immigrant Investor Pilot Program. Regional centers that have been approved by the Assistant Commissioner for Adjudications will be eligible to participate in the Immigrant Investor Pilot Program.

(5) Decision to participate in the Immigrant Investor Pilot Program. The Assistant Commissioner for Adjudications shall notify the regional center of his or her decision on the request for approval to participate in the Immigrant Investor Pilot Program, and, if the petition is denied, of the reasons for the denial and of the regional center's right of appeal to the Associate Commissioner for Examinations. Notification of denial and appeal rights, and the procedure for appeal shall be the same as those contained in 8 CFR § 103.3.

(6) Termination of participation of regional centers. To 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 productivity, job creation, or increased domestic capital domestic 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 the regional center in the pilot 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. The notice of intent to terminate shall be made upon notice to the regional center and shall set forth the reasons for termination. The regional center must be provided 30 days from receipt of the notice of intent to terminate to offer evidence in opposition to the ground or grounds alleged in the notice of intent to terminate. If USCIS determines that the

regional center's participation in the Pilot Program should be terminated, USCIS shall notify the regional center of the decision and of the reasons for termination. As provided in 8 CFR § 103.3, the regional center may appeal the decision to USCIS within 30 days after service of notice.

(7) Requirements for alien entrepreneurs. An alien seeking an immigrant visa as an alien entrepreneur under the Immigrant Investor Pilot Program must demonstrate that his or her qualifying investment is within a regional center approved pursuant to paragraph (m)(4) of this section and that such investment will create jobs indirectly through revenues generated from increased exports resulting from the new commercial enterprise.

III. ANALYSIS

To ensure that TRC continues to meet the requirements of the regional center pilot program set forth by Public Law 102-395, as amended, USCIS must be assured that the terms and conditions of the operation of a regional center remain valid and unchanged after the regional center receives designation for the pilot program. This includes the scope and nature of the capital investment projects that were used as the basis for the job creation methodologies approved in the regional center's initial designation. It is also important that the promotional activities of the regional center accurately reflect current facts regarding the scope, nature, terms and conditions of capital investment opportunities available for EB-5 capital investments affiliated with the regional center.

All designated regional centers must meet the EB-5 statutory and regulatory criteria in order to maintain a regional center within which aliens seeking to obtain permanent resident status under INA § 203(b)(5) will be able to successfully invest in a new commercial enterprise (as described in 8 CFR § 204.6(h)) with a qualifying investment that will benefit the United States economy and create 10 jobs, including jobs indirectly created through the new commercial enterprise.

A. Viability of EB-5 Capital Investment Opportunities:

1. [redacted] **Big Elk Resort**

Background (b)(4)

According to the initial regional center proposal approved on August 11, 2010, a new limited liability entity, [redacted]

(b)(4)

In the USCIS Notice of Intent to Terminate Response dated May 25, 2012, TRC states that a new commercial enterprise, a new limited liability company, "Funding Group USA, LLC" (the "Company") was [redacted]

(b)(4)

(b)(4)

Further, according to an updated Business Plan dated June 6, 2011, the development will create jobs in the following industry categories: Accommodations (NAICS 72), Arts, Entertainment and Recreation (NAICS 71), Construction of Buildings (NAICS 23) and Retail Trade (NAICS 44-45).[1]

(b)(4)

As previously noted Therefore, the capital investment project promoted by the TRC no longer appears to be viable for EB-5 investment and employment creation purposes.

A de novo review of the entire record of proceeding in the regional center proposal file, as well as the internet website for Tennessee Regional Center indicates that the regional center project is essentially a real estate transaction as opposed to a job creating capital investment vehicle. EB-5 immigrant investors, through Funding Group USA, LLC will acquire real estate for residential use by the owners (investors) or

(b)(4)

Such real estate transactions do not appear to meet the requirements of the regional center pilot program set forth by Public Law 102-395, as amended, to promote economic growth, improved regional productivity, job creation, or increased domestic capital investment.

a. Impermissible Return of Investment Capital

Organizational documents submitted with the initial proposal, RFE response, dated July 2, 2010, and correspondence from the attorney Larry Behar, dated November 4, 2010, reveal the following

(b)(4)

[1] An updated Business Plan was submitted in response to the Notice of Intent to Terminate dated April 25, 2012, which states job creation will occur in industry categories and NAIC codes.

(b)(4)

Page 7 of Larry A. Behar's cover letter dated April 29, 2010 states:

> The investors will acquire [redacted]
> Investors.

Pages 14-15, Section 2.8 Exit Strategy Options of TRC Business Plan dated April 29, 2010 states:

[redacted]

Page 44, Section 3.5 Project Financial Projections/Ownership Structure of the TRC Business Plan dated April 29, 2010 states:

Big Elk Resort, LLC

(b)(4) [redacted]

Page 14, Offering Summary (Distributions) of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

(b)(4)

Page 16, Offering Summary (Exit Strategies) of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

Big Elk Resort Project

(b)(4)

Page 20, the Offering of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

(b)(4)

Page 22, the Offering of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

Pages 29-30, the DESCRIPTION OF BUSINESSES OF COMPANY of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

The transaction for the Company is being structured to include the following:

(b)(4)

Page 19, Section 10.6 (Distributions of Cash Flow From Operations and Distributions of of the Big Elk Resort, LLC Operating Agreement dated December 21, 2009 (Document Reference Number 8723514.6) states:

(b)(4)

(b)(4)

In the USCIS Notice of Intent to Terminate Response dated May 25, 2012, TRC presents new offering documentation, the Confidential Private Placement Memorandum (Document Reference # CMCW 603260 v. 1) dated 05/21/2012, for Funding Group USA, LLC[2] which includes the following exhibits:

A. Subscription Agreement (Document Reference # 9617640.4)
B. Form of Escrow Agreement (Document Reference # 9621547.4)
C. Operating Agreement (Document Reference # 9616522.6)

TRC also submitted a revised Business Plan dated June 6, 2011 and a complete set of new loan documents for Funding Group USA, LLC, which is shown in Tab 5 of the response.

A review of the new offering documentation and revised Business Plan dated June 6, 2011 indicates that all references have been removed with respect to distribution to individual EB-5 investors, which includes the conversion of the EB-5 investors' interest to a Thus, the issue is resolved.

(b)(4)

b. Internet Web Page for Tennessee Regional Center[3]

As advertised on TRC's website, EB-5 Immigrant Investors will be offered the ownership of a

[2] Funding Group USA, LLC replaced Big Elk Resort, LLC as the new commercial enterprise (NCE).
[3] http://www.eb5exclusive.com/eb-5-regional-centers/directory/tennessee/tennessee-regional-center. Viewed on January 7, 2013.

What You Get For Your Investment

(b)(4)

- USA green card.

[redacted]

In the USCIS Notice of Intent to Terminate Response dated May 25, 2012, TRC states that information related to the offer of ownership of [redacted] to EB-5 immigrant investors was not posted on its website but on the site EB-5 exclusive.com (www.eb5exclusive.com/eb-5-regional-centers/directory/tennessee/tennessee-regional center). TRC also states it does not have relationship with this internet website and did not commission a webpage on this website to market TRC or its projects. As proof, the RC Managing Principal Peter Medlyn submitted a signed and dated letter explaining that no relationship exists between TRC and EB-5 Exclusive.com and that TRC did not commission EB-5 Exclusive.com to market TRC. Also, the applicant submitted a letter from Justin Jones, CEO & Founder of Internet Marketing Expert Group, Inc. dated May 2, 2012 stating that any content relating to marketing of TRC has been removed per the RC Principal, that the TRC website has been dormant except for a "coming soon" page. Please note that Internet Market Expert Group, Inc. designed the original website and marketing material for TRC's actual website (www.eb5-invest.com).

(b)(4)

(b)(4)

Although TRC stated that it was not responsible for the content of the EB-5 Exclusive.com's website with respect to the offer of ownership of [redacted] to EB-5 immigrant investors (see www.eb5exclusive.com/eb-5-regional-centers/directory/tennessee/tennessee-regional center), TRC has not made an earnest effort to have the content removed. In this respect, TRC has not petitioned EB-5 Exclusive.com to remove this content. As of 01/07/2013, the content that relates to the offering of [redacted] to EB-5 investors still remains. Further, contrary to Justin Jones letter of May 2, 2012 and Robert C. Divine letter of May 24, 2012, TRC's internet website is still active (and not inactive) because embedded within TRC's internet website is an internet web accessible page (http://www.eb5-invest.com/eb5.aspx) enumerating what EB-5 immigrant investors will receive in return for their $500,000 capital investment.

By way of illustration, the following information is currently advertised on TRC's website (http://www.eb5-invest.com/eb5.aspx):

Big Elk EB-5 Green Card Program Benefits

(b)(4)

Benefits:

- $500,000 investment.

[redacted]

What You Get for Your $500,000 Investment

- USA green card.

(b)(4) [redacted]

TRC's web page states that EB-5 immigrant investors will receive 100% ownership in a [redacted]

c. Viability of the Business Plan

[redacted] Please see the attached article from Mountain Press dated September 13, 2011. Please see the following internet link: (b)(4)

http://themountainpress.com/view/full_story/15464244/article--Bank-buys-Gateway-Gatlinburg-property--developer-lashes-out-at-banks--politicians-?instance=homeleftlocal1_top_stories_bull.

In the USCIS Notice of Intent to Terminate Response dated May 25, 2012, TRC acknowledges that the land had been foreclosed by the Community Trust Bank. Further, TRC presents a new Business Plan dated June 6, 2011 to remedy the project. In the new business plan, TRC proposes essentially the same project but the project is scaled down from [redacted] Each EB-5 investor would invest $500,000 [redacted]

(b)(4)

USCIS has reviewed the revised Business Plan dated June 6, 2011 and noted the following deficiencies:

(b)(4)

(b)(4)

While PKF is considered to be a credible and reliable source in the hospitality industry, the above projections are not supported by verifiable sources, assumptions, or an explanation of their estimation. TRC must provide a basis for all financial data used in the analysis. Thus, it is not the credibility of the source that is at question, but rather, the transparency and reliability of the data and methodology used in the financial analysis.

4. Appropriateness of NAICS Code(s). According to the revised Business Plan dated June 6, 2011, at least [redacted] direct and indirect full-time jobs will be created in the following industry categories and NAICS codes using the REDYN Model:

(b)(4)

NAICS Code	Industry Category Title
72	Accommodations
71	Arts, Entertainment and Recreation
23	Construction of Buildings
44-45	Retail Trade

Please note that prior to the NOIT, the approved categories and NAICS codes were:

NAICS Code	Industry Category Title
713	Amusement
721	Accommodations
722	Food Services
45	Retail
23622	Construction and Related

The NAICS codes requested and discussed in the revised business plan are applicable, but are overly broad. TRC must request NAICS codes that are as specific to the project as possible. The proposed project appears to have enough specificity that TRC should be able to request four digit NAICS codes.

5. Appropriateness of Timeline. TRC presents a construction timeline dated December 29, 2011 spanning August, 2012, to August, 2014. The projected timeline allows TRC to count both the direct and indirect jobs created by the construction of the project. While detailed, the timeline is not compared to industry standards and does not allow the duration of each phase of construction to be verified by the economist. TRC must also provide transparent, objective, and verifiable data illustrating that the proposed construction timeline and budget is within a reasonable range when compared to industry standards. This is critical especially since the land was foreclosed upon. The construction timeline (See Tab 10 of the NOIT response) should be refreshed and updated to account for the differences in project cost [redacted] and scope. (b)(4)

6. Secured Financing. (b)(4) [redacted]

7. Other. TRC should clarify and submit narrative and documentary evidence to show which entity owns the project land which was foreclosed by Community Trust Bank. In this respect, the bank should own the foreclosed land and not Gatlinburg LP.

8. Additional Documentation: The documentation appears to predate the date of the NOIT even though TRC is trying to show that the project is still viable:

- Set of loan documents
- Letters from the City Managers and Mayor
- The permits already obtained,
- Utility approvals and zoning approvals
- Artist renderings
- Construction floor plans
- Design team contact information
- An aquatic engineering proposal and
- Scope of work for the water park, a construction schedule and performance bond.

TRC should submit refresh the documentation and updated materials including the construction timeline and milestones sheet.

d. Employment Creation

The regional center through the EB-5 new commercial enterprise, Funding Group USA, LLC, is to use EB-5 capital investment to purchase and acquire developed real estate property, which would create at least [redacted] direct and indirect full-time jobs in [redacted] industry categories using the REDYN Econometric Model. (b)(4)

As discussed above, the capital investment project contemplated by the TRC, in which EB-5 funds will be used to [redacted] constitutes a passive investment rather than an investment in an ongoing commercial enterprise.

Therefore, the investment vehicle to be undertaken by Funding Group USA, LLC, the new commercial enterprise associated with the TRC, cannot reasonably be expected to create the requisite permanent, full-time job-creation, nor will a substantial positive economic impact ensue from the proposed passive real estate transaction by the EB-5 alien investors through investment in Funding Group USA, LLC.

Even if the TRC was able to overcome job creation issues addressed above, a statistically valid economic analysis would still need to be submitted to demonstrate the job efficacy of this project. In this respect, USCIS reviewed the economic impact analysis and observed several discrepancies with the analysis submitted with the initial proposal. A discussion follows.

Methodology (b)(4)

[redacted]

(b)(4)

(b)(4)

Unsupported spending estimate.

In the USCIS Notice of Intent to Terminate Response dated May 25, 2012, TRC submitted a response from EPR to address the issues raised above and the job creation data as it relates to the revised [redacted] Project. TRC indicates that it is amenable to dropping the request for jobs related to visitor spending. Further, according to the updated Economic Impact Report dated May 22, 2012, EPR no longer uses visitor spending as inputs to the REDYN Model. Since visitor spending is no longer used, the issue is moot and resolved. However, USCIS has reviewed the updated Economic Impact Report dated May 22, 2012 and noted the following deficiencies:

Model Inputs (initial change in final demand, initial change in direct jobs, etc.)

(b)(4)

4. NAICS 5411. TRC should indicate whether it wishes to include this NAICS 5411 because it was not previously requested and it is not discussed in the revised business plan.

e. Documentation Needed to Address the Viability of the EB-5 Capital Investment Opportunities

Submit documentation that addresses and overcomes the specific issues raised by this (2nd Notice of Intent to Terminate) with respect to the investment of capital, viability of the business plan and employment creation. Such documentation should show that capital investment project contemplated by the TRC remains viable and meets the requirements of section 610(a) of the Appropriations Act. Also, submit a revised economic analysis (based on a statistically viable econometric methodology) showing direct, indirect (if any) and induced (if any) job creation both at the Big Elk Resort and within the regional center. Such an economic analysis will not only transparently show the basis for the data that will be used as the inputs to the model, including job creation multipliers, tables and calculations but also job creation by the approved industry categories and respective NAICS codes previously enumerated.

B. Licensing of the Regional Center

Footnote #3, Page 11 (Overview Structure) of the Confidential Private Placement Memorandum dated January 31, 2010 references licensing:

(b)(4)

In the USCIS Notice of Intent to Terminate Response dated May 25, 2012, TRC submitted a revised Confidential Private Placement Memorandum dated 05/21/2012 which removes all language with respect to the licensing of the regional center. Thus, the issue is resolved.

C. Operational Plan (Marketing Plan)

In the USCIS Notice of Intent to Terminate Response dated May 25, 2012, a revised Business Plan dated June 6, 2011 was submitted. The revised Business Plan includes a new 4-page Marketing Plan. (b)(4)

The new Marketing Plan does not appear robust enough to recruit at least EB-5 immigrant investors. The Marketing Plan does not describe the past, present and future promotional activities TRC has accomplished or will accomplish to attract a sufficient number of EB-5 immigrant investors.

Provide narrative and documentary evidence within the Regional Center plan that addresses the following area:

- The past, present and future promotional activities for the Regional Center that is designed to attract at least immigrant investors to the Regional Center.

(b)(4)

D. FORM G-28

The Form G-28 submitted with the USCIS Notice of Intent to Terminate Response dated May 25, 2012 was not properly submitted. The Form G-28 did not contain the original signatures from the Regional Center Managing Principal and the attorney or accredited representative.

Please submit a properly completed and signed Form G-28 with original signatures.

IV. DECISION

This letter shall serve as notification to the TRC of USCIS's intent to terminate the existing TRC regional center designation. You have 33 days from the date of this notice in which to offer evidence in opposition to the grounds for termination cited herein. Any response to this notice must demonstrate that the TRC will maintain a regional center within which aliens seeking to obtain permanent resident status under INA § 203(b)(5) will be able to successfully invest in a new commercial enterprise (as described in 8 CFR § 204.6(h)) with a qualifying investment that will benefit the United States economy and create 10 jobs, including jobs indirectly created through the new commercial enterprise.

If the response includes a request for a favorable determination by USCIS regarding changes in the terms and conditions of the operation of the regional center and the scope and nature of the capital investment project opportunities that formed the basis for the approval and designation of the regional center, then such an amendment request must provide documentation relating to the requested changes as specified in 8 CFR 204.6(m)(3), and which accurately reflect current market conditions for the viability of the capital investment projects to be considered.

In the event you do not respond within the timeframe noted above, the TRC's designation as a regional center will be terminated and you will receive written notification of the final decision to terminate the TRC regional center designation.

Please mail any evidence you wish to provide in opposition to the grounds for termination to the address noted below and include a copy of this letter on top of your submission.

USCIS California Service Center
P.O. Box 10526
Laguna Niguel, CA 92607-0526

If your submission is more than several pages, please use fasteners to attach the documents at the top of each page, accompanied by an index of exhibits.

V. REVIEW BOARD OPTION

Pursuant to 8 C.F.R § 103.2(b)(9), USCIS has the authority to request the applicant's appearance for either an in-person interview at the California Service Center (CSC) or a telephonic interview. Should the petitioner prefer an in-person or telephonic interview, please indicate as such in response to this Notice of Intent to Terminate.

However, be advised that USCIS will need to review any additional information, evidence, or arguments the applicant wishes to submit in support of the application before a review board may be scheduled.

Upon review of the applicant's response, the applicant will then be contacted via the USCIS Immigrant Investor Program mailbox at USCIS.ImmigrantInvestorProgram@uscis.dhs.gov for further instructions regarding the time and date of the interview.

The interview will last approximately 60 minutes. During this time, the applicant will be given the opportunity to present additional information regarding the pending case. The CSC will issue a written decision at a later date, after full consideration of the written record and statements made during the interview.

Failure to respond to this Notice of Intent to Terminate will result in the termination of TRC's regional center designation based on the above stated reasons.

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May 24, 2012

USCIS - California Service Center
Attn: EB-5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Re: *Response to Notice of Intent to Terminate Regional Center*
Tennessee Regional Center, LLC
Receipt No.: RCW1031910190

Dear Officer:

This letter serves as a guide to the enclosed response to the above-referenced Notice of Intent to Terminate (NOIT) the designation of the Tennessee Regional Center which was designated on August 11, 2010. Tennessee Regional Center has changed counsel from Larry Behar to me. I submitted a G-28 copy when I electronically re-filed the I-924A enclosed. I realized today that I do not have an originally signed G-28 from the client, and I understand that you may choose to communicate directly with my client in response to this submission because of the lack of an original signature; nevertheless, there is no reason not to consider the enclosed submission on behalf of my client and this letter as a guide to it.

Preliminarily, I would like to add a personal note that I am pleased to see USCIS actively monitoring existing regional centers and scrutinizing their activity. We regret the phenomenon that USCIS is going back on approvals that it previously issued, but we understand that such efforts are based on a conclusion that the prior approvals were not properly founded in law or policy as presently interpreted, and is designed to ensure integrity to the program. In that light, we hope that the enclosed Response is meaningful in providing the information that you need.

Also preliminarily, I must state that, while we understand that 30 days is the period for response to a Notice of Intent to Terminate as set forth in the regulations, in reality 30 days is an extraordinarily short period of time in which to mount a meaningful response to a 14 page Request For Evidence that deals with the most complex type of original filing known to immigration law. We will address this in stakeholder meetings in hope that USCIS might at some point seek to amend the regulation to allow a longer period of time. Meanwhile, we ask that your office consider this response in light of the very limited time provided to prepare this response and, if necessary, to follow up with further questions -- not necessarily in the context of another NOIT but perhaps simply exercising the authority to investigate regional center compliance -- if the enclosed information leaves you with further questions.

I-924A

On the enclosed copy of the Notice of Intent to Terminate, we have annotated brief responses under the Sections of the Notice that call for a response. Nevertheless, I will organize the information below in the order that it is addressed in the NOIT, essentially repeating the information in the boxes in the copy of the NOIT, and referring to the enclosed documents.

The Notice indicates that USCIS does not have on file for the Regional Center a Form I-924A for fiscal year 2011. I know that I did assist Tennessee Regional Center in preparing that Form and an explanatory letter from the Tennessee Regional Center. My electronic files contain a copy of that submission signed by Peter Medlyn, Manager of TRC in October 2011. I believe that my office did submit that Form and letter to the address stated in the instructions to the Form. As good a job as the USPS and mail, file, and data entry contractors at CSC do, I hope USCIS can recognize the possibility that a submission such as this, especially lacking a filing fee (because it is not required) has a chance of not making it to the desired file. As soon as I realized that your office did not have the filing in the regional center central file (see Exhibit 1), I emailed the I-924A and letter and G-28 to the USCIS Immigrant Investor Program mailbox, which has acknowledged receipt. And we provide a fresh copy at Exhibit 1. Next time we will file this document by more secure and tracked means and will email the mailbox a few weeks later to confirm receipt. In any event, given that the Form reflected no actual expenditures of EB-5 investor capital and no jobs created, the lack of the I-924A in the Regional Center's central record has not meaningfully inconvenienced USCIS, but we do regret any inconvenience.

(b)(4)

Return of Capital

On pages 5 through the top of page 10 the NOIT sets forth concerns about aspects of the originally submitted and approved

As an aside, we note that USCIS has begun to object to certain "minimum-maximum" securities offering arrangements based on a concern that the possibility of cancellation of the offering in the event that the minimum offering is not reached within the offering period could create the specter of green cards being issued to EB-5 investors for a project that does not go forward. Please note that, while in these documents there is a minimum offering, the documents also prohibit the EB-5 investors from filing their I-526 until that minimum subscription has been accomplished. Therefore, we believe we have avoided the new concern.

Internet Page

Tennessee Regional Center's principals are greatly concerned that USCIS has concluded even tentatively that the RC and related entities were marketing a defunct project at all and were marketing arrangements that no longer comply with USCIS policy. The viability of the project will be discussed below. Here we discuss the webpage information quoted in the NOIT on page 10.

The NOIT states "as advertised on TRC's website, ..." However, the website URL identified in footnote 2 on NOIT page 10 is not Tennessee Regional Center's website. The website referred to is at www.eb5exclusive.com. This site is operated by Exclusive Visas, which is a consulting group that claims to assist aspiring EB-5 investors to identify and sort through potential EB-5 investment opportunities. One of the pages of Exclusive Visas' site is about "Regional Centers." In the right margin that page has links to pages for many states that have regional centers. When one clicks to a state, they are taken to a page that lists the name, geographic scope and industries of regional centers of which Exclusive Visas seems to have some knowledge. Some of the regional centers' names on that page have embedded links to other pages about those regional centers. Yet, all of the pages and the page about specific regional centers -- or at least the page about Tennessee Regional Center, LLC -- is not the webpage placed on the internet by that regional center. Instead, it is some collection of information that Exclusive Visas has chosen to place on its own site dedicated to that regional center. Exclusive Visas does not claim on its website to represent these regional centers in particular, and it does not state where it obtained the information on its site about those regional centers.

We have attached immediately underneath this letter a letter from Peter Medlyn, Manager of Tennessee Regional Center, attesting that TRC did not commission a webpage at Exclusive Visas and was unaware of what Exclusive Visas had placed there. It may be that the information had been derived from some information previously present on TRC's website back when TRC had been pursuing investors in relation to the condo conversion arrangement that USCIS had approved. TRC's own website can be found at www.eb5-invest.com. Mr. Medlyn's letter confirms that TRC removed all information from its website in June 2011 when it chose to pursue the loan model instead and began to rewrite documents. Mr. Medlyn attaches a letter from TRC's local marketing company that maintains TRC's website, and that letter confirms that TRC had inactivated its website and attaches a copy of the TRC site. I can confirm personally that this website had no active links and provided no meaningful information and stated only "coming soon."

The actual website of TRC is www.eb5-invest.com, and a visit to that site confirms that the site is "coming soon." TRC intends to reactivate the site shortly in relation to reactivation of the marketing of the project as discussed below.

(b)(4)

Viability of the Business Plan

Employment Creation

(b)(4)

Economic and Policy Resources (Jeff Carr) has provided at Exhibit 6 a response document to supplement and amend its original economic analysis responding to the various points made in pages 11 and 12 of the NOIT. Given the time factor, it is impossible to amass the information that would be necessary to meet the burden USCIS has begun to place on regional centers and investors to count jobs resulting indirectly from visitor spending to destinations such as Big Elk Resort, but the analysis still reflects jobs arising from the massive construction and at least jobs arising from the project's operations. This is just under jobs, which is far more than needed for the maximum investors contemplated by the offering documents investors required according to the current construction estimate).

(b)(4)

The "methodology" section of the NOIT on pages 11 and 12 addressed only the visitor spending jobs, and there are plenty of jobs for the project without counting visitor spending. EPR has tried to provide meaningful information with very shorty notice during a very short time. If further detail supporting the economic analysis is required, TRC should be given an additional time within which to respond to specific requests about that.

Licensing of the Regional Center

Apparently prior counsel was of the understanding that the affiliation of a regional center with a project involved some kind of "license." The revised documents make no mention of the concept of a license. The Regional Center business plan enclosed at Exhibit 2 clearly defines the compliant regional center monitoring and reporting that will be involved in the relationship under which the project will be affiliated with the Regional Center. The Regional Center will be the managing partner of the new commercial enterprise and is inherently affiliated, so no separate agreement beyond the operating agreement is required, and that document describes an appropriate relationship of affiliation.

Conclusion

We believe that in the very short time allotted for response to this NOIT, Tennessee Regional Center has provided meaningful and satisfactory response to the well-intended questions presented in the NOIT. Tennessee Regional Center appreciates USCIS' concern about the integrity of the EB-5 program and the continuing credibility and viability of participating regional centers. Tennessee Regional Center wishes to be a model regional center with a flagship project that will have a transforming effect on the community where it is planned and the larger economies in the surrounding area. We ask that the results of this effort be not to terminate the Regional Center, and we look forward to the presentation of investors in the Big Elk project and in other succeeding projects in the near future.

Respectfully submitted,

Robert C. Divine

Robert C. Divine

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

☒ USCIS - List the form number(s): I-924A

☐ CBP - List the specific matter in which appearance is entered:

☐ ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. NOTE: Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent			A Number or Receipt Number, if any	
Name: Last	First	Middle		☐ Petitioner
Tennessee Regional	Center, LLC			☒ Applicant
				☐ Respondent

Address: Street Number and Street Name	Apt. No.	City	State	Zip Code
109 S. Broadway		Knoxville	TN	37902

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent — Date: 10-25-2011

Admittedly NOT original signature. We'll send another separately

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. ☒ I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Tennessee

I am not ☒ or ☐ am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).

B. ☐ I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

C. ☐ I am associated with _____.

The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request *(If you check this item, also complete item A or B above in Part 2, whichever is appropriate).*

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative	Attorney Bar Number(s), if any
Robert C. Divine	TN BPR # 013211
Signature of Attorney or Accredited Representative	Date
	10-25-2011

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Baker Donelson, et al, 633 Chestnut St., Suite 1800, Chattanooga, TN 37450

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(423) 752-4416	(423) 752-9533	rdivine@bakerdonelson.com

Peter Medlyn
Tennessee Regional Center LLC
109 Broadway
Knoxville, TN, 37902

May 24, 2012

U.S. Citizenship & Immigration Services
c/o Baker Donelson law firm

Re: Tennessee Regional Center, Response to Notice of Intent to Terminate

Dear Officer:

After obtaining approval of our regional center in August 11, 2010, we attempted to market the project as reflected in the original documents. We experienced difficulty marketing the original structure, so we looked at other structures and chose the new loan model. At the same time we consulted different immigration counsel (Robert Divine) than we had used initially (Larry Behar), and Mr. Divine advised us that it appeared that arrangements offering investors a [redacted] and similar arrangements were disfavored by USCIS, so we eliminated that. (b)(4)

In June 2011 we ceased all marketing of the project, and we instructed our external marketing group (IMEG) to take down all but the front page of our web site. We did not think to remove all text even from the first page at that time, but after the recent USCIS Notice of Intent to Terminate brought the matter to our attention, we have removed details from the first page. We do not have any business relationship with EB-5 Exclusive.com; we did not ask EB-5 Exclusive.com to place any material on their web site, and we were not aware of any content about our regional center or any project being present on the web site of EB-5 Exclusive. We can only conclude that EB-5 Exclusive had scraped content from our site at an earlier time and posted it on their site without our request or permission, in an effort to have a comprehensive site about EB-5.

Meanwhile, we prepared the attached new draft offering documents reflecting the loan model, and we were working with different financing partners. Negotiations with the financing partners at that time broke down, and in September 2011 we were unable to continue to pay the note on the subject property, and the bank foreclosed. In October 2011 with Mr. Divine we prepared and filed Form I-924A and accompanying letter disclosing our circumstances and intentions. I have remained in close contact with the bank holding the Big Elk property with anticipation of repurchasing the property, and it appears that we are the only meaningful option for the bank to sell the property in the near future.

(b)(4)

(b)(4)

[redacted]

I will be pleased to answer any further questions, and we look forward to obtaining investors and moving forward with our project. We have done our best to prepare a response within the very limited time allotted.

Sincerely,

Peter Medlyn
Manager, Tennessee Regional Center LLC.

IMEG
INTERNETMARKETINGEXPERTGROUP
PH: 1-800-736-1122 EMAIL: INFO@IMEGONLINE.COM WEB: WWW.IMEGONLINE.COM

USCIS

24000 Avila Road, 2nd Floor

Laguna Niguel, CA 92677

May 2, 2012

To Whom It May Concern,

Our company, Internet Marketing Expert Group, Inc., is the marketing group for Tennessee Regional Center. We designed the original web site and marketing material for the Big Elk Resort project in 2009 and 2010. The content on the web site was taken off the web site on June 29, 2011 at the direction of Peter Medlyn. It was our understanding that Mr. Medlyn was reworking the project that had been unsuccessful selling in China and that the original investment model for the project was in the process of being changed. All marketing efforts were put on hold at this time and the web site has been dormant except for a project coming soon page. We were instructed at today's date to make some further modifications to the front page of the EB5-invest web site at the direction of Mr. Medlyn. Please feel free to contact me at 1-800-736-1122x100 if you have any further questions concerning the marketing efforts for this project.

Justin Jones

CEO & Founder, Internet Marketing Expert Group, Inc.

Welcome to America!

FUNDING GROUP USA

Home EB-5 Visas Development Team Projects How to Invest Government Approvals Contact

EB-5 Visa Highlights

- A direct route to a United States Green Card
- Permanent Residency in the United States for you, your spouse and your children under the age of 21
- Freedom to live, work, study and retire anywhere in the United States
- US Citizenship route after 5 years of being a Green Card holder
- Your children may attend any University in America at US resident costs

Actively looking for new, viable projects for that require funding in East Tennessee.

R.E.D.T.
REAL ESTATE DEVELOPMENT TRUST

Office Locations

Knoxville Office:
109 S Broadway
Knoxville, TN 37902

Contact Information

Peter Medlyn, Principal, Tennessee Regional Center

(865) 599 2322

pmedlyn@eb5-invest.com

Table of Exhibits

for Response to Request for Evidence
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
	A. Supplemental Documents to Regional Center Filing	
1.	Complete Copy of I-924A Submission filed in October 2011	Evidence of timely filing of I-924A in compliance
2.	Revised Regional Center Business Plan	Evidence of Regional Center's marketing, finance, operational, and project development strategy. Also contains business plan for Project, Big Elk Resort discussed in Section C.
	B. New Commercial Enterprise: Funding Group USA, LLC	
3.	Formation Document, and IRS confirmation notice of EIN.	Evidence that the new commercial enterprise has been properly formed and assigned the EIN [redacted] (b)(3)
4.	Confidential Private Placement Memorandum with Exhibits: A. Subscription Agreement B. Form of Escrow Agreement C. Operating Agreement D. Background of Principals involved in the Development Team E. Information on Johnson & Galyon Construction F. Executive Summary, Description of Project	Complete set of offering documents evidencing viable project in compliance with EB-5 regulations.

Tab	Document	Significance
5.	Complete Set of Loan Documents: A. Construction Loan Agreement; B. Promissory Note; C. Construction Deed of Trust, Assignment of Rents and Leases and Security Agreement; D. Assignment of Rents and Leases; E. UCC Financing Statement; F. Exhibit A to UCC Financing Statement; G. Assignment of Architects and Engineers Agreement and of Plans and Specifications; H. Assignment of Construction Contracts; I. Escrow Agreement (Retainage); J. Exhibit A (legal description of the Lots owned in fee simple).	Evidence of form of financing arrangements for New Commercial Enterprise
C. Project Specific Documents- Big Elk Resort		
6.	RFE Response from Economic & Policy Resources	Economist's specific responses to targeted issues raised in RFE and job creation data as relates to revised project Big Elk EB-5 project.
7.	Letters from the City Manager and Mayor in Support of the Big Elk Project	Evidence of support for the project from area officials
8.	Permits obtained, Utility Approval, and Zoning Approval for Project	Evidence of Feasibility of project and approval of plans
9.	Artist Renderings of Project, Construction Floor Plans, and Design Team contact information	Visual depiction of project plans and information about designers.
10.	Aquatic Engineering Proposal and Scope of Work	Evidence of project viability, scope, design, and cost of engineering services for water park.

Tab	Document	Significance
11.	Construction Schedule and Form of AIA performance bond	Timeline and evidence of feasibility of project plans.

A. Supplemental Documents to Regional Center Filing		
1.	Complete Copy of I-924A Submission filed in October 2011	Evidence of timely filing of I-924A in compliance

Walker, Melanie C.

From: Divine, Robert
Sent: Wednesday, May 02, 2012 3:33 PM
To: uscis.immigrantinvestorprogram@dhs.gov
Cc: Peter Medlyn (pmedlyn@propertyservicegroup.com); Walker, Melanie C.
Subject: Tennessee Regional Center NOIT and I-924A - RCW1031910190
Attachments: 201204301335.pdf; TRC I-924A Submission.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Officer:

Tennessee Regional Center received the attached NOIT through former counsel.

I noticed that the NOIT stated that USCIS had not received the I-924A. Of course TRC will respond to the NOIT on paper before the deadline and will include the I-924A that was timely filed in October, but in order to feed data into your effort to report to Congress I thought I should go ahead and forward a copy of the I-924A that was submitted in late October. My G-28 was included with a letter of explanation about RC status.

Ironically, it seems it may have been a mercy that TRC did not subscribe investors to the project as originally submitted, because the revised approach by USCIS in the NOIT to the project that was already approved in the RC application (especially as to the condominium conversion and the guest spending jobs) would have resulted in a debacle of denials of any I-526 petitions filed. TRC had come to me a year ago to restructure its offering to the common loan model for development of the project. (b)(4)

We will supply full information (including originally signed G-28 for me, another copy of the attached I-924A, fully revised documents about the Big Elk project, and whatever is available at that time about the new project) in writing on paper before the 30 day deadline for NOIT response, but we wanted you to have the I-924A information for your reporting purposes and to know immediately that TRC is not up to some nefarious promotion of a non-qualifying program.

Best regards,
Robert

Robert C. Divine
Shareholder, Immigration Group Chairman
Baker Donelson Bearman Caldwell & Berkowitz, P.C.
Firm immigration web site: www.immigration.bakerdonelson.com
My Bio: http://www.bakerdonelson.com/robert-c-divine/
E-Mail: rdivine@bakerdonelson.com
Direct Fax: 423.752.9533

At Chattanooga Office:
633 Chestnut Street
1800 Republic Centre
Chattanooga, TN 37450
Phone: 423.752.4416

Baker, Donelson, Bearman, Caldwell & Berkowitz, PC represents clients across the U.S. and abroad from offices in Alabama, Florida, Georgia, Louisiana, Mississippi, Tennessee, Texas, and Washington, D.C.

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

☒ USCIS - List the form number(s): I-924A

☐ CBP - List the specific matter in which appearance is entered:

☐ ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. NOTE: Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent			A Number or Receipt Number, if any	
Name: Last	First	Middle		☐ Petitioner
Tennessee Regional	Center, LLC			☒ Applicant
				☐ Respondent

Address: Street Number and Street Name	Apt. No.	City	State	Zip Code
109 S. Broadway		Knoxville	TN	37902

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent — Date: 10-25-2011

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. ☒ I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Tennessee

I am not ☒ or ☐ am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).

B. ☐ I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

C. ☐ I am associated with _____.

The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request *(If you check this item, also complete item A or B above in Part 2, whichever is appropriate).*

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative	Attorney Bar Number(s), if any
Robert C. Divine	TN BPR # 013211
Signature of Attorney or Accredited Representative	Date: 10-25-2011

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Baker Donelson, et al, 633 Chestnut St., Suite 1800, Chattanooga, TN 37450

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(423) 752-4416	(423) 752-9533	rdivine@bakerdonelson.com

OMB No. 1615-0061; Expires 09/30/2012

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-924A, Supplement to Form I-924

Part 1. Information About Principal of the Regional Center

Name: Last	First	Middle
Medlyn	Peter	

In Care Of:

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville	State: TN	Zip Code: 37902

Date of Birth (mm/dd/yyyy)	Fax Number (include area code): (865) 544-4226	Telephone Number (include area code): (865) 599-2322

(b)(6)

Web site address: www.eb5-invest.com

USCIS-assigned number for the Designated Regional Center (attach the Regional Center's most recently issued approval notice) W09001230. See attached.

Part 2. Application Type (Check one)

☒ a. Supplement for the Fiscal Year Ending September 30, 2011 *(YYYY)*

☐ b. Supplement for a Series of Fiscal Years Beginning on October 1, _____ *(YYYY)* and Ending on September 30, _____ *(YYYY)*

Part 3. Information About the Regional Center

(Use a continuation sheet, if needed, to provide information for additional management companies/agencies, regional center principals, agents, individuals, or entities who are or will be involved in the management, oversight, and administration of the regional center.)

A. Name of Regional Center: Tennessee Regional Center, LLC

Street Address/P.O. Box: all contacts same as Part 1

City:	State:	Zip Code:
Web site Address:	Fax Number *(include area code)*:	Telephone *(include area code)*:

B. Name of Managing Company/Agency:

Street Address/P.O. Box:

City:	State:	Zip Code:
Web site Address:	Fax Number *(include area code)*:	Telephone *(include area code)*:

C. Name of Other Agent: Ronald Hensarling

Street Address/P.O. Box: same contacts as Part 1

City:	State:	Zip Code:
Web site Address:	Fax Number *(include area code)*:	Telephone *(include area code)*:

Part 3. Information About the Regional Center *(Continued)*

Answer the following questions for the time period identified in **Part 2** of this form. **Note:** If extra space is needed to complete any item, attach a continuation sheet, indicate the item number, and provide the response.

1. Identify the aggregate EB-5 capital investment and job creation has been the focus of EB-5 capital investments sponsored through the regional center. (**Note:** Separately identify jobs maintained through investments in "troubled businesses.")

Aggregate EB-5 Capital Investment	Aggregate Direct and Indirect Job Creation	Aggregate Jobs Maintained
0	0	0

2. Identify each industry that has been the focus of EB-5 capital investments sponsored through the Regional Center, and the resulting aggregate EB-5 capital investment and job creation. (**Note:** Separately identify jobs maintained through investments in "troubled businesses".)

a. Industry Category Title: Accomodations		NAICS Code for the Industry Category 0 0 0 7 2
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained: 0
b. Industry Category Title: Food Services		NAICS Code for the Industry Category 0 0 0 7 2 2
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained: 0
c. Industry Category Title: Amusement		NAICS Code for the Industry Category 0 0 0 1 3
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained: 0

3. Provide the following information for each job creating commercial enterprise located within the geographic scope of your regional center that has received EB-5 investor capital:

a. Name of Commercial Enterprise: None (no investors yet)		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	
Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes?		☐ No	☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name: Not applicable (no investors yet)		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

b. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code
EB-5 Capital Investment	Direct and Indirect Job Creation	Jobs Maintained	

Part 3. Information About the Regional Center *(Continued)*

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

c. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

Part 3. Information About the Regional Center *(Continued)*

d. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

e. Name of Commercial Enterprise:		Industry Category Title:	
Address Street Number and Name:	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.			
(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

4. Provide the total number of approved, denied and revoked Form I-526 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

Form I-526 Petition Final Case Actions		
Approved	**Denied**	**Revoked**
0	0	0

5. Provide the total number of approved, denied and revoked Form I-829 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

Form I-829 Petition Final Case Actions		
Approved	**Denied**	**Revoked**
0	0	0

NOTE: USCIS may require case-specific data relating to individual EB-5 petitions and the job creation determination and further information regarding the allocation methodologies utilized by a regional center in certain instances in order to verify the aggregate data provided above.

Part 4. Applicant Signature *Read the information on penalties in the instructions before completing this section. If someone helped you prepare this petition, he or she must compete **Part 5**.*

I certify, under penalty of perjury under the laws of the United States of America, that this supplemental form and the evidence submitted with it are all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought. I also certify that I have authority to act on behalf of the Regional Center.

Signature of Applicant	Printed Name of Applicant	Date *(mm/dd/yyyy)*
	Peter Medlyn	10/25/2011
Daytime Phone Number *(Area/Country Codes)* 8655992322	**E-Mail Address** pmedlyn@eb5-invest.com	
Relationship to the Regional Center Entity (Managing Member, President, CEO, etc.) Chief Executive Officer		

Part 5. Signature of Person Preparing This Form, If Other Than Above *(Sign Below)*

I declare that I prepared this form using information provided by someone with authority to act on behalf of the Regional Center, and the answers and information are those provided by the Regional Center.

Attorney or Representative: In the event of a Request for Evidence (RFE), may the USCIS contact you by Fax or E-mail? ☐ No ☒ Yes

Signature of Preparer	Printed Name of Preparer	Date *(mm/dd/yyyy)*
	Robert C. Divine	10/25/2011
Firm Name and Address Baker, Donelson, Bearman, Caldwell, & Berkowitz, P.C. 633 Chestnut St., Suite 1800 Chattanooga, TN 37450		
Daytime Phone Number *(Area/Country Codes)* 4237524416	**Fax Number** *(Area/Country Codes)* 4237529533	**E-Mail Address** rdivine@bakerdonelson.com

R.E.D.T
REAL ESTATE
DEVELOPMENT
TRUST

October 25, 2011

U.S. Citizenship and Immigration Services
California Service Center
Attn: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Re: **I-924A, Supplement to Form I-924**
Filing party: Tennessee Regional Center LLC

Dear Officers:

This letter accompanies and supports the attached I-924A, explaining the absence of completed investment activity during our period of designation. Please note that we have changed counsel to Robert C. Divine (G-28 enclosed), and we ask that you make record of this for future correspondence. (b)(4)

If you require additional information, please contact me.

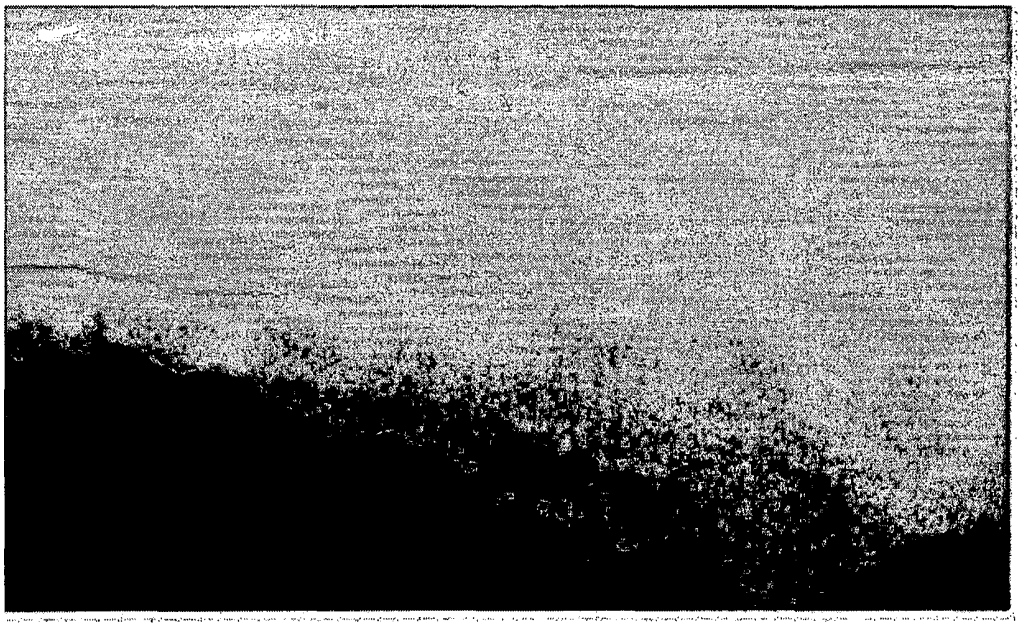
Sincerely,

Peter Medlyn
Chief Executive Officer

REDT
109 S Broadway, Knoxville, TN 37902
Phone: +1-865-599-2322 • Fax: +1-865-544-4226
info@eb5-invest.com • eb5-invest.com • eb5investchina.com • redtllc.com

A. Supplemental Documents to Regional Center Filing		
2.	Revised Regional Center Business Plan	Evidence of Regional Center's marketing, finance, operational, and project development strategy. Also contains business plan for Project, Big Elk Resort discussed in Section C.

REGIONAL CENTER DESIGNATION
APPLICATION PROPOSAL



SPONSOR:
TENNESSEE REGIONAL CENTER, LLC

109 S Broadway
Knoxville, TN 37902
USA

Email: pmedlyn@EB5-invest.com
Web Site: http://www.EB5-invest.com

DATE: June 6, 2011

This document contains confidential and proprietary information belonging exclusively to: Tennessee Regional Center, LLC. This is a business plan. It does not imply an offering of securities.

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SECTION 1
EXECUTIVE SUMMARY

SECTION 1

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

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SECTION 1

EXECUTIVE SUMMARY

SECTION 1

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SECTION 1

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SECTION 1

EXECUTIVE SUMMARY

(b)(4)

SECTION 2
TENNESSEE REGIONAL CENTER
PROGRAM DEVELOPMENT STRATEGY

SECTION 2

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TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

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TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

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SECTION 2

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4) **3.4 Resort Operations**

SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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MARKETING PLAN

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SECTION 6
OPERATING PLAN & PROGRAM ADMINISTRATION

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SECTION 7
LEGAL AND RISK PLANNING

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LEGAL AND RISK PLANNING

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SECTION 8
ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

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ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

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SECTION 9

INDUSTRY ANALYSIS KEY FOCUS INDUSTRIES

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SECTION 9
INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

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SECTION 9
INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

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INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

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INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

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SECTION 10
FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

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FINANCIAL INFORMATION
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ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

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ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

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SECTION 10
FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

B. New Commercial Enterprise: Funding Group USA, LLC		
3.	Formation Document, and IRS confirmation notice of EIN.	Evidence that the new commercial enterprise has been properly formed and assigned the EIN [redacted]

(b)(3)

Capital Filing Service, Inc.

992 Davidson Dr., Suite B
Nashville, TN 37205
info@capitalfiling.com
Ph. 615-646-1404
Fax 615-646-0810

INVOICE - PLEASE REMIT

DATE	INVOICE NO.
5/18/2012	218339

BILL TO	SHIP TO
April Alexander Long Ragsdale & Waters/0001 1111 Northshore Dr., Su. S700 Knoxville, TN 37919	Same (865) 584-4040 (865)-584-6084

Job / Reference #	Terms	Confirm?	Ship Date	Ship Via	Ordered By:
	Net 30	e-m	5/18/2012	e-mail/mail	A. Alexander

ITEM	DESCRIPTION	QTY	RATE	AMOUNT
LLC	File LLC Documents	1	20.00	20.00
SOS Fee	Fees advanced to Sec. of State for docs.	1	300.00	300.00
	Funding Group USA, LLC			

Please expedite payment of this invoice, since we advanced the filing fee. Thank You!	**Total**	$320.00

The referenced information was obtained directly from government records, which are maintained by government officials. Capital Filing Service cannot independently verify the accuracy of these records and our involvement is limited to assisting in expediting the retrieval of this information.

STATE OF TENNESSEE
Tre Hargett, Secretary of State
Division of Business Services
William R. Snodgrass Tower
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

FUNDING GROUP USA, LLC
109 S BROADWAY ST
KNOXVILLE, TN 37902-1902

May 17, 2012

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

Control # :	**686518**	Formation Locale:	TENNESSEE
Filing Type:	Limited Liability Company - Domestic	Date Formed:	05/17/2012
Filing Date:	05/17/2012 12:05 PM	Fiscal Year Close	12
Status:	Active	Annual Rpt Due:	04/01/2013
Duration Term:	Perpetual	Image # :	7056-1349
Managed By:	Manager Managed		
Business County:	KNOX COUNTY		

Document Receipt

Receipt # : 758023	Filing Fee:	$300.00
Payment-Check/MO - CFS, NASHVILLE, TN		$300.00

Registered Agent Address:
DENNIS B RAGSDALE
STE S700
1111 N NORTHSHORE DR
KNOXVILLE, TN 37919-4097

Principal Address:
109 S BROADWAY ST
KNOXVILLE, TN 37902-1902

Congratulations on the successful filing of your **Articles of Organization** for **FUNDING GROUP USA, LLC** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Darlene Baskin

Phone (615) 741-2286 * Fax (615) 741-7310 * Website: http://tnbear.tn.gov/

FILED

THIS INSTRUMENT PREPARED BY:
Long, Ragsdale & Waters, P.C.
1111 Northshore Drive, N.W.
Suite S-700
Knoxville, Tennessee 37919-4074

ARTICLES OF ORGANIZATION
OF
FUNDING GROUP USA, LLC

The undersigned, acting as the organizer of **FUNDING GROUP USA, LLC** (the "Company"), a limited liability company organized under the provisions of the Tennessee Revised Limited Liability Company Act, Tennessee Code Annotated Section 48-249-101, et seq., hereby adopts the following Articles of Organization for the Company:

1. The name of the Company is Funding Group USA, LLC.

2. The name and address of the initial registered agent of the Company is:

   Dennis B. Ragsdale
   Long, Ragsdale & Waters, P.c.
   1111 Northshore Drive
   Suite S-700
   Knoxville, TN 37919
   (Knox County)

3. The complete address of the principal executive office of the Company is:

   109 S. Broadway
   Knoxville, TN 37902
   (Knox County)

4. The period of the duration of the Company shall be perpetual.

5. At the date and time of formation, the Company shall have one (1) or more members.

6. The Company will be Manager Managed.

7. The Company does not have the power to expel a member.

8. No member or parties (other than the Company) to a contribution agreement or a contribution allowance agreement have preemptive rights.

9. No member, manager or officer shall have personal liability to the Company or its

Received by Tennessee Secretary of State Tre Hargett, 05/17/2012, 12:05:01, 7056.1349

other members for monetary damages for breach of fiduciary duty as a member, manager or officer, except for liability for: (a) any breach of a member's, manager's or officer's duty of loyalty to the Company or its other members; (b) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; or (c) a violation of Tennessee Code Annotated §48-249-307. If the Tennessee Revised Limited Liability Company Act is hereafter amended to authorize the further elimination or limitation of the liability of members, managers or officers, then the liability of any member, manager or officer of the Company, in addition to the limitation on personal liability provided herein, shall be provided to the fullest extent permitted by the amended Tennessee Revised Limited Liability Company Act.

10. The provisions of Tennessee Code Annotated §48-249-503(b)(2) shall not apply to the Company regardless of whether the Company falls within the definition of a "family LLC" under Tennessee Code Annotated §48-249-102(10).

11. The Company may elect from time to time to establish one or more designated series of members, holders, managers, managers, membership interests or financial rights having separate rights, powers, and/or duties with respect to specified property and/or obligations of the Company and/or profits and losses associated with specified property and/or obligations, and any such series may have a separate business purpose or investment objective.

12. The termination, dissociation, death, incapacity, withdrawal, retirement, resignation, expulsion, bankruptcy or dissolution of any member or the occurrence of any other event that terminates the membership interest of any member shall not cause the Company to be dissolved or its affairs to be wound up, and upon the occurrence of any such event, the Company shall be continued without dissolution.

13. The Operating Agreement of the Company shall be in writing and shall consist of one (1) document, as amended in writing.

14. Subsequent members of the Company shall be bound by the terms and conditions of the Operating Agreement.

Dated as of the 16th day of May, 2012.

ORGANIZER:

Dennis B. Ragsdale, Organizer
of Funding Group USA, LLC

Lap/clients/llc/Funding Group USA/ art of org.

Received by Tennessee Secretary of State The Hargett, 05/17/2012, 12:05:02, 7055.1350

IRS.gov

EIN Assistant

Your Progress: 1. Identity ✓ 2. Authenticate ✓ 3. Addresses ✓ 4. Details ✓ 5. EIN Confirmation

Congratulations! The EIN has been successfully assigned.

EIN Assigned: [redacted] (b)(3)

Legal Name: **FUNDING GROUP USA LLC**

The confirmation letter will be mailed to the applicant. This letter will be the applicant's official IRS notice and will contain important information regarding the EIN. Allow up to 4 weeks for the letter to arrive by mail.

We strongly recommend you print this page for your records.

Click "Continue" to get additional information about using the new EIN. Continue >>

Help Topics

Can the EIN be used before the confirmation letter is received?

B. New Commercial Enterprise: Funding Group USA, LLC		
4.	Confidential Private Placement Memorandum with Exhibits: A. Subscription Agreement B. Form of Escrow Agreement C. Operating Agreement D. Background of Principals involved in the Development Team E. Information on Johnson & Galyon Construction F. Executive Summary, Description of Project	Complete set of offering documents evidencing viable project in compliance with EB-5 regulations.

(Loan Program)

(b)(4)

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

FUNDING GROUP USA, LLC

(a Tennessee limited liability company)

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TABLE OF CONTENTS

(b)(4)

(b)(4)

LIST OF EXHIBITS

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(b)(4)

(b)(4)

I. OFFERING SUMMARY

(b)(4)

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II. THE OFFERING

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IV. IMMIGRATION MATTERS

A. Overview

The EB-5 immigrant visa preference category is intended to encourage the flow of capital into the United States economy and to promote employment of workers in the United States. To accomplish these goals and so that foreign investors may obtain immigration benefits for having made an investment, the program mandates the minimum capital of $500,000 that foreign investors must contribute and it mandates that 10 full-time jobs must be created on account of each investor. In addition to the return that investors hope to achieve on their investment, foreign investors and their qualifying family members are offered the prospect, but not the guarantee, of conditional lawful permanent residence in the United States. Investors are responsible to apply for the lifting of their conditional status by filing an I-829 within two (2) years of receiving conditional status. Neither the Company nor the Developer is responsible to undertake this process on behalf of any individual investor.

The Offering has been structured so that investors may meet the investment requirements of the EB-5 program (8 U.S.C. § 1153 (b)(5)(A) - (D); INA § 203(b)(5)(A) - (D) of the Immigration & Nationality Act) (the "**Act**") and qualify under this program to become eligible for admission to the United States of America as lawful permanent residents with their spouses and unmarried, minor children.

The State of Tennessee has designated an area, including the Project, as a high employment area for purposes of qualification as a Transitional Employment Area ("**TEA**") for EB-5 projects. However, USCIS makes the final determination of TEA for each Investor as of the date of the filing of his or her individual petition, and USCIS does not always accept a state's designation of a TEA. If the job creation activity is focused in a TEA, then a $500,000 investment, rather than the normal $1,000,000 investment, is sufficient for immigration under the EB-5 program.

B. The EB-5 Petition Process

For investors seeking lawful permanent residence, the first step in the process is to file an I-526 Immigrant Petition for Alien Entrepreneur, referred to in this Offering Memorandum as the EB-5 Petition, together with accompanying evidence in support of the program's requirements. USCIS adjudicates I-526 petitions by reviewing these criteria, among others:

New Commercial Enterprise

There must be evidence that shows that the enterprise is new, and authorized to transact business in the territory of the Regional Center under the applicable terms and conditions of the EB-5 Program.

Investment Capital

The petition must be supported by evidence that the petitioner has invested the minimum required capital. USCIS expects these funds to be in the US and "at risk", connoting an irrevocable commitment to the enterprise. The funds must be used by the enterprise exclusively to create employment. Funds used to pay administrative costs or other obligations undertaken to promote the investment in the enterprise are not deemed "at risk."

Source of Capital

Evidence must support the legal acquisition of capital. Funds earned or obtained in the United States while the investor was in unlawful immigration status are not deemed to be lawfully acquired. If funds are not lawfully acquired, they may not be deemed "at risk."

Managerial Role

The investor is expected to participate in the management of the new enterprise by assisting in the formulation of the enterprise's business policy, by participating in one or more of the activities permitted in the Tennessee Limited Liability Company Act, and as otherwise set forth in the Operating Agreement, investors in an EB-5 enterprise must have all the rights and duties usually accorded to members applicable under the Tennessee Limited Liability Company Act. The rights of the Investing Members under the Operating Agreement are consistent with rights normally granted to non-Managers under the Act.

Amount of the Investment

The petition must be supported by evidence that the required minimum sum has been invested.

Employment Creation

There must be evidence that, as of the end of the two-year period of each EB-5 investor's conditional residence (deemed and projected by USCIS to be 2.5 years after adjudication of the I-526 petition), 10 full-time jobs will be created on account of each EB-5 investment. See the earlier discussion about qualifying jobs and investment in a Regional Center, which may permit counting employment created outside the qualifying enterprise.

C. Tennessee Regional Center, LLC

In further support of the EB-5 visa preference program, the U.S. Congress created a Pilot Program that provided for the authorization of Regional Centers by the U.S. Department of Justice, Immigration and Naturalization Service (now, USCIS) under the Department of Homeland Security. Enterprises located within a Regional Center are not required to employ directly 10 workers for each EB-5 qualifying investment. It suffices if the investor demonstrates that at least 10 qualifying jobs will be created directly or indirectly on account of the investment.

Tennessee Regional Center, LLC was granted a designation as an approved Regional Center by USCIS on or about August 11, 2010. An investment in a commercial enterprise situated within that Regional Center fosters economic expansion through increased exports, greater regional productivity, job creation or additional domestic capital investment qualifies for the broader view of job creation.

The Company had an independent economist conduct an economic and statistical analysis to determine the number of jobs expected to be created as a result of foreign investors each contributing $500,000 (U.S. Dollars) (assuming $500,000 funding to the Company per Investor) to the Company to enable it to loan to Big Elk Resort Gatlinburg, LLC to acquire and develop the Project. This analysis was conducted using the Regional Dynamics Economic Model ("**REDYN**"). REDYN is a dynamic, nonlinear, endogenous, input-output, computable general equilibrium (CGE) economic and demographic forecasting and analysis engine based on the North American Industrial Classification System (NAICS). REDYN's online model-building edge excels at providing a uniquely complete and consistent Internet tool to configure and access plans, policies, events and risks fully and very rapidly.

D. Approval of EB-5 Petition Not Guaranteed

The I-526 Immigrant Petition for Entrepreneur will be approved only if USCIS is satisfied that the foregoing criteria have been met. The determination of whether these criteria have been established is within the discretion of USCIS. It is also within the power, if not the discretionary authority, of USCIS to seek information about other aspects of the investment and the relationship of the investor to the enterprise. USCIS frequently reinterprets the meaning of qualifying criteria. There can be no certainty that compliance with the foregoing criteria, supported by appropriate documentation, will lead to the EB-5 Petition Approval.

In the event that USCIS denies the EB-5 Petition, the investor may not proceed with the next step in the immigration process, consular processing or adjustment of status. Instead, the investor must decide whether to appeal the denial of the EB-5 Petition at his or her own cost and expense with consent of the Company or abandon the prospect of investing in the Company and obtaining lawful permanent resident status thereby.

E. Consular Processing or Adjustment of Status

Approval of the EB-5 Petition means that the alien and the alien's spouse and children under the age of 21 years may apply for admission as conditional lawful permanent residents (CLPR). Approval of the EB-5 Petition does not mean that the investor has been granted admission to the United States as a lawful permanent resident. Approval means that the investment documented by the EB-5 Petition has qualified the investor as an alien entrepreneur.

The application for admission is a separate and subsequent process that concerns issues common to all aliens who wish to live in the United States permanently. Admission as a CLPR may be sought using one of two methods: consular processing or adjustment of status.

F. Consular Processing

Consular processing is designed for aliens who are living outside of the United States, who prefer to process at a consulate for strategic reasons or as a matter of convenience or are ineligible to adjust status. Typically, the consular post, which is chosen at the time the EB-5 Petition is filed, is in the country of last residence, *i.e.*, the last principal actual dwelling place. In very limited instances, usually involving a recognized hardship, a different consular post may process for lawful permanent residence.

Before issuing an immigrant visa, the consular post must determine if each alien is admissible to the United States. EB-5 Petition Approval does not by itself establish admissibility. An alien is admissible who proves that no grounds of inadmissibility exist and the alien has proper travel documents. (*See* the discussion on Immigration Risk Factors, below, for a list of the grounds of inadmissibility). Waivers are available for certain of the many grounds of inadmissibility, but the grant of a waiver is in the discretion of the government and aliens seeking waivers experience lengthy delays in adjudication of waiver applications. Investors should consult with independent immigration counsel to determine if any grounds of inadmissibility may affect the investor's admission or the admission of the investor's spouse or children to the United States.

If the consular post finds that the investor is admissible, it will issue a CLPR visa to the investor. The consular post will also determine if the spouse and the qualifying children of the investor are admissible. A determination of admissibility must be made as to each visa applicant. There is no guarantee that all members of the investor's family will be granted a CLPR visa. If the investor is denied a CLPR visa, applications by the spouse and children of the investor for such a visa will be denied.

Consular processing begins when USCIS transmits the EB-5 Petition Approval to the National Visa Center (NVC). At appropriate intervals, the NVC issues instructions and appointment packages and requests required documents and information. In time, the alien will be instructed to obtain fingerprints and a physical examination and to report to a consular interview. CLPR visas usually are issued shortly after the interview unless the consul detects problems in the visa application, the underlying EB-5 Petition or during the interview process. Visa applicants should allow about twelve months to complete consular processing, although times for processing vary greatly among consular posts.

G. Visa Issuance Not Guaranteed

Decisions by consuls are discretionary and unreviewable. USCIS and DOS report recent efforts to communicate more efficiently regarding their respective roles in determining the eligibility of EB-5 investors for CLPR visas. There cannot be any assurance that improved communications will occur generally or with respect to a particular investor or the investor's spouse or minor children. Neither may it be assured that improved communications will result in the issuance of a visa. Other factors that a consul may, with unreviewable discretion, elect to consider could result in the denial of a visa.

Visa applicants should not change any living, employment, schooling or other lifestyle arrangements in their country of residence before they are issued a CLPR visa based upon an approved EB-5 Petition.

H. Admission After CLPR Visa Issued Not Guaranteed

After issuance, CLPR visas remain valid for six (6) months. During this period, the holder of the visa must use it to apply for admission to the United States at a designated port of entry. The port of entry is frequently in an international airport. When the alien arrives at the port of entry, he or she will present the CLPR visa to a Customs and Border Protection officer who has the authority to admit the investor to the United States as a CLPR. This process is known as inspection. Generally, possession of a valid immigrant visa will result in an admission unless the inspecting officer suspects fraud, the alien's travel documents are not in order or the alien has become inadmissible in the time between the date of visa issuance and the date admission is sought. Possession of a CLPR visa does not guarantee admission to the United States.

I. Adjustment of Status

The Adjustment of Status (AOS) procedure is designed to permit aliens who have been admitted to the United States as non-immigrants or who have been paroled into the country to apply for admission as permanent residents without leaving the country. These non-immigrants must establish that they are admissible permanently, meeting the same standards as aliens who use consular processing to obtain a permanent resident visa. (*See* the discussion, above, on Consular Processing and see the section on Immigration Risk Factors—Aliens, below).

Aliens seeking AOS must also comply with requirements peculiar to the AOS process. Aliens who do not meet these additional requirements will be required to use consular processing to obtain a CLPR visa, which will necessitate a departure from the United States. Aliens admitted in certain non-immigrant statuses may encounter more difficulties (and may not be successful) adjusting status than aliens admitted in other non-immigrant statuses. Investors should consult with immigration counsel regarding these issues before the EB-5 Petition is filed.

An alien investor or the investor's spouse or children who are eligible for CLPR may not be eligible for AOS if they: (1) were employed in the U.S. without authorization; (2) were not in lawful status on the date their AOS application was filed or if they failed to maintain lawful status thereafter; (3) were ever out of status during earlier admissions to the U.S.; (4) are admitted in certain non-immigrant statuses, such as "A", "G" or "J" (unless the two-year foreign residency requirement does not apply or a waiver of the requirement has been obtained); (5) have been in removal proceedings in the ten years prior to seeking AOS; (6) were admitted under the visa waiver program at the time AOS is sought; or, (7) obtained CLPR as the spouse of a U.S. citizen or as the son or daughter of a spouse of a U.S. citizen and have not abandoned this CLPR prior to seeking AOS. There may be additional reasons why an alien may not adjust status, which is a benefit granted at the discretion of USCIS.

Investors should consult with immigration counsel to determine if they, their spouse and their children are eligible for AOS.

During AOS processing, the applicant will be required to submit a medical examination and will receive instructions from USCIS regarding biometric data collection and an interview. The interview may be waived by USCIS, but the waiver should not be expected. USCIS uses profiling information to determine who will be interviewed and it also interviews some AOS applicants to maintain the integrity of its screening process. There is no formal process to request the waiver of an interview. If the investor is interviewed, the spouse and children of the investor will be required to attend the interview.

J. Travel During Adjustment of Status Processing

An alien investor who leaves the United States without advance permission while an AOS application is pending is deemed to have abandoned that application unless the applicant has been admitted in and continues to hold, valid H or L non-immigrant status pending adjudication of the AOS application.

Advance permission to depart the U.S. is issued routinely if the alien articulates a *bona fide* need to travel. It is not necessary to demonstrate an emergent need to travel; any purpose not contrary to law is usually deemed sufficient. Advance permission, known as Advance Parole, is usually granted for multiple entries during the time required to complete the AOS process, but not longer than one year. It may be necessary to re-apply for Advance Parole if the AOS process is not complete within a year.

Advance Parole is not available to aliens who are outside the U.S. It is important for AOS applicants who wish the right to travel to make application for Advance Parole while they are in the U.S. They must remain in the U.S. until Advance Parole is granted to avoid abandonment of the AOS application. Advance Parole applications may take about 60-90 days to be granted. Processing times may be longer if an applicant is subjected to extended background checking. In demonstrated emergent circumstances, an AOS applicant may receive expedited Advance Parole.

Alien investors admitted to the United States in any non-immigrant status who have obtained Advance Parole during the AOS process should consult with immigration counsel before traveling. Re-admission to the U.S. using the Advance Parole document may jeopardize the non-immigrant status of the alien's family members who did not travel. The consequences, if any, of this situation should be examined prior to travel.

K. Employment During The Adjustment of Status Processing

Applicants for AOS who wish to work in the United States must obtain employment authorization unless they have been admitted to the U.S. in a non-immigrant status that confers employment authorization that does not end before AOS is granted. Self-employment requires employment authorization.

Employment authorization applications currently take 60-90 days to be adjudicated. Processing times may be longer if an applicant is subjected to extended background checking. Employment authorization is usually granted during the time required to complete the AOS process, but not longer than one year. It may be necessary to re-apply for employment authorization if the AOS process is not complete within a year. To avoid a lapse in employment authorization re-applications should be made sufficiently in advance of the expiry of existing authorization. Employment without authorization at any time in the U.S. is a violation of immigration status and may jeopardize the right to adjust status.

L. Adjustment of Status Cannot Be Guaranteed

AOS is granted in the discretion of USCIS. Its decision is unreviewable. An alien whose AOS application has been denied may request that the case be re-opened or re-considered by the same office that denied AOS. If the request to re-open or re-consider the case is denied, or, if, after such a review, the alien fails to convince this office to reverse its original decision, the alien may renew the AOS before an immigration judge.

Aliens admitted in unexpired non-immigrant status who are denied AOS to CLPR are usually entitled to remain in the U.S. in that status and may seek an extension of that non-immigrant status or seek a change to a different non-immigrant status for which they are qualified. At such time as the alien's non-immigrant status expires, the alien is expected to depart the U.S. If at the time of the denial of AOS, the alien's non-immigrant status was expired, the alien is expected to depart the U.S. Failure to depart timely is a violation of U.S., immigration law and regulation which may affect the ability of the alien to qualify for future immigration benefits.

If an alien investor is admitted to the U.S, in a non-immigrant status (pending AOS), the spouse and children of the alien investor are frequently admitted for a time coincident with the authorization of the investor to remain in the U.S. If AOS is not granted to the alien investor and the investor's non-immigrant status expires, the status of the spouse and children will be deemed to have expired at the same time. They, too, will be expected to depart the U.S. at that time.

AOS applicants should not make any permanent connections to the United States or change any permanent living, employment, schooling or other lifestyle arrangements in their country of residence before they are issued AOS based upon an approved I-526 Petition.

M. Removal of Conditions

Approval of an AOS application or the grant of an EB-5 visa followed by entry into the U.S. in EB-5 status means that the investor and the spouse and qualified children of the investor have been granted Conditional Lawful Permanent Residence (CLPR) for two years. The "conditions" must be removed so that the aliens may reside in the U.S. indefinitely. Failure to remove the conditions results in the termination of CLPR status and will likely result in the commencement of removal proceedings.

Removal of conditions is sought by the filing of a petition in the 90-day period immediately preceding the second anniversary of the grant of CLPR status. In support of the petition, the alien investor must demonstrate full investment in the enterprise and compliance with the requirement that 10 jobs have been created as a result of the investment. The investor must also demonstrate maintenance of the investment continuously since becoming a CLPR. The Developer will provide documentation, upon request by a Member, as reasonably necessary and available in support of such Member's application for removal of conditions.

USCIS currently has jurisdiction to decide a petition to remove conditions, although that jurisdiction authority may change in the future. It is authorized to approve a petition, seek additional written information before deciding the petition, refer the petition to a local office where information will be elicited in an interview, or, it may deny the petition. If the petition is referred for an interview, the local office of USCIS may decide the petition after the interview.

During the pendency of the petition, aliens admitted in CLPR Status remain in valid status even if the petition is not decided before the expiry of the two year period of admission. CLPR is extended in one year increments or until the petition to remove conditions is adjudicated. Unfortunately, some USCIS offices have been reluctant to extend CLPR status, presumably in ignorance of the law. Aliens have also experienced difficulty obtaining advance permission to travel during this period. This difficulty is not experienced in all instances and it may abate as local USCIS offices become more familiar with the law. Delays and improper denials of documents evidencing extended CLPR status and Advance Parole cannot be ruled out. Denial of such documents does not end the lawful status granted by statute.

N. Removal of Conditions Not Guaranteed

In the history of the EB-5 program, INS (now USCIS) modified the requirements for removal of conditions after the time that some investors were granted CLPR. As a result of this action, some of those investors were unable to comply with the new requirements, creating the possibility that they would be removed from the United States. Some of these investors contested the change in rules after their investments were made.

Their position was supported in litigation that resulted in INS being ordered to reconsider their applications to remove conditions by applying the original rules.

There cannot be any assurance that USCIS will not change the requirements for removal of conditions after investors are granted CLPR status through investment in the Project. There cannot be any assurance that an investor will able to demonstrate to the satisfaction of USCIS that the Project is operating within its business plan, that it has created the requisite jobs at the time required by USCIS or that any other requirements for the removal of conditions have been met.

V. RISK FACTORS

THE PURCHASE OF UNITS INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR PERSONS OF SUBSTANTIAL MEANS WHO CAN BEAR THE RISK OF LOSS OF THEIR ENTIRE INVESTMENT AND WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT. IN ADDITION TO ALL OTHER INFORMATION SET FORTH ELSEWHERE IN THIS MEMORANDUM, INCLUDING THE EXHIBITS HERETO, A PROSPECTIVE INVESTOR SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS, AND SHOULD CONSULT HIS OWN LEGAL, TAX, REAL ESTATE AN FINANCIAL ADVISORS WITH RESPECT THERETO, BEFORE MAKING A DECISION TO PURCHASE UNITS. THE ORDER IN WHICH THE FOLLOWING RISKS ARE PRESENTED DOES NOT CORRELATE TO THE MAGNITUDE OF THE RISKS DESCRIBED. THE FACT THAT THE FOLLOWING RISK FACTORS ARE ENUMERATED IN NO WAY IMPLIES THAT THESE ARE THE ONLY RISK FACTORS ASSOCIATED WITH THIS INVESTMENT AND ARE MERELY ILLUSTRATIVE OF THE TYPES OF RISKS INVOLVED IN THIS TYPE OF INVESTMENT.

A. RISKS RELATED TO THE COMPANY'S PROPOSED BUSINESSES-GENERAL

1. The Project has no Operating History. The success of the Loan investment will be directly dependent upon the success of the Project's business operations. The Company was recently organized and has a limited history of operations. The Project therefore should be considered in its development stage and their operations are subject to all of the risks inherent in the establishment of a new business enterprise, including, but not limited to, hurdles or barriers to the implementation of its business plans. Further, because there is a limited history of operations there is also a limited operating history from which to evaluate the Developer's ability to manage the operations and achieve its goals or the likely performance of the Project. No assurances can be given that the Project can operate profitably.

2. Investing Members Will Bear a Significant Financial Risk. Purchasers of Units will be providing a significant portion of the risk capital to the Company which in turn will be loaned to the Project pursuant to the Loan and will be investing at a time when the success of the Project remain uncertain. Accordingly, Investing Members will incur substantially all of the capital risk related to the Project.

Johnson Galyon as the Turn-Key Design Build Contractor is guaranteeing completion of the Project on time and on budget and the contract will be bonded by the Hartford Group although there is no assurance that these obligations will be satisfied.

3. The Company, the Project Owner, the Turn-Key Design Build, the Principals and its Other Affiliates will be Subject to Conflicts of Interest. The Principals of the Project, Management and their affiliates are related parties and have total control over the operation of the Project and the potential repayment of the Loan. This could result in one or more conflicts of interest between the interests of the Investing Members and the Principals, Management and its other affiliates. The potential conflicts of interest include, but are not limited to, the following:

(a) The Project Owner, the Principals and/or its other affiliates may acquire and operate other real estate projects for their own respective accounts, provided same is not directly competitive with the Project. This shall not be considered to be a conflict of interest.

(b) The Company, the Principals and its other affiliates will not be required to disgorge any profits or fees or other compensation they may receive from any other business they own separate from the Project, and Investing Members will not be entitled to receive or share in any of the profits, return, fees or compensation from any other business owned and operated by the Developer, the Principals and its other affiliates for their own benefit;

(c) The Company, the Principals and its other affiliates are not required to devote all of their time and efforts to the affairs of the Project and this could result in a conflict of interest for the time and attention of the Developer, the Principals and its other affiliates; and;

(d) The Project, the Company, and the Prospective Investors have not been represented by separate counsel in connection with the formation of the Company, the drafting of the Operating Agreement or the Subscription Documents, or this Offering.

(e) The Manager of the Company is affiliated with the Project and therefore has an inherent conflict of interest in providing services to the Company, although such services are generally administrative in nature.

4. The Manager's Liability will be Limited. Pursuant to the Operating Agreement, the Manager, its agents, and their other affiliates will not be liable to the Company or any Members for any damages, losses, liabilities or expenses (including reasonable legal fees, expenses and related charges and cost of investigation) unless one of those parties is guilty of fraud, deceit, gross negligence, willful misconduct. Thus, Members will have limited recourse against those parties. The Operating Agreement also provides that the Company will indemnify, hold harmless and waive any claim against the Manager, its agents, the Developer and its other affiliates, for any and all losses, damages, liability claims, causes of action, omissions, demands and expenses or any other act or failure to act arising from or out of the performance of their duties to the Company under the Operating Agreement or as a result of any action which the Manager and/or their designated agents are requested to take or refrained from taking by the Company unless such loss has arisen as a result of their gross negligence or willful misconduct.

5. The Project will have no Diversification of their Investment. The Company will invest its capital in the Project through the Loan, thus limiting the diversification of the investment into two (2) industries (retail/amusement and hospitality).

6. The Project's Success is Largely Dependent Upon the Successful Implementation of its Business Plan of the Project. The success of the Company will largely depend upon the Project's success in implementing its business plan. Because many of the factors necessary for success are beyond the control of the Project's Owners, there can be no assurance that the Project's Owners will be able to successfully implement the business plan, or carry out that business plan as circumstances require.

7. The Project will be Subject to Insurance Risks. The Project intends to obtain and maintain insurance on the Project. The foregoing notwithstanding, no assurance can be given that sufficient insurance can be obtained in the event of a catastrophic loss to a particular asset.

8. **Distributions by the Company are Not Guaranteed. Payment of distributions and the amounts thereof will be dependent upon returns received by the Company on the Loan. No assurances can be given that the Company will operate profitably or be able to declare and pay any distributions to the Members, or that Investing Members will earn a positive return on their investment or receive a return of any or all of their investment.**

B. SPECIAL RISKS ASSOCIATED WITH THE PROJECT

1. Zoning Approvals. Although all required zoning approvals have been obtained in order to develop the Project in accordance with the current business plan, there are no assurances that the business plan may not have to be modified and accordingly, that additional or modified zoning approvals need to be obtained.

2. Timing of Completion. Included in the Executive Summary [*see* **Exhibit F**] is a time schedule for the completion of improvements and substantial stabilization of the Project. There are no assurances that such time schedule can be satisfied, and if the timing for the completion of development is delayed by any significant degree, then the cost of said development will increase accordingly. However the Turn-Key Design Build Contractor guarantees completion on time.

3. Cost Overruns. Cost overruns may be encountered as a result of numerous factors, including not only the delay in the development process, the failure of certain contracted parties to complete their work in accordance with the contracted amount, necessitating the substitution of subcontractors and potential increases in pricing. Furthermore, unforeseen issues may be encountered that otherwise require an increase in the development budget that have not otherwise been reserved for in the contingency fund.

4. The Investment in the Project is Speculative. Investing in real estate as contemplated by the Project involves an inherent exposure to fluctuations in the real estate market, including the availability of financing, increases in mortgage rates and borrowing rates and general economic conditions, and there is no assurance that its investment strategy will be successful. Prospective Investors

should not subscribe for Units unless they can afford a loss of all their capital invested in the Company as a result of the non-payment of the Loan.

5. The Company's Investment is Illiquid. The Project may not be easy to liquidate or refinance. No assurance can be given that the Loan will be paid or when it will be paid.

6. The Project Will be Subject to Typical Real Estate Investment Risks. The typical risks relating to an investment in real estate will apply to an investment in the Project including, but not limited to, the national, regional and local economic climates, competitive market forces, changes in market values, changes in market rates of interest and competition from other existing competing properties and new competing properties that may be developed in the future.

7. The Project Managers will Receive a Management Fee Regardless of the Project' Performance. The Project will pay the Project Managers various fees for services rendered regardless of whether the Project is ultimately profitable.

8. Unique Risks of Hospitality Project. Hospitality projects have certain unique risk factors, including the following:

   a. Results of operations are subject to risks inherent in the hospitality industry, such as the demand for hospitality services in the general vicinity of the Project, which could materially and adversely affect such Project.

   b. Competition from other hospitality properties, located in close proximity to the Project may reduce the demand which could materially and adversely affect the Project.

   c. The success of the Project depends on key personnel whose continued service is not guaranteed, and their departure could materially and adversely affect the Project.

   d. Adverse economic conditions and dislocation in the credit markets have had a material and adverse effect on the Project and may continue to materially and adversely affect the Project.

   e. The Project's strategy of investing in properties located in a specialized targeted growth area that is dependent on the development of other industries may not be successful, which could materially and adversely affect those Project.

9. Unique Risks of Retail/Amusement Operations. The retail/amusement operations have certain unique risk factors, including those set forth in Paragraphs 10 above and the following:

a. Competition from other properties in the area that could adversely affect the ability to attract tenants and/or achieve projected rental rates.

b. There are other retail properties in the area that will compete for the same or similar retail tenants to this Project. Many of these competing properties may be able to offer cheaper rents than the Project. In a competitive environment, prospective tenants may decide to go where the rent is cheaper.

c. External economic conditions in the United States and local economy at the time construction could adversely affect the ability to attract commercial tenants at the projected rental rates.

d. The amusement portion of the Project will be competing with other tourist attractions in the general vicinity of the Project.

10. Marketing of Hospitality Units. One of the most significant risks of this Project is the ability of the Company to market the hospitality units to the general public as a hospitality destination resort. Although the Project is quite unique in its location, habitat and recreational offering and setting, there are no assurances that the Project will be able to successfully market or rent units.

11. Risks Related to Developer's Business and Properties. Developer's Business and Properties have certain unique risk factors, including the following:

a. Developing properties will expose the Developer to additional risks beyond those associated with owning and operating hospitality and retail/amusement properties, and could materially and adversely affect the Project.

b. The Developer's future growth will depend, in part, upon its ability to successfully complete the Project that the Developer has identified and has under contract and expects to commence building:

c. construction costs of a Project exceeding its original estimates;

d. failure to complete development projects on schedule or in conformity with building plans and specifications;

e. lower than anticipated occupancy and rental rates at the newly completed property, which rates may not be sufficient to make the property profitable;

f. the lack of available construction financing on favorable terms or at all;

g. the lack of available permanent financing upon completion of a property

financed through construction loans, on expected terms or at all;

h. failure to complete lease-up as anticipated for retail Project;

i. failure to obtain, or delays in obtaining, necessary zoning, land use, building, occupancy and other required governmental permits and authorizations;

j. liability for injuries and accidents occurring during the construction process and for environmental liabilities including those that may result from off-site disposal of construction materials; and

k. strikes, inclement weather, government regulations and other conditions beyond its control that delay construction or otherwise increase the cost of development.

l. The Developer's development activities may be adversely affected by circumstances beyond its control, including: work stoppages; labor disputes; shortages of qualified trades people, such as carpenters, roofers, electricians and plumbers; changes in laws relating to union organizing activity; lack of adequate utility infrastructure and services; its reliance on local subcontractors who may not be adequately capitalized or insured; and shortages, delay in the start or completion of, or could increase the cost of, developing one or more of its properties. If the Developer is unable to recover these increased costs by raising its lease rates, its financial performance and liquidity could be materially and adversely affected.

m. Additionally, due to the amount of time required for planning, constructing and leasing and/or stabilization of development properties, the Developer may not realize a significant cash return for several years. If any of the above events occur, the development of the Project may hinder its growth and have an adverse effect on its results of operations and cash flows. In addition, new development activities, regardless of whether or not they are ultimately successful, typically require substantial time and attention from management.

n. A continuation of ongoing economic conditions that adversely affect household disposable income, such as high unemployment levels, weak business conditions, reduced access to credit, increasing tax rates and high fuel and energy costs, could reduce overall residential leasing and hospitality occupancies.

12. Territorial Dependence. The Project is situated within the Gatlinburg, Tennessee area. As a result, the success of the Project will be directly dependent upon the

continued demand primarily from tourists for retail and hospitality services.

13. Seasonal Revenue. Unit rentals may also be affected by seasonal affects, and the lodging rental market in the region of operations may require the Company to charge less for the rental of units during certain times of the year in order to remain competitive. Other similar properties that may be deemed competitive to the Project, often experience gaps in business from season to season, month to month and even weekdays versus weekends. Any decrease in revenue could reduce the net operating profits, or even result in operating losses; either of which could adversely affect the results of operations and the ability to make distributions to members.

14. Discretionary Consumer Spending. The strength and profitability of the business depends on consumer demand for alternative residential and recreational opportunities. Changes in consumer preferences or discretionary consumer spending could harm the business. An extended period of reduced discretionary spending and/or disruptions or declines in airline travel and business conventions could significantly harm the operations. In particular, because the business will rely heavily upon high-end customers, including international customers, factors resulting in a decreased propensity to travel could have a negative impact on the operations. Terrorist attacks, the outbreak of infectious diseases such as the avian flu (hereinafter mentioned), the impact of a natural disaster such as a hurricane, and other factors affecting travel and discretionary consumer spending, including general economic conditions, disposable consumer income, fears of recession and reduced consumer confidence in the economy, may negatively impact the business. Negative changes in factors affecting discretionary spending could reduce customer demand for hotel services, thus imposing practical limits on demand, pricing and harming the operations.

C. RISKS RELATED TO THE OFFERING

1. The Units are Subject to Significant Restrictions on Transferability. The sale of the Units is being made without registration under the Securities Act and applicable state securities laws in reliance upon various exemptions under the Securities Act, including the "**private offering**" exemption of Section 4(2) and Regulation D and Regulation S promulgated under the Securities Act and available exemptions under applicable state securities laws. Such Federal and state securities laws severely restrict the transferability of the Units offered hereby. Accordingly, an investment in the Units will be highly illiquid. The Units are considered "**restricted securities**" under the Securities Act and applicable state securities laws and cannot be resold or otherwise transferred unless they are registered under the Securities Act and any applicable state securities laws or are transferred in a transaction exempt from such registration requirements. Consequently, a holder of the Units may not be able to liquidate his/her/its investment and each investor's ability to control the timing of the

liquidation of his/her/its investment in the Company will be restricted. Investors should be prepared to hold their Units indefinitely. In addition, an investor should be able to withstand a total loss of his/her/its investment in the Company.

2. There are Important Factors Related to Forward-Looking Statements and Associated Risks. This Memorandum contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21 E of the Securities Exchange Act of 1934, as amended, and the Developer intends that such forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements include the plans and objectives of management for future operations, including plans and objectives relating to the products and future economic performance of the Project.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on assumptions, including but not limited to, the following: . that the Project will accurately anticipate market demand; and that there will be no material adverse change in the anticipated operations or business of the Project. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Developer. Although the Developer believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking information will be realized. In addition, as disclosed elsewhere under other risk factors, the business and operations of the Developer are subject to substantial risks, which increase the uncertainty inherent in such forward-looking statements. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should **not** be regarded as a representation or assurance by the Developer or any other person that the objectives or plans of the Developer will be achieved.

3. The Operating Agreement has not been Negotiated at Arm's - Length. The Developer has generally established the terms of the Operating Agreement, which were not negotiated on an arm's-length basis. In addition, legal counsel for the Company and the Developer have not acted as counsel for or represented the interests of the Prospective Investors. Prospective Investors should consult with their own legal counsel with respect to the investment to the Company.

4. Risks Related to the Investment Company Act of 1940. The Company intends to avoid becoming subject to the Investment Company Act of 1940, as amended (the "**1940 Act**"). However, it cannot absolutely assure Prospective Investors that under certain conditions, changing circumstances or changes in the law, it may not become subject to the Act of 1940 Act in the future. Becoming subject to the 1940 Act could have a material adverse effect on the Company. It is also probable that the Company would be terminated and liquidated due to the cost of registration under the 1940 Act.

5. Returns to Investing Members. The costs of developing, selling and operating the Project will not be guaranteed by Developer, nor will there be any guaranty of profit on the investment. The return of the Capital Contributions of the Investing Member will be directly dependent upon the completion, successful operation, refinance and/or sellout of the Project by the Developer to an extent necessary to retire the 'Loan.'

6. Risks from Insufficient Subscription or EB-5 Petition Approvals. If an insufficient number of members are able to obtain EB-5 Petition Approval before one hundred eighty (180) days after the end of the Offering Period, and the Company returns capital investments to the Investors, the Regional Center must notify USCIS of this, and USCIS would be expected to take action to terminate permanent residence and possibly seek removal. In addition, failure of the Company to fully subscribe the Project could increase the possibility that the Project will not be financially successful, which could result in loss of permanent residence (see "Immigration Risks" below).

D. TAX RISKS

There are various federal income tax risks associated with an investment in the Units. Some, but not all, of the various risks associated with the federal income tax aspects of the Offering of which prospective Investors should be aware are set forth below. The effect of certain tax consequences on a Member will depend, in part, on other items in the investor's tax return. No attempt is made herein to discuss or evaluate the state or local tax effects on any prospective Investor. Each prospective Investor is urged to consult the prospective Investor's own tax advisor concerning the effects of federal, state and local income tax laws on an investment in the Units and on the Prospective Investor's individual tax situation.

1. There are Risks Related to the Status of the Company for Federal Income Tax. The Company has been organized as a limited liability company under the laws of the State of Tennessee. The Company will not apply for a ruling from the Internal Revenue Service (the "**IRS**") that it will be treated as a partnership for federal income tax purposes.

The Company intends to file its tax returns as a partnership for federal and state income tax purposes. Prospective Investors should recognize that many of the advantages and economic benefits of an investment in the Interests depend upon the classification of the Company as a partnership (rather than as an association taxable as a corporation) for federal income tax purposes. A change in this classification would require the applicable Company to pay a corporate level tax on its income which would reduce cash available to fund distributions to Members or for internally funding growth of the Company, prevent the flow-through of tax benefits, if any, for use on Members' personal tax returns, and could require that distributions be treated as dividends, which together could materially reduce the yield from an investment in the Company. In addition, such a change in a Company's tax status during the life of the Company could be treated by the IRS as a taxable event, in which event the Members could have tax

liability without receiving a cash distribution from the Company to enable them to pay such tax liability. The continued treatment of the Company as a partnership is dependent on present law and regulations, which are subject to change although there is no current legislation in existence or presently contemplated that would otherwise affect the Company's classification as a partnership for United States income tax purposes.

1. Members may have Possible Federal Income Tax Liability In Excess of Cash Distributions. The Manager believes that there is a reasonable basis to assume that the Company will be treated as a partnership for federal income tax purposes and will not be subject to federal income tax. Further, each Member will be taxed on the Member's allocable share of the Company's taxable income, regardless of whether the Company distributes cash to Members. Prospective Investors should be aware that although the Company will use its best efforts to make distributions in an amount necessary to pay income tax at the highest effective individual income tax rate on Company's income, the federal income tax on a Member's allocable share of the Company's taxable income may exceed distributions to such Member. A Member's allocable share of the Company's cash distribution is subject to federal income taxation only to the extent the amount of such distribution exceeds the Member's tax basis in the Member's Membership Interest at the time of the distribution. Additionally, distributions, which exceed the amount for which a Member is considered "**at-risk**" with respect to the activity, could cause a recapture of previous losses, if any. There is a risk that a Member may not have sufficient basis or amounts "**at-risk**" to prevent allocated amounts from being taxable.

2. Tax Auditing Procedures will be under Control of the Manager. Any audit of items of income, gain, loss or credits of a Company will be administered at the partnership level. The decisions made by the Manager with respect to such matters will be made in good faith consistent with the Manager's fiduciary duties to both the Company and to the Members, but may have an adverse effect upon the tax liabilities of the Members.

3. Changes in Federal Income Tax Laws and Policies may Adversely Affect Members. There can be no assurance that U.S. federal income tax laws and IRS administrative policies respecting the U.S. federal income tax consequences described in this Memorandum will not be changed in a manner which adversely affects the interests of Members.

IN VIEW OF THE FOREGOING, IT IS ABSOLUTELY NECESSARY THAT EACH AND EVERY PROSPECTIVE INVESTOR CONSULT WITH THE PROSPECTIVE INVESTOR'S OWN ATTORNEYS, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, ACCOUNTING AND OTHER CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS.

Pursuant to Internal Revenue Service Circular No. 230, be advised that any federal tax advice in this communication, including any attachments or enclosures, was not intended or written to be used, and it cannot be used by any person or entity taxpayer, for the purpose of avoiding any Internal Revenue Code penalties that may be imposed on such person or entity. Such advice was written to support the promotion or marketing of the transaction(s) or matter(s) addressed by the written advice. Each person or entity should seek advice based on the its particular circumstances from an independent tax advisor.

E. IMMIGRATION RISK FACTORS

A SUBSCRIBER SHOULD CONSULT WITH LEGAL COUNSEL FAMILIAR WITH UNITED STATES IMMIGRATION LAWS AND PRACTICE. PURCHASE OF A MEMBER INTEREST DOES NOT GUARANTEE LAWFUL PERMANENT RESIDENCE IN THE UNITED STATES. THE MEMBER INTERESTS DESCRIBED IN THIS OFFERING MEMORANDUM INVOLVE A SIGNIFICANT DEGREE OF RISK RELATING TO IMMIGRATION MATTERS. AMONG THE IMMIGRATION RISK FACTORS THAT A PROSPECTIVE INVESTOR SHOULD CONSIDER CAREFULLY ARE THE FOLLOWING; HOWEVER, THIS LIST IS NOT EXHAUSTIVE AND DOES NOT PURPORT TO SUMMARIZE ALL RISKS ASSOCIATED WITH THE PURCHASE OF A MEMBER INTEREST. SEE "GENERAL RISK FACTORS" FOR CERTAIN ADDITIONAL RISKS ASSOCIATED WITH A PURCHASE OF A MEMBER INTEREST.

1. General.

While best efforts have been made to structure this offering so that you may meet EB-5 immigrant visa requirements under 8 U.S.C. § 1153 (B)(5)(A) - (D); Immigration and Nationality Act § 203 (B)(5)(A) - (D) (the "**Act**") and qualify as "alien entrepreneurs," a preliminary step to becoming eligible for admission to the United States with your spouse and qualifying children as lawful permanent residents, no representations can be made and no guarantees can be given with respect to the ability of this investment to guarantee or otherwise assure that your application will be approved as an "alien entrepreneur" and will be granted by USCIS and obtain conditional or unconditional lawful permanent resident status.

2. Approval of Investments in the Offering.

In adjudicating a Petition on form I-526 that must be filed with USCIS by you to determine the suitability of the investment offered herein for immigration purposes under 8 U.S.C. § 1153 (B)(5)(A) - (D); JNA § 203 (B)(5)(A) - (D), USCIS may determine or redetermine issues associated with the Project's qualification, may review unfavorable the Investor's proof of the source of capital invested, and may deny the I-526. If the I-526 becomes denied, you may be unable to obtain return of your funds if the Company is not able to obtain a substitute investor.

3. Attaining Lawful Permanent Residence.

Even after approval of your EB-5 Petition, there cannot be any guarantee that you or your spouse or any of your minor, unmarried children will be granted lawful permanent residence. The grant of such immigration status is dependent, among other things, upon the personal and financial history of each applicant. Any one of the several government agencies may determine in its discretion, sometimes without the possibility of appeal, that an applicant for lawful permanent residence is excludable from the United States. In limited instances, a waiver of a ground of exclusion may be available under the law, but adjudications of waiver applications are themselves made in the unreviewable discretion of the government.

4. Grounds for Exclusion.

Persons applying for lawful permanent residence must overcome the statutory presumption of inadmissibility. Applicants must demonstrate, affirmatively, that they are admissible to the United States. There are many grounds of inadmissibility that the government may cite as a basis to deny admission for lawful permanent residence. Various statutes, including for example Sections 212, 237 & 241 of the Act, the Antiterrorism & Effective Death Penalty Act of 1996 (AEDPA) and the Illegal Immigration Reform & Immigrant Responsibility Act of 1996 (IIRAIRA) set forth grounds of inadmissibility, which may prevent an otherwise eligible applicant from receiving an immigrant visa, entering the United States or adjusting to lawful permanent residence.

Examples of aliens precluded from entering the United States include:

(a) persons who are determined to have a communicable disease of public health significance;

(b) persons who are found to have, or have had, a physical or mental disorder and behavior associated with the disorder which poses or may pose, a threat to the property, safety, or welfare of the alien or of others, or have had a physical or mental disorder and a history of behavior associated with the disorder, which behavior has posed a threat to the property, safety, or welfare of the immigrant alien or others, and which behavior is likely to recur or to lead to other harmful behavior.

(c) persons who have been convicted of a crime involving moral turpitude (other than a purely political offense), or persons who admit having committed the essential elements of such a crime.

(d) persons who have been convicted of any law or regulation relating to a controlled substance, admitted to having committed or admits committing acts which constitute the essential elements of same;

(e) persons who are convicted of multiple crimes (other than purely political offenses) regardless of whether the conviction was in a single trial or whether the offenses arose from a single scheme of misconduct and regardless of whether such offenses involved moral turpitude;

(f) persons who are known, or for whom there is reason to believe, are, or have been, traffickers in controlled substances;

(g) persons engaged in prostitution or commercialized vice;

(h) persons who have committed in the united states certain serious criminal offenses, regardless of whether such offense was not prosecuted as a result of diplomatic immunity;

(i) persons excludable on grounds related to national security, related grounds, or terrorist activities;

(j) persons determined to be excludable by the secretary of state of the United States on grounds related to foreign policy;

(k) persons who are or have been a member of a totalitarian party, or persons who have participated in Nazi persecutions or genocide;

(l) persons who are likely to become a public charge at any time after entry;

(m) persons who were previously deported or excluded and deported from the United States;

(n) persons who by fraud or willfully misrepresenting a material fact, seek to procure (or have procured) a visa, other documentation or entry into the united states or other benefit under the Immigration Act;

(o) persons who have at any time assisted or aided any other alien to enter or try to enter the United States in violation of law;

(p) certain aliens who have departed the United States to avoid or evade U.S. Military service or training;

(q) persons who are practicing polygamists; and

(r) persons who were unlawfully present in the United States for continuous or cumulative periods in excess of 180 days.

5. No Return of Funds if Visa or Adjustment of Status is Denied.

Following EB-5 Petition Approval, you, your spouse and qualifying children must timely apply for an immigrant visa or adjustment to permanent resident status. As part of this process, you will undergo medical, police, security and immigration history checks to determine whether you, your spouse and qualifying children are inadmissible to the United States for any of the reasons mentioned above or for any other reason. The visa or adjustment of status may be denied notwithstanding EB-5 Petition Approval. If you or your spouse or any of your children

are denied a visa for conditional lawful permanent residence or denied adjustment of status to conditional lawful permanent residence such action will not entitle you to the return of any funds paid to the Company or its affiliates.

6. Conditional Lawful Permanent Residence.

Lawful permanent residence status granted initially to you, your spouse and your qualifying children is "conditional;" you, your spouse and your qualifying children must seek removal of conditions before the second anniversary of lawful permanent admission to the United States. There cannot be any assurance that the USCIS will consent to the removal of conditions as to you, your spouse and your qualifying children, each of whom must make a separate application to remove conditions. If you fail to have conditions removed, you, your spouse and your qualifying children will be required to leave the United States and may be placed in removal proceedings. Even if you succeed in having conditions removed, your spouse and each of your qualifying children, separately, must have conditions removed. Failure to have conditions removed as to any of these members of your family may require some members to depart from the United States and such family members may be placed in removal proceedings. Examples of possible reasons for denial of your petition to remove conditions from permanent residence include:

- failure to maintain your investment for the required two years, such as through some kind of distribution or return of your capital before the time for removal of conditions on your residence, even if 10 full-time jobs were created;

- failure of the project to use all of your invested capital in job creating activity at risk to you, according to technical requirements of USCIS (some of which are not clearly articulated and which could change over time), even if 10 full-time jobs were created;

- failure of the project to show that your investment has created 10 new full-time jobs of U.S. workers that can be allocated to you (which may result from failure to meet the project's economic milestones that were used as assumptions in projection of the indirect full-time jobs that would be created by your investment); and,

- even if the required 10 full-time jobs were created, the project's material departure from the business plan presented to USCIS in obtaining your initial EB-5 Petition Approval.

7. No Regulations Regarding Removal of Conditions.

USCIS regulations governing lawful permanent residence for investors do not state specifically the criteria which USCIS must apply to determine eligibility for the removal of conditions to lawful permanent resident status. Courts have determined some standards to be followed by USCIS in some, but not all, circumstances. The Company may make certain management decisions in the absence of these specific eligibility criteria. The Company will seek as much information as possible from USCIS in an effort to assist you qualify for the removal of conditions, where good business practices permit. This notwithstanding, you should

become educated about the standards that will determine eligibility of an investor and the spouse or children of the investor to achieve unconditional lawful permanent residence in the United States pursuant to this program which currently is in a state of evolution.

8. Numerical Quotas.

Currently, ten thousand (10,000) EB-5 immigrant visas are allocated annually to alien investors and the spouse and qualifying children of the investor of which 3,000 are currently restricted to Regional Centers. EB-5 status is available on a first-come, first-served basis. If more statuses are sought than are available, a delay in the availability of EB-5 lawful permanent resident status will result. There is no reliable means to predict if such a delay will occur, or if it occurs, how long an investor or the spouse and qualifying children of the investor will wait before visa status for them becomes available. Also, the availability of current EB-5, immigrant visas may end, the number of available EB-5 immigrant visas may decrease or increase, or the time it takes to acquire EB-5 status may increase significantly. Other changes in the administration of the visa preference system may affect and even preclude the ability to obtain a visa for lawful permanent residence or to adjust to lawful permanent residence.

9. Expiration Of The Regional Center Pilot Program.

The regional center pilot program was first created in 1992. Since then it has been extended, most recently through September 30, 2012. This project relies on the regional center pilot program so that employment created indirectly by investments in the project may be counted towards the minimum number of jobs needed to qualify an investor, the investor's spouse and the qualifying children of the investor to have conditions removed. It is reported that EB-5 petitions are increasing in regional centers. There is not reliable means to know if the regional center program will be extended or made permanent.

10. Active Participation in the Company's Business.

The EB-5 program requires that an applicant is actively involved in the business affairs of the Company. Your failure to be actively involved may jeopardize your EB-5 Petition Approval or result in the denial of lawful permanent residence status for you, your spouse and your qualifying children. The Operating Agreement, reflecting the EB-5 regulations governing what level of participation is acceptable to meet the EB-5 criteria, mandates that each member shall participate in the management of the Company to the extent reflected therein. The right to approve certain decisions of the Company as set forth in the Operating Agreement is expected to be sufficient to meet these requirements, or else the Developer will cause the Operating Agreement to be amended to conform with EB-5 regulations.

11. Risks Attendant to the EB-5, Fifth Preference Visa Status.

The EB-5 program has many requirements that must be met to the satisfaction of USCIS. The failure to meet even one of these requirements to the satisfaction of USCIS may result in the denial of an I-526 petition.

12. Family Relationships.

(a) The spouse of an investor may accompany or follow to join an investor who has been granted conditional lawful permanent residence provided that the investor and the spouse, deemed a derivative beneficiary, where married at the time of the investor's first admission to the United States as a conditional lawful permanent resident or following adjustment of status to lawful permanent residence. USCIS will not recognize common law marriages for the purpose of permitting a spouse to be a qualifying derivative beneficiary. If the relationship is one of common law, the "spouse" of the investor may not acquire lawful permanent resident status on account of the relationship.

(b) Children or step-children of the investor may accompany or follow to join an investor who has been granted conditional lawful permanent residence provided that the investor can establish parentage or step-parentage at the time of the investor's first admission to the United States as a conditional lawful permanent resident or adjustment of status to lawful permanent residence. Failure to comply with all applicable requirements may result in the separation of a child from the investor or the investor's spouse for protracted periods, in some instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

(c) A "child" is someone under the age of 21 years who is unmarried. If a child becomes age 21 or marries before being admitted to the U.S. as a lawful permanent resident or adjusting to lawful permanent resident status, the former child, now deemed a son or daughter may not be eligible to accompany or follow to join the investor. In some circumstances, the Child Status Protection Act may assist a son or daughter to qualify as a child by reducing the deemed age of the son or daughter to less than 21 years. Failure to meet the requirements of the Child Status Protection Act may result in the separation of a son or daughter from the investor or the investor's spouse for protracted periods, in some instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

(d) Under some circumstances, a child who becomes 21 years of age or marries while holding conditional lawful permanent resident status may remain eligible to remove conditions. Failure to meet qualifying conditions, most of which are not within the child's control, will result in the child being placed in removal proceedings and may require the child to depart the United States.

(e) Upon the death of an investor before conditions are removed, a spouse and qualifying children of the investor are entitled to seek removal of conditions by submission of the same evidence demonstrating compliance with required criteria that USCIS requires of an investor seeking to remove conditions. Failure of each member of the family to establish these criteria will result in the denial of the application to remove conditions, placement of the family members in removal proceedings and their mandated departure from the United States.

(f) It is unclear under USCIS procedures if a child who becomes a son or daughter before the death of the investor is entitled to seek removal of conditions. USCIS

regulations are silent on this matter. If USCIS does not extend this benefit, such a son or daughter may be denied an application to remove conditions and will be placed in removal proceedings and may be mandated to depart the United States.

13. TEA Determination.

To the extent that the program is based upon a TEA Determination being sustained by USCIS, meaning that the applicable project qualifies under the Transitional Employment Area designation, there is a risk that USCIS could otherwise disagree with the economist and not allow the TEA designation to be applicable, in which event the $500,000 investment amount would not otherwise qualify under the EB-5 Program. There is no certainty that the TEA designation will be approved until there is a final review and determination made by USCIS when the application with USCIS is finalized. Even though TEA designation was initially approved by USCIS, it is subject to further review.

14. The Delays in Project.

Delays in the development of the Project could result in jobs not being created timely enough in accordance with applicable EB-5 Program guidelines.

15. Insufficient Number of Investors.

Regional center designations are based on the full investment of many different investors in a single project. Although some regional centers' projects are in great demand and even have waiting lists, that is not the case with all regional centers. If a regional center project does not attract a sufficient number of investors, the project may not happen or may be delayed, which could result in the original investors being unable to remove conditions.

16. Regional Center Designation Changes.

Regional center designation can be re-visited by USCIS when the business assumptions utilized in the econometric model are not realized. An I-526 petition may be approved based upon an economist's report using a recognized econometric model to predict the number of indirect and induced jobs that will be created based upon a specific dollar investment in a specific project in a specific geographical area in a specific industry in a specific timeframe with a specific number of tenants and other specific foundation facts. Although USCIS should not second guess the econometric report at the I-829 stage, USCIS will want proof that the assumptions relied upon in the report have actually occurred. If they have not occurred because of economic conditions, change of plans, construction delays, etc., the investor is at risk that the condition removal petition will not be approved.

17. Loss or Denial of Regional Center Designation.

A regional center may lose certification. USCIS is in the process of developing standards to review regional centers. The results of any review process could lead to regional center

decertification. Loss of regional center designation could result in denial of any EB-5 related petition or application, including removal of conditions.

18. Adjudication that Investment is not "At-Risk."

In order for an I-526 petition to be approved, the investor's investment must be "at risk." If adjudication is made that the funds are not truly at risk at either the I-526 or I-829 stage, the petition will be denied. At a minimum, the investor's commitment is a 5 year commitment. Although there can be no guaranteed right of redemption or specific return, some regional center investments are more risky than others; some have a greater chance of the investor getting his money back after 5 years with some rate of return; and some are more speculative investments. USCIS' position is that there can be no guarantee of redemption of the investment if the I-829 petition is not approved.

19. Risks Inherent in the Nature of the Adjudicating Agency.

Even if none of the contingencies occurs, the investor is subject to the risk inherent in the nature of the adjudicating agency. It is not unusual for there to be contradictory adjudicatory results on identical projects. Often very complicated financial transactions are being adjudicated by immigration examiners with little or no financial background and with relatively minimal training. This can lead to – and has lead to – decisions on individual petitions that may be difficult to comprehend. In addition, the agency has been known to adopt restrictive positions and change those positions without notice in the EB-5 area.

20. Failure of Congress to Renew the Sunsetting Legislation.

USCIS has stated that expiration of the legislation that expires October 2012 will prevent approval of EB-5 I-526 petitions, and it is not clear whether visas or adjustment approvals can be issued, but removal of conditions (I-829s) will NOT be affected. Therefore, expiration of the law before approval of EB-5 petitions and conditional permanent residence acquisition by all needed Investors could affect not only those not yet approved, but also those already approved to the extent that less EB-5 Investors could prevent the business plan from being realized.

21. Change in Laws and Interpretations.

THE IMMIGRATION LAWS AND THE CORRESPONDING RULES, REGULATIONS AND USCIS INTERPRETATIONS RELATED TO THE EB-5 PROGRAM AND THE CORRESPONDING APPLICATIONS ARE IN A CONSTANT STATE OF FLUX. THERE ARE NO ASSURANCES that NEW LAWS AND/OR INTERPRETATIONS WILL RESULT THAT WILL OTHERWISE MODIFY THE DISCLOSURES AND INFORMATION SET FORTH IN THIS MEMORANDUM.

(b)(4)

VI. SUMMARY OF THE OPERATING AGREEMENT

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

VII. SUBSCRIPTION AGREEMENT

(b)(4)

(b)(4)

(b)(4)

(b)(4)

VIII. ESCROW AGREEMENT

General

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

FUNDING GROUP USA, LLC

MEMBER INTEREST

SUBSCRIPTION AGREEMENT

(Loan Program)

EXHIBIT A

9617640.4

(b)(4)

TABLE OF CONTENTS

(b)(4)

FUNDING GROUP USA, LLC

(b)(4)

MEMBER INTEREST SUBSCRIPTION AGREEMENT

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(b)(4)

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	Subscriber:	At the address designated on the signature page of this Agreement.
(b)(4)	The Company:	c/o Peter Medlyn Funding Group USA, LLC 109 South Broadway Knoxville, Tennessee 37902 Telephone: (865) 599-2322 Facsimile: (865) 544-4226 pmedlyn@EB5-invest.com

(b)(4)

IN WITNESS WHEREOF, the undersigned Subscriber has executed this Subscription Agreement of **FUNDING GROUP USA**, LLC as of the date set forth below.

SUBSCRIBER:

_____
Print Exact Name of Subscriber

_____
Date of Subscriber's Execution

_____
Signature of Subscriber

Member Interest Subscription Amount:

(b)(4)

_____
Principal Residential Street Address

_____
Country of Residence
Telephone Number

_____
Fax Number

_____
E-mail Address

(b)(4)

ACCREDITED INVESTOR STATUS

ACCEPTANCE

By signing below, the undersigned accepts the foregoing subscription in Funding Group USA, LLC in accordance with the terms hereof, for:

Subscriber Name:_____

FUNDING GROUP USA, LLC
a Tennessee limited liability company

By: Tennessee Regional Center, LLC
its Manager

By: _____
Name: Peter Medlyn
Title: Manager

Dated:_____

(b)(4)

INVESTOR INFORMATION FORM – Participant Information Supplemental

Form **W-8BEN**
(Rev. February 2006)
Department of the Treasury
Internal Revenue Service

Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding

▶ Section references are to the Internal Revenue Code. ▶ See separate instructions.
▶ Give this form to the withholding agent or payer. Do not send to the IRS.

OMB No. 1545-1621

Do not use this form for:	Instead, use Form:
• A U.S. citizen or other U.S. person, including a resident alien individual	W-9
• A person claiming that income is effectively connected with the conduct of a trade or business in the United States	W-8ECI
• A foreign partnership, a foreign simple trust, or a foreign grantor trust (see instructions for exceptions)	W-8ECI or W-8IMY
• A foreign government, international organization, foreign central bank of issue, foreign tax-exempt organization, foreign private foundation, or government of a U.S. possession that received effectively connected income or that is claiming the applicability of section(s) 115(2), 501(c), 892, 895, or 1443(b) (see instructions)	W-8ECI or W-8EXP

Note: *These entities should use Form W-8BEN if they are claiming treaty benefits or are providing the form only to claim they are a foreign person exempt from backup withholding.*

• A person acting as an intermediary	W-8IMY

Note: *See instructions for additional exceptions.*

Part I Identification of Beneficial Owner (See instructions.)

1 Name of individual or organization that is the beneficial owner

2 Country of incorporation or organization

3 Type of beneficial owner: ☐ Individual ☐ Corporation ☐ Disregarded entity ☐ Partnership ☐ Simple trust ☐ Grantor trust ☐ Complex trust ☐ Estate ☐ Government ☐ International organization ☐ Central bank of issue ☐ Tax-exempt organization ☐ Private foundation

4 Permanent residence address (street, apt. or suite no., or rural route). Do not use a P.O. box or in-care-of address.

City or town, state or province. Include postal code where appropriate.

Country (do not abbreviate)

5 Mailing address (if different from above)

City or town, state or province. Include postal code where appropriate.

Country (do not abbreviate)

6 U.S. taxpayer identification number, if required (see instructions) ☐ SSN or ITIN ☐ EIN

7 Foreign tax identifying number, if any (optional)

8 Reference number(s) (see instructions)

Part II Claim of Tax Treaty Benefits (if applicable)

9 I certify that (check all that apply):

a ☐ The beneficial owner is a resident of ..... within the meaning of the income tax treaty between the United States and that country.

b ☐ If required, the U.S. taxpayer identification number is stated on line 6 (see instructions).

c ☐ The beneficial owner is not an individual, derives the item (or items) of income for which the treaty benefits are claimed, and, if applicable, meets the requirements of the treaty provision dealing with limitation on benefits (see instructions).

d ☐ The beneficial owner is not an individual, is claiming treaty benefits for dividends received from a foreign corporation or interest from a U.S. trade or business of a foreign corporation, and meets qualified resident status (see instructions).

e ☐ The beneficial owner is related to the person obligated to pay the income within the meaning of section 267(b) or 707(b), and will file Form 8833 if the amount subject to withholding received during a calendar year exceeds, in the aggregate, $500,000.

10 Special rates and conditions (if applicable—see instructions): The beneficial owner is claiming the provisions of Article ..... of the treaty identified on line 9a above to claim a ..... % rate of withholding on (specify type of income): .....

Explain the reasons the beneficial owner meets the terms of the treaty article: .....

Part III Notional Principal Contracts

11 ☐ I have provided or will provide a statement that identifies those notional principal contracts from which the income is not effectively connected with the conduct of a trade or business in the United States. I agree to update this statement as required.

Part IV Certification

Under penalties of perjury, I declare that I have examined the information on this form and to the best of my knowledge and belief it is true, correct, and complete. I further certify under penalties of perjury that:

1 I am the beneficial owner (or am authorized to sign for the beneficial owner) of all the income to which this form relates,

2 The beneficial owner is not a U.S. person,

3 The income to which this form relates is (a) not effectively connected with the conduct of a trade or business in the United States, (b) effectively connected but is not subject to tax under an income tax treaty, or (c) the partner's share of a partnership's effectively connected income, and

4 For broker transactions or barter exchanges, the beneficial owner is an exempt foreign person as defined in the instructions.

Furthermore, I authorize this form to be provided to any withholding agent that has control, receipt, or custody of the income of which I am the beneficial owner or any withholding agent that can disburse or make payments of the income of which I am the beneficial owner.

Sign Here ▶ ..... Signature of beneficial owner (or individual authorized to sign for beneficial owner) ..... Date (MM-DD-YYYY) ..... Capacity in which acting

For Paperwork Reduction Act Notice, see separate instructions. Cat. No. 25047Z Form **W-8BEN** (Rev. 2-2006)

Printed on Recycled Paper

Customer No. _____
Account No. _____

(b)(4)

RENASANT WEALTH MANAGEMENT **Escrow Agreement**

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[redacted]

[SIGNATURE PAGE FOLLOWS]

The undersigned have executed this Agreement as of the day and year stated herein.

Escrowor:

TENNESSEE REGIONAL CENTER, LLC
By its Manager,

By: _____
Name: Peter Medlyn
Title: Manager

Date _____, 2012

Escrow Agent:

Renasant Wealth Management, as Escrow Agent

By:_____
Name:
Title:

Date _____, 2012

[This page intentionally left blank as of the date of execution of Agreement.]

Attachment 1
(Confirmation Receipt)

Escrow Agent's Deposit Receipt

To: **Tennessee Regional Center, LLC**
Attn: Peter Medlyn

From: Renasant Wealth Management, as Escrow Agent

Date: (b)(4)

Subject: Escrow Deposit

RENASANT WEALTH MGMT, as Escrow Agent

By: _____
Name: _____
Title: _____

9621547.4

(b)(4)

Attachment 2
(Disbursement Request)

Tennessee Regional Center, LLC

By: _____
Name: Peter Medlyn
Title: Manager

(b)(4)

Attachment 3
(Notice of Disbursement)

RENASANT WEALTH MGMT as Escrow Agent

By: _____
Name: _____
Title: _____

9621547.4

RBC Bank®

July 7, 2011

Tennessee Regional Center, LLC
c/o Peter Medlyn
109 S Broadway ST
Knoxville, TN 37902

(b)(4)

Sincerely,

Harold W. Bost II
Director of Strategic Business Initiatives
RBC Bank (USA)

Member FDIC

RBC Bank™

Private Asset Management

For the Account of:

(b)(4)

Tennessee Regional Center, LLC

1927 First Avenue North (35203), P.O. Box 10686, Birmingham, AL 35202-0686
205-583-3629, Fax 205-583-3638, Toll Free 1-888-562-3633, www.rbcbank.com

For the Account of:
EB5/TENNESEE REGIONAL CENTER, LLC EXPENSE ESCROW ACCOUNT

2001 Park Place, Suite 600 • Birmingham, AL 35203

(b)(4)

#CNTL# 0000000000 1 2/10042011/18:45:41/394/3514

OPERATING AGREEMENT

OF

FUNDING GROUP USA, LLC

(LOAN PROGRAM)

EXHIBIT C

9616522.6

(b)(4)

OPERATING AGREEMENT
OF
FUNDING GROUP USA, LLC

(b)(4)

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IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above written.

FUNDING GROUP USA, LLC
a Tennessee limited liability company

By: Tennessee Regional Center, LLC,
its Manager

By: _____
Name: _____
Title: _____

FUNDING GROUP USA, LLC
OPERATING AGREEMENT

SIGNATURE PAGE

_____
(Signature)

Print Name:_____

Address:_____

Telephone:_____

Passport #:_____

Number of Units:_____

Email Address:_____

TABLE OF CONTENTS

		PAGE
1.	DEFINITIONS.	2
2.	FORMATION.	8
3.	NAME AND PLACE OF BUSINESS.	8
4.	PURPOSE AND SCOPE OF COMPANY.	9
5.	TITLE.	9
6.	COMMENCEMENT, TERM.	10
7.	CAPITAL CONTRIBUTIONS.	10
8.	RIGHTS AND DUTIES OF THE MANAGER.	10
9.	FEES, SALARIES AND EXPENSES.	15
10.	PROFITS, LOSSES, DISTRIBUTIONS AND JOB CREATION ALLOCATION.	16
11.	SALE, DISSOLUTION AND LIQUIDATION.	21
12.	INVESTING MEMBERS.	22
13.	RESTRICTIONS ON TRANSFER OF INVESTING MEMBER INTERESTS.	24
14.	MISCELLANEOUS FINANCIAL AND ACCOUNTING MATTERS.	25
15.	AMENDMENTS.	26
16.	POWER OF ATTORNEY.	27
17.	MEETINGS; MEANS OF VOTING.	28
18.	WITHDRAWALS.	28
19.	REPRESENTATIONS OF THE MEMBERS.	28
20.	MISCELLANEOUS.	31

SCHEDULE 1

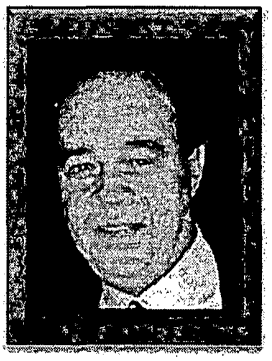
Exhibit D – Background on Principals

REDT

- In business since 1973
- Completed over $2 Billion in successful development projects
- Principals have over 100 years of combined real estate development experience
- Projects completed in Texas, North Carolina, Tennessee, Virginia, Georgia and Florida

R.E.D.T.
REAL ESTATE DEVELOPMENT TRUST

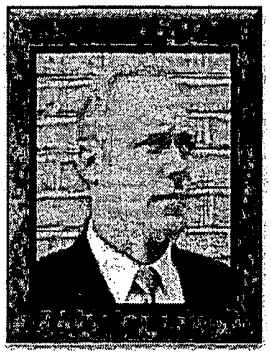
Ronald Hensarling – Chairman



Ron Hensarling has been a dynamic and seasoned investor/developer since 1973. Through his early years, Ron developed a deep appreciation and affinity for his future profession, particularly in areas of hotel operation and management. Ron's experience has led him to organize and spearhead many companies. He skillfully and successfully combined the benefits of his development and financing experience along with marketing, management and construction capabilities of other qualified specialists and consultants.

Ron's various entities have been successfully engaged in almost every phase of real estate activity and ownership including: land acquisition, land development, marketing, project coordination, project development, mortgage financing, leasing, skillful construction management, and design/built to suits. These entities have played a major role in real estate projects totaling in the multimillions. These types of properties were developed in Texas, Florida, North Carolina, Virginia, Tennessee and Georgia.

Peter Medlyn – Chief Executive Officer



Peter Medlyn began his career in 1991 with the English firm Hiller Parker where he was responsible for valuing a wide variety of central business district properties, including high rise office buildings, shopping centers, parking garages and apartment buildings.

Recent developments in the East Tennessee market include 35 single family homes and 34 loft houses in the Polo Club with a value of $45 million and the Anthem subdivision, which includes 53 homes at a value of $40 million.

Peter has been designated a State Certified General Appraiser by the state of Tennessee, as well as a member of the Australian Institute of Values and Land Economists.

Robert Woerner – Chief Operating Officer

Robert Woerner is a senior real estate executive with 30 years' experience in operations, finance, construction, marketing and general management representing more than $645 million of project responsibility and development experience. Robert's construction and management experience includes concrete tilt-wall, wood and several other materials, to projects ranging from complicated "Clean Room" Construction to city airport projects and midsize office buildings.

Understanding and visualizing the highest quality and best use of a property is a skill set well defined by Robert. His ability to identify land and bring it to the fully entitled stage for development is well recognized by the industry's professionals.

Robert is a driven, can-do person, embodied with the concept of REDT; creating unparalleled projects through knowledge, commitment, dedication, accountability and professionalism.

JOHNSON GALYON CONSTRUCTION

One of the most exciting new resort developments in the eastern United States, Big Elk Resort is being built by Johnson Galyon Construction.

JOHNSON&GALYON
CONSTRUCTION

As the Turn Key Design Build Contractor for the entire Big Elk project, Johnson GalyonGalyon is able to give a great deal of assurance to investors that the project will be completed on time and on budget and that it will in fact become the spectacular resort facility that developers intended. The construction contract will be a design build contract that will be bonded by the Hartford Group.

The entire development and construction team, are some of the most experienced and capable developers, builders, architects, engineers and designers in the USA. Johnson Galyon has been chosen as a key member of that team for a number of important reasons including their perfect, 100% completion record on projects.

Johnson and Galyon has been in continuous operation as a general contractor since 1914. Founded by A.H. Whisman, the firm's ownership evolved to W.K. Johnson, who joined the firm as book keeper and J.W. Willard, a respected civil engineer. In those days the firm was known as Johnson & Willard. In 1942, E.L. Galyon joined the company as an estimator and the company later became Johnson & Galyon, a term synonymous with the highest levels of construction quality, tradition and innovations.

Today Johnson Galyon continues to be a Knoxville based, employee owned company. Their staff includes professional engineers, accountants, architects, proven foreman and superintendents, as well as skilled craftsmen.

The company is built on repeat business with several relationships spanning more than 50 years. Their repeat client list includes Covenant Health, University Health System, Mercy Health Systems, Carson-Newman College, University of Tennessee, U.S. Cellular, East Tennessee Children's Hospital, Green Mountain Coffee Roasters, Knoxville-Knox County Public Building Authority and numerous others.

Exhibit E – Johnson Galyon Construction

Building on tradition and innovation while completing projects on schedule and within budget, Johnson Galyon earn the trust of new clients and maintain relationships which they have valued for decades.

See web site: johnsongalyon.com

(b)(4)

Exhibit F – Project Summary

(b)(4)

Exhibit F – Project Summary

B. New Commercial Enterprise: Funding Group USA, LLC		
5.	Complete Set of Loan Documents: A. Construction Loan Agreement; B. Promissory Note; C. Construction Deed of Trust, Assignment of Rents and Leases and Security Agreement; D. Assignment of Rents and Leases; E. UCC Financing Statement; F. Exhibit A to UCC Financing Statement; G. Assignment of Architects and Engineers Agreement and of Plans and Specifications; H. Assignment of Construction Contracts; I. Escrow Agreement (Retainage); J. Exhibit A (legal description of the Lots owned in fee simple).	Evidence of form of financing arrangements for New Commercial Enterprise

(b)(4)

CONSTRUCTION LOAN AGREEMENT

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May 22, 2012

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May 22, 2012

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IN WITNESS WHEREOF, this Construction Loan Agreement has been executed by the parties hereto as of the day and year first above written.

LENDER:

FUNDING GROUP USA, LLC

By_____
Its_____

BORROWER:

BIG ELK RESORT GATLINBURG, LLC

By_____
Its_____

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May 22, 2012

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PROMISSORY NOTE

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WITNESS:

BIG ELK RESORT GATLINBURG, LLC

_____

By: _____

Its: _____

THIS INSTRUMENT PREPARED BY
AND RETURN TO:

Dennis B. Ragsdale
Long, Ragsdale & Waters, P.C.
1111 Northshore Drive, N.W.
Suite S-700
Knoxville, Tennessee 37919

(b)(4)

CONSTRUCTION DEED OF TRUST,
ASSIGNMENT OF RENTS AND LEASES, AND SECURITY AGREEMENT

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May 16, 2012

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[redacted]

IN WITNESS WHEREOF, this Construction Deed of Trust, Assignment of Rents and Leases, and Security Agreement has been duly entered into by Grantor as of the day and year first above written.

BIG ELK RESORT GATLINBURG, LLC

By:_____
Its:_____

STATE OF _____
COUNTY OF _____

Before me, a notary public of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be _____ of BIG ELK RESORT GATLINBURG, LLC, the within-named bargainor, a limited liability company, and that he as such _____, executed the foregoing instrument for the purpose therein contained, by signing the name of the company by himself as _____.

WITNESS my hand and seal at office in _____, this _____ day of _____, 2012.

_____
Notary Public

My commission expires:_____

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May 16, 2012

EXHIBIT A

LEGAL DESCRIPTION

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May 16, 2012

EXHIBIT B

PERMITTED ENCUMBRANCES

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May 16, 2012

THIS INSTRUMENT PREPARED BY:
Long, Ragsdale & Waters, P.C.
1111 Northshore Drive, N.W.
Suite S-700
Knoxville, Tennessee 37919-4074

The maximum principal indebtedness for Tennessee recording tax purposes is $0.00.

(b)(4)

ASSIGNMENT OF RENTS AND LEASES

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May 16, 2012

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May 16, 2012

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IN WITNESS WHEREOF, this Assignment of Rents and Leases has been executed as of the _____ day of _____, 2012.

BIG ELK RESORT GATLINBURG, LLC

By: _____
Its: _____

STATE OF TENNESSEE
COUNTY OF KNOX

Before me, a notary public of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged himself to be _____ of BIG ELK RESORT GATLINBURG, LLC, the within-named bargainor, a limited liability company, and that he as such _____, executed the foregoing instrument for the purpose therein contained, by signing the name of the company by himself as _____.

WITNESS my hand and seal at office in _____, this _____ day of _____, 2012.

_____
Notary Public

My commission expires: _____

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May 16, 2012

[redacted]

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
Dennis B. Ragsdale (865) 584-4040

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Long, Ragsdale & Waters, P.C.
1111 Northshore Drive, NW
Suite S-700
Knoxville, TN 37919-4074
Attn: Dennis B. Ragsdale, Esq.

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

OR

1c

1

1d

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME
(b)(4)

OR

2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
Funding Group USA, LLC

OR

3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
				USA

4. This FINANCING STATEMENT covers the following collateral:

(b)(4)

Maximum principal indebtedness for Tennessee recording tax purposes is $ 0.00.

5. ALTERNATIVE DESIGNATION [if applicable]: ☐ LESSEE/LESSOR ☐ CONSIGNEE/CONSIGNOR ☐ BAILEE/BAILOR ☐ SELLER/BUYER ☐ AG. LIEN ☐ NON-UCC FILING

6. ☒ This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] ☐ All Debtors ☐ Debtor 1 ☐ Debtor 2

8. OPTIONAL FILER REFERENCE DATA

dbr/uccs/0815.pdf 2461-000 Sevier County Register of Deeds

FILING OFFICE COPY — NATIONAL UCC FINANCING STATEMENT (FORM UCC1) (REV. 07/29/98)

(b)(4)

EXHIBIT A

(UCC-1 Financing Statement)

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May 16, 2012

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ASSIGNMENT OF ARCHITECTS AND ENGINEERS AGREEMENTS AND OF PLANS AND SPECIFICATIONS

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2645-000
May 16, 2012

(b)(4)

(b)(4)

(b)(4)

(b)(4)

IN WITNESS WHEREOF, Borrower has entered into this Assignment as of the day and year first above written.

"BORROWER"

BIG ELK RESORT GATLINBURG, LLC

By: _____
Its: _____

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2645-000
May 16, 2012

Bank hereby accepts the foregoing Assignment and agrees to the terms and provisions thereof.

FUNDING GROUP USA, LLC

By: _____
Its: _____

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May 16, 2012

(b)(4) CONSENT AND AGREEMENT OF PRIMARY CONTRACT ARCHITECT/ENGINEER

(b)(4)

In the event the Contracts should be modified, as permitted herein, the Assignment shall remain in full force and effect as to the amended Contracts, without the necessity of the execution of any further instruments or documents by the Borrower or the undersigned.

EXECUTED: As of _____ ___, 2012.

_____

By: _____
Name: _____
Title: _____

Address:

_____
_____
_____
Attn: _____

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May 16, 2012

STATE OF _____
COUNTY OF _____

Before me, _____, of the state and county aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged ____self to be _____ of _____, the within named bargainor, a _____ corporation, and that _he as such _____, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by ____self as _____.

WITNESS my hand and seal at office in _____, this _____ day of _____, 2012.

_____
Notary Public

My commission expires: _____

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May 16, 2012

EXHIBIT B

- Copy of Primary Contract -

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May 16, 2012

(b)(4)

ASSIGNMENT OF CONSTRUCTION CONTRACTS

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May 16, 2012

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May 16, 2012

(b)(4)

(b)(4)

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IN WITNESS WHEREOF, Borrower has caused this Assignment to be executed as of the day and year first above written.

"BORROWER"

BIG ELK RESORT GATLINBURG, LLC

By: _____

Its: _____

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May 16, 2012

Bank hereby accepts the foregoing Assignment and agrees to the terms and provisions thereof.

FUNDING GROUP USA, LLC

By_____
Its:_____

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May 16, 2012

CONSENT AND AGREEMENT OF GENERAL CONTRACTOR
AND
(b)(4) SUBORDINATION OF CONTRACTOR'S LIEN

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May 16, 2012

EXHIBIT A

- Description of Property -

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May 16, 2012

The undersigned submits to the jurisdiction of the courts of the State of Tennessee. The undersigned does further consent to the service of process in any such action by certified or registered mail directed to the undersigned at the address set out below and that such service shall be complete three (3) days after the same shall have been posted as aforesaid.

EXECUTED: As of _____ ___, 2012.

"CONTRACTOR"

_____

By: _____
Its: _____

Address: _____
_____

STATE OF _____
COUNTY OF _____

Before me, _____, of the State and County aforesaid, personally appeared _____, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, swore to and acknowledged ___self to be _____ of _____, the within-named bargainor, a corporation, and that _he as such _____, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by ___self as _____.

WITNESS my hand and seal at office in _____, this _____ day of _____, 2012.

_____
Notary Public

My Commission Expires: _____

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May 16, 2012

(b)(4)

EXHIBIT B

- Copy of General Contract -

- Attached -

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May 16, 2012

(b)(4)

ESCROW AGREEMENT (RETAINAGE)

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May 16, 2012

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[SIGNATURES APPEAR ON FOLLOWING PAGE]

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May 16, 2012

ENTERED INTO as of the date first above written.

OWNER/BORROWER:

BIG ELK RESORT GATLINBURG, LLC

By:_____

Title:_____

JOHNSON & GALYON, INC.

By:_____

Title:_____

LENDER:

FUNDING GROUP USA, LLC

By:_____

Title:_____

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May 16, 2012

(b)(4)

EXHIBIT A
RELEASE

Attest:

_____

OWNER:

BIG ELK RESORT GATLINBURG, LLC
By:_____
Title:_____

STATE OF _____)
COUNTY OF _____)

Affiant makes oath that the above is true, as sworn before me, a Notary Public, this ____ day of_____, 20___.

_____
Notary Public

My commission expires:

APPROVED BY CONTRACTOR:

JOHNSON & GALYON, INC.

By:_____
Its:_____

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May 16, 2012

Exhibit A

(b)(4)

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C. Project Specific Documents- Big Elk Resort		
6.	RFE Response from Economic & Policy Resources	Economist's specific responses to targeted issues raised in RFE and job creation data as relates to revised project Big Elk EB-5 project.

EPR Economic & Policy Resources
Economists, Policy and Financial Analysts
Reply to: PO Box 1660
Williston, VT 05495-1660

May 22, 2012

USCIS—California Service Center
P.O. Box 10590
Laguna Nigel, California 92607-0590

Dear Sir/Madame,

This correspondence is in response to a request from the management of the Tennessee Regional Center, LLC to undertake an updated economic impact assessment study to reflect the changes associated with recent revisions in the development plan from the Big Elk Resort EB-5 project. This updated EB-5 project economic impact assessment analysis will illustrate how the Tennessee Regional Center, LLC would increase economic growth and cause net new job creation within the designated regional center geography. This analysis has been conducted in response to the Notice of Intent to Terminate ("NOIT") dated April 25, 2012 and is intended to specifically address the economic-jobs impact assessment issues contained therein. By presenting these updated impacts the Tennessee Regional Center, LLC would demonstrate compliance under 8 CFR 204.6(m)(3)(i), ***which allows regional centers and EB-5 project applicants to submit an economic analysis to demonstrate how a regional center designation will promote economic growth (e.g. through improved productivity, job creation and increased capital investment) within a region.***

At this time, the updated economic and job impact assessment analysis should be reviewed as a hypothetical project. The Big Elk EB-5 project remains a real development project, which project management intends to pursue through every reasonable course available. Recent adverse developments concerning the control of the land asset on which this project is to be developed, as noted in the NOIT, require that further steps must be taken before the proposed EB-5 project's details can be finalized and development can move forward as planned. Therefore, the Tennessee Regional Center, LLC management believes the proposed EB-5 project is not suitable at this time for exemplar project pre-approval under the final project plan. However, project management indicates that development of the project has not halted and the proposed EB-5 project's management team continues to explore and pursue ways to regain control of the land asset that would allow for the proposed EB-5 project's development and the consequent enhancement of the regional center's economy.

Aside from the various non-economic/job creation issues raised in the NOIT, the NOIT in its de novo review of the August 11, 2010 approval of the Tennessee Regional Center, LLC regional center application raised three issues: (1) that the study "***Employs qualitative findings to argue that there is demand for the project, emphasizing that the 39 county area germane to the RC is strongly amenable to the type of project proposed, citing demand for amenities and recreation due to geographic***

factors. While this may be an accurate assessment, it is not sufficient to generate quantitative inputs into a regional impact model...and that the petition does not provide any evidence as to why the geographic scope of 39 counties is required for the project...The petition conveys a number or metrics...for localized parts of Tennessee and North Carolina, and compares them to national figures....generally for the purpose of establishing a favorable environment for business..[1] (2) ***the analysis "provides an estimate for years 3 and 4 of the project, based on visitor spending, but does not sustain how these figures were derived,***[2] and (3) ***uses a..."high-end median income of visitors to drive spending"...[which] is a very high median income and EPR does not provide sources for this figure or exactly how this is calculated. In addition, the plan points out that this figure is 'significantly above' the actual median income of residents. If these data and figures are, EPR does not further provide data on how this income is distributed among various services related to the project"***[3]...

In its analysis (see page 12 of the NOIT), the USCIS examiner criticizes the economic-job impact assessment study for: (1) the study includes an "unsupported spending assumption" stating that he/she disagrees with the assertion that the visitors who will stay in the lodge would otherwise not visit the area, and (2) the study has an "unsupported spending estimate" used to derive the estimate of "visitor spending" on the project.

Response to Issue #1—The Basis of the 39 County Regional Center Geography:

Contrary to the observations-critique in the NOIT, it should be pointed out that the original economic and job impact assessment study did undertake a comprehensive regional economic analysis in order to determine the appropriate regional center geography that will best coincide the requirements of 8 CFR §204.6 (m)(3)—which requires that a regional center "focus on a geographical region of the United States" and "promote economic growth" within the region. The original economic and job impact analysis was designed to define a region for the Tennessee regional Center's geography that included a reasonable area that was: (1) is relevant to the geographic reach of the EB-5 project—as a large destination resort that was proposed for development, (2) reflected regional economic realities such as agglomeration economies, markets (e.g. where patrons for the resort might/would be drawn from), and other factors, as they relate to the proposed project. The definition of the region also considered such factors as: the labor market area that was likely to be associated with the proposed EB-5 project (and future projects for the regional center); linkages through local transportation infrastructure, which is generally regarded to be of critical importance to a wide spectrum of industries and therefore potential EB-5 projects; and any unique regional characteristics that may be of significance to the proposed geography.

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[1] See page 11, paragraph 11; #1 of the NOIT.
[2] See page 12, paragraph 1, #2 of the NOIT.
[3] See page 12, paragraph 2, #3 of the NOIT.

The guiding regional economic theory and some of the most important basic empirical research for this type of analysis is found in sources such as Hoover (1971, pages 122-126). In this empirical text, the author points out the following: "Basic to the idea of a region is a high degree of correlation of behavior among the various parts. Since correlation can reflect either of two quite distinct features of internal structure, we distinguish two different types of regions, the homogeneous and the nodal. A homogeneous region is demarcated on the basis of uniformity..." This text then points out that "...The alternative principal of regionalization gives us nodal regions. Here the structure is like that of a living cell or an atom: There is a nucleus and a complimentary peripheral area. Functional integration, rather than homogeneity, is the basis of the correlation... within such a region." The concept of a nodal region is the concept used by the federal Office of Management and Budget to define Metropolitan Statistical Areas. Hoover also explains that other federal administrative agencies such as the U.S. Federal Reserve System and the U.S. Department of Labor have their own concepts of nodal regions (which typically have an administrative field office).

The EPR analysis that was undertaken to define the regional center for the Tennessee Regional Center as discussed on pages 7 through 16 of the original December 8, 2009 economic and job impact assessment study was homogeneity. That concept, along with an examination of the geo-spatial impacts of the proposed project resulted in the proposed—and subsequently approved—39 county region for the Tennessee Regional Center. These studies were done with the REDYN model, whose robust geographic features allow for alternative simulations to examine where outsized drop-offs in the economic and job impacts attributable to a development project occur. This process was done for the Tennessee Regional Center through multiple iterations of alternative geographic configurations (looking for the pout where the addition of a fairly large geographic area yielded the capture of a comparatively small proportion of the proposed EB-5 project's total national economic and job impacts.

The geographic area for the then proposed regional center area was decided using that analytical approach. There was no intent to inflate job impact estimates as suggested in the NOIT. The intent was to devise a region for the then proposed Tennessee Regional Center that reflected the geographic reach of a large destination-oriented resort. Moreover, the fact that the original Big-Elk's EB-5 project impacts within the 39 county regional center captured: [redacted] (b)(4) the then proposed regional center was thought to be reasonable and consistent with the economic impact capture rate of many similar development projects. That determination was made based on the more than 32 years of input-output analysis experience of Mr. Carr who was the principal investigator of the original December 8, 2009 economic-job impact assessment study. EPR recognizes that there is in fact room for reasonable parties to disagree on such matters. However, it is untrue to state that the 39 county region was proposed to inflate the job impacts[4]. Further the original

[4] This is especially true given the ability of EB-5 projects to count jobs outside of the geographic boundaries of the regional center. This policy was reinforced per the December 2010 letter from Director Mayorkas to Senator Patrick Leahy, Chair of the Senate Judiciary Committee, on this subject.

impact study presented detailed impact data of the economic and job impacts for the proposed 39 county area—that was the motivation for providing the statistics related to within regional center impacts in that original economic and job impact study.

Response to Issue #2 and Issue #3:

In response to the other two criticisms in the NOIT, while EPR does have the new, higher level of detail requested, the respondent is amenable to dropping the request for jobs related to visitor spending that resulted in the NOIT's de novo criticism. By way of brief explanation, the original EPR economic and job impact assessment analysis used detailed state statistics on visitor spending developed by the tourism research firm D.K. Shifflet and Associates, and commissioned by the Tennessee Department of Tourism Development[5] for the state of Tennessee and combined those statistics with the specific marketing approach contemplated by the project's management to target higher household income visitors.[6] EPR understands that the data in the older 2009 impact assessment analysis may no longer meet today's higher documentary requirements-standards for economic and job impact studies. For example, the proposed project lacks a current, detailed market study which is required by USCIS reviewers today to specifically relate the proposed EB-5 project to the regional marketplace. Given the 30 day time frame that a respondent has to reply to a NOIT, it simply was not possible to commission and receive a current thorough market study. Such documentation will subsequently be provided for this project should this response be successful in forestalling a termination of the regional center and the real—but still not completely detailed—updated Big Elk EB-5 project proceeds to the final stage of actual development.

Summary of the Updated Economic-Job Impact Study for the Updated Hypothetical Big Elk Project

In light of the USCIS criticisms of the original December 8, 2009 economic and job impact study in the NOIT, the Tennessee Regional Center requested that EPR update its analysis, eliminating the visitor spending portions and using updated construction cost estimates. In addition, the management of the Tennessee Regional Center asked EPR to estimate only the economic and job impact effects of the two year construction timeline and then include only a conservative estimate of the anticipated operations jobs that would be associated with the completed project. At this time, the project is a hypothetical project—although revised development plans have moved forward to the point that it would be considered an actual project if project management had control of the land. As a hypothetical project, the updated economic and job impact assessment study has been conducted to provide a USCIS reviewer with the likely minimum economic and job impacts associated with the hypothetical, updated Big Elk EB-5 project—solely for the purposes of demonstrating how the Tennessee Regional Center,

[5] See page 20 of the original December 8, 2009 economic and job impact assessment study for the Big Elk Development in the Tennessee Regional Center.

[6] This was the origin of the higher than median household income average for visitors that were expected for the originally proposed Big Elk project.

assuming their regional center designation is maintained, would promote economic growth (e.g. through improved productivity, job creation and increased capital investment) within a region under 8 CFR 204.6(m)(3)(i). This updated analysis of the hypothetical updated Big Elk EB-5 project is intended to be such a demonstration. The analysis of the hypothetical project shows how the Tennessee Regional Center will contribute to regional economic growth, including job creation and increased capital investment, within the 39 counties of the existing, approved regional center, should the regional center's designation continue.

Table S1 below shows the updated model output for the construction portion of the proposed hypothetical EB-5 project. Table S2 summarizes the economic and job impacts for the conservative staffing projection for the operations portion of the updated, hypothetical Big Elk EB-5 Project. It should be noted that the updated economic and job impact assessment analysis of the hypothetical project represents a conservative estimate of the total impact of the operations. It is expected that once the hypothetical project is developed, that final project construction and operating activities will result in significantly higher impacts than those presented here. However, as of this filing, those final plans lack sufficient empirical support (such as that which could be provided by the completion of a third party market study for all operations components) to be considered or reviewed by the USCIS as an exemplar filing for project pre-approval. That information will be developed and submitted with a subsequent filing once the prospective Big Elk EB-5 project is finalized—assuming continuation of the Tennessee Regional Center's regional center designation.

Table S1: Summary of Updated Economic-Job Impact Analysis Results

(b)(4)

Notes:
[1] Economic activity was modeled at the MSA level.

Prepared by: Economic & Policy Resources, Inc.

(b)(4)

This updated impact assessment analysis finds that more than [redacted] Construction jobs can be expected to be created within the current regional center boundaries of the Tennessee Regional Center—with nearly 2,000 new jobs created U.S.-wide. The EB-5 project, if developed and operated as planned, will also result in the creation of [redacted] net new jobs within the Tennessee Regional Center in Year 3 of the project timeline (or between months 24 and 36 of the project timeline), with net new jobs totaling [redacted] within the Tennessee Regional for impact Year 4. For the U.S economy as a whole, the updated project plan and timeline is estimated to result in the creation of 875 net new jobs in Year 3 and 1,050 net new jobs in Year 4. The updated EB-5 project's impacts for the U.S. outside the Tennessee Regional Center are estimated through this updated economic and job impact assessment study to average [redacted] jobs over Years 1 and 2 for Construction, and [redacted] jobs for operations. As a percentage of the total, the 39 county Tennessee Regional Center would have a net new job capture rate of [redacted] in Years 3 and 4 (calculated [redacted] jobs *divided by* [redacted] jobs for Year 3 and [redacted] jobs *divided by* [redacted] jobs in year 4). Again, these impact estimates are provided for informational purposes for a hypothetical, updated Big Elk EB-5 Project and are intended to provide an estimate of how the Tennessee Regional Center would promote economic growth with the geographic boundaries of the regional center and nationally under 8 CFR 204.6(m)(3)(i).

(b)(4)

The proposed resort development is also expected to have other significant and positive impacts in the Tennessee Regional Center economy. These include an additional four-year total of [redacted] in output the four year analysis period and a four-year total of [redacted] in disposable income over the four year total. In addition, the proposed updated Big Elk EB-5 Project will increase household earnings by a four year cumulative total of [redacted] (all dollar amounts are reported in 2012 dollars).

Outside the Tennessee Regional Center,[7] the updated impact assessment analysis estimates a four year cumulative increase in output of [redacted] Total disposable income under this updated impact assessment study is estimated to increase by a four year total of [redacted] Household earnings were estimated to register a four year cumulative increase of [redacted]

(b)(4)

This level of job creation in the geography of the pending regional center corresponds to a net new job impact of [redacted] of development expenditure. At the level of the national economy, results indicate there will be 6.2 net new jobs within the U.S. economy by Year 3 for each $1.0 million in development capital invested.

Discussion of the Indirect Job Estimation Process: Economic and job creation impact modeling was performed using the Regional Dynamics Economic Analysis Model (hereafter "REDYN") to determine the economic and employment impacts

[7] These outside the Tennessee Regional Center impacts are calculated as the difference between the cumulative U.S. totals for each variable less the estimated impacts within the Tennessee Regional Center.

associated with the proposed construction and operation of the updated Big Elk EB-5 Project. ***REDYN is the approved indirect job estimating methodology for the Tennessee Regional Center.*** REDYN is the newest and most sophisticated of the advanced input/output models available today. The REDYN Model has been used to assess the net job and other economic benefits associated with economic development projects, new businesses, certain types of policy changes and utility power projects in various states. It has also been successfully employed in adjudications of regional center designation and EB-5 project applications under the EB-5 program dating back to 2006 in the original two Jay Peak EB-5 project studies. A detailed description of the REDYN model is found in the appendices at the end of this updated impact study report.

Data Sources: The economic and job creation impact assessment analysis included and relied on significant information and data that was supplied by representatives of the Tennessee Regional Center/project management. The data included a construction timeline and other expected project development costs. The EB-5 project management also provided extensive and detailed information on pre-operations and operations through the third year of full operations that represented the period until which the operations of the facility were stabilized. Additional research and analysis were also completed by EPR to crosscheck and corroborate client provided data for reasonableness—including the review of a third party market study which clearly indicated the need for the amenities to be provided by the proposed EB-5 project. Industry and EB-5 project related metrics such as output and employment were compared to statewide and regional data sources. Appropriate quality control checks, including the triangulation of data sources with other sources of third party information, and activity estimates proved the data to be reasonable for the purposes of this economic and job creation impact analysis of the updated Big Elk EB-5 Project within the approved geography of the Tennessee Regional Center. Based on these data, inputs were created for use in the REDYN input-output tool to model the economic impact of the construction and operation of the project.

The Regional Dynamics Economic Analysis Model (REDYN): The internet based REDYN Model was developed by Regional Dynamics, Inc. currently of Scottsdale, AZ, through its principal creator, the late Thomas Tanner, Ph.D., a former model manager at Regional Economic Models Inc. (known as REMI) of Amherst, Massachusetts. Dr. Tanner was a former member of the faculty at University of Georgia, and was most recently employed at the Strom Thurmond Institute of Government and Public Affairs at Clemson University at the time of his death in May of 2009. Dr. Tanner's work experience at REMI gave him the expertise to create an alternative to the REMI model. The result is an integrated input/output model of the counties and cities of the U.S. which has significant advantages over the existing menu of retail input/output models: REMI (which is prohibitively expensive), IMPLAN (as maintained by the Minnesota IMPLAN Group, Inc. which was originally developed for the U.S. Forest Service which is a static input-output tool), and RIMS II final demand and/or employment multiplier tables (which is maintained by the U.S. Department of Commerce which is also a static tool).

The REDYN Model employs a concept known as New Economic Geography,[8] a theory first developed by Nobel Laureate Paul Krugman while he was at the Massachusetts Institute of Technology. This approach employs "fully general equilibrium" models that "derive aggregate behavior from individual maximization." This competitive framework is translated into a model that makes the assumption that "commodities produced by an industry are truly joint in the production process, as prescribed by a uniform production function for all firms in each industry based on competitive pressures to diffuse advantages quickly across all firms in an industry."

New Economic Geography also focuses on agglomeration economies and the relationships between them in different levels of geographic space.[9] To illustrate this, consider a tight group of commercial establishments configured to serve visitors to a destination resort. This is the smallest level of an agglomeration economy. It is related to the regional commercial market which is part of the national market and the world market. It is the linkages between these levels of economic agglomeration that New Economic Geography seeks to explain and illustrate.

REDYN Data Sources: As is the case with other input-output tools, the REDYN Model uses a variety of data provided by U.S. Government entities. The basis for the model is the North American Industry Classification System (NAICS) to the five digit level. This allows the model to provide detail for 703 industries and over 180 commodities for the geographic region specified in the model.[10] This classification system and level of detail makes REDYN's output compatible for comparison to government reported statistics as this is the system used for publishing economic data by the U.S. Department of Labor's Bureau of Labor Statistics (BLS), the U.S. Department of Commerce's Bureau of Economic Analysis (BEA) and the U.S. Census Bureau. These government bureaus provide the original data that is accumulated and transformed into the REDYN Model's input/output (e.g. multipliers) and other specified relationships.

In addition, the REDYN model also employs data from the U.S. Census Bureau's County Business Patterns. County Business Patterns data is the source for wage bill payroll data and employment data used in the model. The model's developers preferred this approach since it is an annual series that is more complete in its coverage of the workforce than the Quarterly Census of Employment and Wages (hereafter "QCEW") series, as it includes self-employed persons, employees of private households, agricultural production workers, and railroad workers. These workers are not "covered" by most state unemployment insurance systems and are therefore not reported in the QCEW series.

[8] See Exhibit 1—which is provided as a reminder to USCIS reviewers.

[9] Agglomeration economies refer to circumstances where economic units, although competing, find it mutually advantageous to co-locate or to locate sufficiently close enough to share production resources and/or customers.

[10] See Exhibit 2—which is provided as a reminder to USCIS reviewers.

The County Business Patterns data set also is preferred because it provides detail about employment and wages down to the zip code level where concentration of industry is high enough to provide reportable data. The suppression of data due to confidentiality issues is a common problem of all types of wage and employment data used in specifying input/output models. REYDN has developed a way to fill in the blanks called the ***row and column sum*** (RAS) method.

After performing the RAS analytics on the County Business Patterns data it is reconciled with Regional Economic Information System (REIS) data from the Bureau of Economic Analysis of the U.S. Department of Commerce to confirm consistency. The REIS data is especially helpful for providing data in the agriculture and governmental sectors. The REIS data is also used to allocate national consumption to the roughly 3,100 counties in the United States that are provided on the aggregate level by the National Income and Product Accounts (NIPA). The levels of consumption of industries and households are a key building block in the creation of input/output models.[11]

The input-output tables themselves are created using BEA Input/Output (IO) make and use tables. The data in these tables are augmented by the biennial ten-year IO forecast tables from the Bureau of Labor Statistics. A major difference between the REDYN model and other input/output models is its use of a new distance impedance database supplied by the Oak Ridge National Laboratory.[12] This allows the REDYN Model to add elements of trade flow and gravity theory based on distance impedance specific to road, rail, water, air and proxy transport. The combination of these data sources gives the REDYN model the power to predict with greater accuracy than ever before the economic impacts of a wide range of economic changes.

Summary of the Methodology for Calculating Indirect Jobs: In contrast to proving the direct job count of an EB-5 project through the provision of payroll records to a USCIS reviewer, the calculation of indirect jobs cannot be measured and verified directly through payroll records. Instead, indirect jobs under the EB-5 program must be verified through the use of estimating methodologies that are deemed to be "reasonable" under the requirements of the EB-5 program. The EB-5 applicant has some latitude under the "reasonable methodologies" requirement. The most common estimation techniques involve the utilization of input-output tools that involve a range from simple mathematical calculations on a spreadsheet (e.g. under RIMS II) to integrated EB-5 project simulations using sophisticated input-output models. Even though these approaches vary in sophistication and structure, the general approach to this estimating process is essentially the same for all of the USCIS-approved input-output tools in that they all use calculated coefficients based on detailed federal data. Compilation of these data, which are updated each year to varying degrees, involves assembling and updating data regarding how much input is used for producing a given amount of output.

[11] See Exhibit 3—which is provided as a reminder to USCIS reviewers.
[12] See Exhibit 4—which is provided as a reminder to USCIS reviewers.

In its simplest form, the estimation process is comprised of two fundamental steps: (1) calculations to determine what are commonly referred to as national coefficients which are based on production functions,[13] and (2) determinations as to what proportion of those goods and services are purchased within the region. The first calculations estimate how much input is used in any given year to produce a given amount of output in any given year. The second group of calculations referred to above involves calculations of what are referred to as regional purchase coefficients (RPCs). These regional purchase coefficients essentially estimate what proportion of those goods and services are purchased within the region in question.

The REDYN model, like other input-output models such as IMPLAN and REMI, handles all those calculations within the model software based on the geography and type of "final demand" stimulus specified by the analyst. The REDYN model is geographically specified so that regional purchase coefficients are calculated for all involved sectors based on purchases of goods and services from "within the region" firms. The matrix can be, and usually is, large and complex. RPCs tend to be higher for service providing industry categories and lower for goods producing industry categories. In either case, indirect jobs under the REDYN input-output model are calculated through the input-output simulation process based on these quantified national relationships and regional purchase coefficients as calculated within the software algorithms embedded in the REDYN model.

Discussion of Input-Output Model Inputs for the Revise Big Elk EB-5 Project: For any EB-5 project, the modeling of potential project economic and job creation impacts can be conducted from the supply side or the demand side of the economic equation. When modeling the economic impacts associated with the supply, an analyst captures the increase in direct employment and wages, and looks to determine the economic linkages of the project via an input-output model. A demand-side approach would capture the additional spending (often specified as a change "final demand") in the regional economy as a result of the development and operation of a new project.

The relevant information and data used to develop the specific input-output model inputs for this updated impact assessment analysis of the updated Big Elk EB-5 Project included: (1) the amount and timing of the EB-5 project's construction expenditures (which were obtained from project management through the Tennessee Regional Center—but these costs specifically excluded all "soft" construction costs), and (2) a pro-forma of operations ramp-up and the expected staffing of those activities.[14] The data included the components and dollar amounts of the "hard" development expenditures on an annual timeline, and a set of financial *pro formas and expected staffing*. The data from the project developers were laid out in a business plan that will be filed along with the other response materials.

[13] Again, to reiterate, this is a process where the amount of input (and the corresponding number of jobs and corresponding amount of income) required to produce an amount of output of a final product or service is estimated.

[14] Which are not yet finalized in light of the uncertainties surrounding the EB-5 project at this time.

These data were then employed to develop the specific inputs that were employed in the REDYN input-output model—as supplemented by additional research to properly quantify and then specify each input for use in the input-output model. The principal analytical task at this point in the impact assessment analysis is to properly quantify the new business activity increment attributable to the proposed EB-5 project to be used in the input-output model. For this analysis, impact modeling was completed from a supply-side perspective, capturing the effects of the new construction expenditures and the additional jobs in the regional economy of the Tennessee Regional Center's economy associated with the EB-5 project. The additional increase in personal and household incomes in the regional economy are expected to result (through "ripple effects") in the creation of new business activity and additional jobs (including jobs elsewhere in the regional economy and the economy in the balance of the United States—or outside of the economy of the Tennessee Regional Center.

Beyond the discussion above, key input-output modeling details and assumptions for the hypothetical EB-5 project are described below:

1. The first step in this updated impact assessment analysis was to create a model reflecting the 39 county area of the approved regional center for the input-output model framework based on the EB-5 project's location. For this analysis, an input-output model was constructed that included four specific areas within the regional center, including:

(b)(4)

In other words, the sum of the impact in regions 1 through 4 represents the economic and job creation impact within in the Tennessee Regional Center. The impact in the regional center geography plus the impact in the balance of the states of Tennessee and North Carolina (regions 5 and 6 above), and the rest of the U.S. (region 7 above) sums to the total expected U.S. economic and job

[15] See Blair, Peter and Miller, Ronald. Input-Output Analysis, 1985; and Hoover, Edgar M. An Introduction to Regional Economics, 1971.

creation impact. The use of the REDYN model allows for flexibility in assessing modeling results down to the county level, for the state as a whole and for the U.S. economy overall. **This model structure, when employed with the assumptions listed below and using the specific data inputs as specified in Table S3 (below) enable an analyst to replicate the input-output simulation employed in this analysis.**

2. Once the input-output model was constructed, the next step was to develop estimates of the change in final demand for the construction activity. Hard construction costs for the proposed updated Big Elk EB-5 project were obtained from project management. These revised costs were the result of management's receipt of updated costs from a new contractor. Construction costs now total

(b)(4)

It should be noted that these NAICS codes are presented for the purpose of providing verifiable detail of the reviewer. The calculation of the job impacts are separate and distinct from the NAICS codes under which the EB-5 project is expected to operate. There is no inconsistency in NAICS categories because the NAICS sectors in the calculation of job impact estimates inputs are a different concept than the NIACS categories that the operating business enterprise will entail.

In addition to the above, it also should be emphasized that this analysis represents a most conservative economic and job impact assessment

[16] Construction involves the building of 2 buildings along the river for hotel/condo suites, the construction of retail space, a water park, and associated amenities.
[17] Including all typical infrastructure, a parking garage, and surface parking.

estimate. All visitor spending elements have been removed completely from this analysis. Furthermore, the updated Big Elk EB-5 Project lacks final definition and there is significantly more information on construction and operations that needs to be developed. Once this information is developed and supported with feasibility/market studies, the job counts, output, disposable income, and household earnings impact estimates will likely increase significantly in magnitude.

Table S2—Schedule of Inputs into the REDYN Model for the Tennessee Regional Center

(b)(4)

Notes:
[1] Economic activity was modeled at the MSA level.

Prepared by: Economic & Policy Resources, Inc.

3. The REDYN model was then run with those inputs, and this run put the model inputs through the multiplier matrices embedded in the REDYN software. The computer algorithm includes coefficients in the input/output model that determine the amount of inputs per unit of output in each industry category where the new business purchases goods and services produced or sold regionally (locally). The software algorithm also contains coefficients in the input/output model that determine the number of new inputs for each unit of output in each industry category for goods and services produced or sold regionally (locally). The simulation was then solved within the input-output model to estimate the indirect (or secondary and tertiary) links that create the job, output, income, and other economic impacts throughout the regional economy. With REDYN, the input-output run also applied additional advanced procedures though the software algorithm, including impedance-based commodity trade flows, and detailed national input-output use tables to estimate a complete U.S. multi-regional supply response to indirect and induced demand, and to the exogenous final demand change.

4. The multi-region results (including employment counts, additional disposable income, household earnings, and output) were then compiled from reported outputs from the REDYN model for the scenario modeled. These results were then grouped geographically into results for the regional center, outside the regional center, and the U.S. economy as a whole summations as prescribed in the accepted standards and procedures under 8 C.F.R. Section 204.6(m)(3)(iv).

Under this regulation, outputs for increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction were calculated from the REDYN model inputs and reported in the relevant tables in the impact assessment report.

Discussion of Impacts for USICS Requested Sub-Sectors "Within" and "Outside" the Tennessee Regional Center: The above described job and output impact totals are comprised in part from impacts in key USCIS-requested subsectors. These include: NAICS 541 Business Services (Professional, Scientific and Technical Services), NAICS 221 Utilities, NAICS 811 Maintenance and Repair, and NAICS 23 Construction. To be in compliance with USCIS guidance documents regarding economic and job impact reporting for EB-5 projects, detailed predictions of impacts associated with the updated Big Elk EB-5 Project are reported for both inside and outside the Tennessee Regional Center.

Table S4 (above) describes employment and output impacts by USCIS-requested subsector **within the Tennessee Regional Center.**

(b)(4)

Table S4—Subsector Employment-Output Impacts within the Regional Center—Updated Big Elk EB-5 Project

Prepared by: Economic & Policy Resources, Inc.

Note: Totals may not add due to rounding.

(b)(4)

[18] Year 3 impacts refer to operations only.

[19] All values are reported in constant 2012 dollars.

The updated Big Elk EB-5 Project, if developed and operated as planned, would also have subsector output and employment impacts outside the regional center (see Table S5 below). These include:

(b)(4)

Table S5—Subsector Employment and Output Impacts Outside the Regional Center—Updated Big Elk EB-5 Project

(b)(4)

Prepared by: Economic & Policy Resources, Inc.

Note: Totals may not add due to rounding.

These economic and job impact estimates presented above for the updated Big Elk EB-5 Project demonstrate specifically how the Tennessee Regional Center will promote economic growth within the regional center geography. Continuation of the Tennessee Regional Center's regional center designation will therefore result in significant and positive economic and job impacts for both the regional economy of the Tennessee Regional Center, the States of Tennessee and North Carolina outside of the regional center, and for the economy of the U.S. as a whole—consistent with the requirements under 8 CFR 204.6(m)(3)(i)—should this project be developed.

REDYN Input-Output Model: The REDYN Model developed and maintained by Regional Dynamics, Inc. was used to provide a reasonable estimate of the economic and job creation impacts attributable to the development and operations of the Omega at Hope EB-5 project. A combination of data supplied by the project developers, public and proprietary data on the industry, region and individual component markets, data from the United States Census Bureau, the Bureau of Labor Statistics, and the Bureau of Economic Analysis were used in this analysis.

[20] All values are reported in constant 2012 dollars.

In addition to the detail provided above, we also again include copies of materials that provide a full description of the REDYN model, how it operates, and how it compares to other input-output models (such as REMI) and other input-output tools (such as IMPLAN and RIMS II). These materials are referenced in the responses above, and provide a detailed illustration of how the REDYN input-output model works, and how it is similar and contrasts with other input-output tools.

Thank you again for the opportunity to comment on the Notice of Intent to Terminate. Please feel free to contact me or refer any USCIS adjudicators to us if they have any additional questions.

Sincerely,

President

C. Project Specific Documents- Big Elk Resort		
7.	Letters from the City Manager and Mayor in Support of the Big Elk Project	Evidence of support for the project from area officials

OFFICE OF CITY MANAGER

October 6, 2009

To Whom It May Concern:

Please accept this letter as information regarding a proposed development in the City of Gatlinburg.

Specifically, the City has been following closely the progress of the Big Elk Resort project in our downtown area and we have been very excited to see the development progress with the demolition, site work and new City street for the development nearly complete. The Big Elk Resort will be a wonderful addition to the downtown area of Gatlinburg and we are excited to have the potential of this fine development. We feel very confident that it will be an overwhelming economic success and bring joy to guests and be a blessing to the local residents. The City Administration will continue to offer the Development Team support and resources and look forward to the successful completion and ultimate opening of the Big Elk Resort.

If you have questions or desire additional information, please feel free to contact me. Thank you for your time and attention to this matter.

Sincerely,

Cindy Cameron Ogle
City Manager

CCO/jv

City of Gatlinburg • City Hall • 1230 Parkway E., Suite 2 • P.O. Box 5 • Gatlinburg, Tennessee 37738
(865) 436-1400

OFFICE OF CITY MANAGER

City of Gatlinburg • City Hall • 1230 Parkway E., Suite 2 • P.O. Box 5 • Gatlinburg, Tennessee 37738
(865) 436-1400

MAYOR

October 6, 2009

To Whom It May Concern,

Please accept this letter as information regarding a proposed development in the City of Gatlinburg.

Specifically, the City of Gatlinburg has been working closely with Real Estate Development Trust, LLC, the developers of Big Elk Resort, for the past three years in the planning and construction phases of the development and we are very excited to see the Project commence construction. The Resort has been fully entitled and will be a needed addition to our downtown district.

We have been very impressed with the planning and commitment of the Development Team to provide a quality project which reflects the highest quality for the City. The City has recently completed several phases of Undergrounding and we are very optimistic as to the expansion of Tourism in our area including the Great Smoky Mountains. The proposed development has the support of the City and we look forward to a long and successful relationship with the Big Elk Resort.

Thank you for your time and attention to this matter. If you have questions or desire clarification, please let me know.

Sincerely,

Jerry Hays
Mayor

City of Gatlinburg P.O. Box 5 Gatlinburg, Tennessee 37738
(865) 436-1400

MAYOR

City of Gatlinburg P.O. Box 5 Gatlinburg, Tennessee 37738
(865) 436-1400

C. Project Specific Documents- Big Elk Resort		
8.	Permits obtained, Utility Approval, and Zoning Approval for Project	Evidence of Feasibility of project and approval of plans

MINUTES OF THE
GATLINBURG MUNICIPAL/REGIONAL PLANNING COMMISSION
September 18, 2008
THURSDAY, 5:00 P.M., CITY HALL

MEMBERS PRESENT	MEMBERS ABSENT	OTHERS PRESENT
Robert Maples	Don Smith	Josh Flory
Teresa Cantrell	Dana Soehn	Kacie Huffaker
Larry Claiborne	Jason Seavy	James Temple
Phil Nemeth		Ira Grossman
		Gail Wilson
		Tom Trotter
		Dan Greengold
		Logan Coykendall
		Phillip Royer
		Thomas Buxton
		Len Flint
		Don Kloke
		Verlin Watson
		James Tomiczek
		Uwe Rothe
		Tim Wesley
		Earl Worsham
		Svend Brooks

Staff Representatives: David Ball, City Planner
Ashley Miller, Assistant City Planner
Bart Hose, LPAO

Chairman Maples called the meeting to order at 5:00 P.M. The minutes of the August 21, 2008, meeting was unanimously approved following a motion by Mr. Larry Claiborne and a second by Mrs. Teresa Cantrell.

Petitions and Communications from the Public

Staff Report

Old Business

New Business

a) **Review and consideration for a minor subdivision of Tax Map 107, Parcels 99 and 118.01, located on Powdermill Road and Manis Hollow Road, RR-1 zone, requested by Paul Bennett.**

Staff presented the request for preliminary and final plat approval for a proposed minor subdivision of Tax Map 107, Parcels 99 and 118.01, to reconfigure and re-plat the interior line to create a 20.50 acre tract. Staff stated that the proposed minor subdivision consists of combining 3.30 acres of Parcel 99 (being the Ruby Manis property) into the 17.20 acres of Parcel 118.01 (being the Verlin Watson property), in turn creating a 20.50 acre tract which has public street frontage along Powdermill Road. Staff also stated that the plat deletes property lines S21°10'26"W (184.48'), S52°10'41"W (153.80'), S67°48'03"W (187.23'), and S68°21'43"W (157.76'), and plat a new property line being S35°05'06"W (300.38'). Staff added that there are various parcels shown on the plat of the Manis property, however those lots are not being created by this plat. Staff noted that the surveyor has added the following note to the plat to address this issue: "This plat only represents the addition to Lot 1, Large Map Book 196, of a 3.30 acre tract from the Ruby Manis Property (Tax Map 107, Parcel 99.00). Staff explained that the remaining Ruby Manis property is shown as deeded with no further subdivision being done at this time." Staff further stated that the plat appears to meet the minimum design requirements, but lacks the following signatures of approval: Ownership and Dedication of all property owners, E-911, Sevier County Health Department, Sevier Count Electric System, and the Gatlinburg Utilities Department. After further discussion, Mrs. Tersa Cantrell made a motion to grant preliminary and final plat approval for the minor subdivision subject to the signatures of approval being added to the plat. Mr. Larry Claiborne seconded the motion, which passed with all members voting aye.

b) **Review and consideration for a preliminary plat for Tax Map 126D, Group A, Parcels 4-8, and the proposed closure and replatting of the Park Lane Right-of-Way, located on Parkway and Park Lane, C-1 and C-2 zones, requested by Real Estate Development Trust, LLC.**

Staff presented the request for preliminary plat approval for a proposed reconfiguration of the interior property lines and the closure and replatting of the Park Lane Right-of-Way being a total area of 8.11 acres. Staff stated that currently there are 5 parcels (Tax Map 126D, Group A, Parcels 4-8) and the Park Lane Right-of-Way that make up the "Gateway Gatlinburg" development site. Staff added that the preliminary plat proposes to delete the interior property lines and the right-of-way area and create 7 parcels, one of which is the relocated Park Lane Right-of-Way. Staff explained that the proposed lot configuration is as follows:

Lot:	Acreage:	Square Footage:	Public Street Frontage:
Parcel 1	2.00 acres	87,167.36 sq. ft.	Parkway
Parcel 2	1.05 acres	45,716.71 sq. ft.	Parkway and Park Lane
Parcel 3	1.82 acres	79,396.49 sq. ft.	Parkway
Parcel 4	1.36 acres	59,377.04 sq. ft.	Park Lane
Parcel 5	1.22 acres	53,264.14 sq. ft.	Park Lane
Parcel 6	0.30 acres	12,882.04 sq. ft.	Parkway and Park Lane
Parcel 7	0.34 acres	14,987.10 sq. ft.	Park Lane Right-of-Way Proposal

Staff noted that the current Park Lane Right-of-Way is 29,246 square feet or 0.67 acres, and the proposed relocation area for the Park Lane Right-of-Way is 14,987.10 square feet or 0.34 acres. Staff pointed out that the Board of Commission will have to approve the closure and relocation of the public right-of-way. Staff noted that a bond or letter of credit will need to be posted along with two construction estimates for the proposed Park Lane improvements. Staff further stated that the access to Herbert Holt Park will need to be coordinated with the Public Services Director during the road closure and reconstruction process of Park Lane. Staff stated that the property is located in a Special Flood Hazard Area (SFHA) however; the plat does not depict the floodplain and floodway boundaries. Staff noted that a revised plat will be needed which reflects the boundary and flood elevation information of the property. Staff stated that the plat further lacks the location map, owner's information, surveyor's certificate and signature, all utility easements, and names of the adjoining property owners, and a bond with construction estimates for the proposed right-of-way improvements.

Mr. James Temple was present and stated that prior to constructing the new Park Lane the developer will first have to extend the turn lane on Parkway to the new Park Lane entrance. Mr. Temple added that the improvements within the U.S. Highway 441/Parkway will have to be approved by the Tennessee Department of Transportation (TDOT). Staff stated final plat should include a bond or letter of credit for the public improvements. Mr. Nemeth questioned how far the turn lane would extend down Parkway from the Dudley Creek By-Pass intersection. Mr. Temple stated that the turn lane would extend down to the new Park Lane intersection. After further discussion, Mr. Phil Nemeth made a motion to grant preliminary plat approval subject to the Board of Commission's approval of the Park Lane Right-of-Way closure and relocation, and the lacking items being added to the final plat. Mr. Teresa Cantrell seconded the motion, which passed with all members voting aye.

c) Review and consideration for final PUD site plan for "Gateway Gatlinburg," Tax Map 126D, Group A, Parcels 4-8, located on Parkway and Park Lane, C-1 and C-2 zones, requested by Real Estate Development Trust, LLC.

Staff presented the request for final PUD site plan approval for a mixed-use development consisting of hotel/condotel, restaurant, multi-level parking garage facility and retail uses. Staff stated that the proposed final PUD site plan is for a mixed-use development consisting of hotel, restaurant, parking garage and retail uses on 7.77 acres. Staff explained that the development consists of 3 hotels/condotels containing 560 units being a total of 373,076 square feet, 266,880 square feet parking garage, 65,206 square feet of retail space, 39,656 square feet of restaurant space, and 7,712 square feet underground waste corridor. Staff also stated that the redevelopment site is located at the north end of town and includes the properties on the right hand side of Parkway from the Knight's Inn to Wildwater LTD on Parkway. Staff added that the development consists of four (4) access points along Parkway and a proposed trolley stop. Staff noted that all the points of access should be controlled to be no more than 26-feet wide. Staff also stated that the developer is proposing to relocate, redevelop and re-plat the current right-of-way area (Park Lane) to the Herbert Holt Park. Staff explained that the abandonment and

redevelopment will require the approval of both the Planning Commission and City Commission once the property has been purchased by the developer and submitted for final subdivision approval. Staff added that the Tennessee Department of Transportation (TDOT) will have to approve the extension of the turn lane and curb cuts proposed for Parkway. Staff pointed out that due to the nature of the multiple lots within the PUD and due to the design of the vehicular and pedestrian circulation, a joint-use access and parking easement will be needed for the properties. Staff further stated that a site plan needs to be submitted reflecting the proposed buildings in relation to the proposed property lines. Staff stated that the Fire Department has issued some concerns about the staging pad at the northwest end of the parking garage. Staff also stated that the concern is that the pad is not wide enough for staging and maneuverability around the fire apparatus. Staff noted that the Fire Department has noted that the fencing around the staging area should be installed to the outside edge of the pad and that the details on the staging pad need to be submitted to the department. Staff added that a profile is needed for the turf block turnaround for the Fire Department's equipment. Staff explained that there is a concern that the ladder truck may bottom out at the turnaround area due to the grade of Park Lane. Staff further stated that one of the fire lane staging areas is shown to be at 8% grade, and all of the staging areas for the Fire Department should be at 3% grade or less. Staff also stated that the Fire Department discussed the aforementioned items on September 12 with Mr. Temple and feels that the issues of concern have been addressed. Staff noted that the density calculations the proposed development provides for a 2.5 Floor Area Ratio (FAR) for the hotels and a 1.72 FAR for the remaining commercial areas including the parking garage facility. Staff stated that the current zoning ordinance provisions provide for 2.5 FAR for hotels in C-2 zones, and 2.0 FAR for all remaining uses in C-1 and C-2 zoning districts, therefore, the proposed density appears to comply with density allotments for this property. Staff stated that the proposed development adjoins the West Prong Little Pigeon River and the Dudley Creek Floodplain Areas. Staff also stated that the proposed development encroaches into the 100 year and 500 year floodway and floodplain areas. Staff pointed out that the designers should be aware that all structures must be elevated at a minimum of 1' above the 100-year base flood elevation and any structure containing overnight sleeping accommodations will have to be elevated to 1' above of the 100-year base flood elevation and be located at or above the 500-year with floodway elevations. Staff stated that the Utilities Department has noted a concern about the sewer line connection for the adjoining building/s on the Benson Property. Staff stated specifically, that the Utility Department questions the sewer line along the interior property lines with the Benson property and whether the proposed utility plan accommodates the reconnection of the building/s on the Benson's property. Staff added that if it is determined that the Benson Property is utilizing the existing sewer line then a utility easement will have to be established or other arrangements made to continue the sewer service. Staff also noted that it is recommended that the design engineer consult with the Utilities Department to resolve this issue prior to submitting for final site plan approval for this project. Staff further stated that prior to the issuance of any development permits, the rezoning issue and the Park Lane Right-of-Way closure and re-plat will have to be resolved with City Commission. Staff finally stated that the final site plan lacks an

erosion control plan, building elevations, noted open space areas, stormwater plan, sign locations, legal documentation, E-911 approval, Sanitation Department's approval, Utilities Department's approval, TDOT's approval, and TDEC's approval.

Staff stated that they had spoken with the Fire Department today about the issues with the ladder truck staging area and pad. Staff explained that the Fire Department has indicated their approval of the reach of the ladder truck with the widened staging pad. Mr. James Temple added that the width of the staging pad should be adequate for the Fire Department. Staff questioned the sewer line location from the adjoining Benson property. Mr. Temple indicated that the line will have to be evaluated closer to construction. Staff stated that the densities for the development has been verified, but lacked the final building elevations, stormwater approvals, and the legal documentation for the development. Mr. Temple responded that the stormwater plan has been submitted to TDEC and approved. Mr. Temple noted that the 100-year No-Rise Certificate was submitted with the packet of information. Chairman Maples questioned the length of the widening to Parkway. Mr. Temple stated that the developer will be widening about 10' of the U.S. Highway 441/Parkway Right-of-Way. Mr. Temple explained to the Board the extent of the U.S. Highway 441/Parkway widening project. Staff added that the improvements to U.S. Highway 441/Parkway will have to be submitted to TDOT for approval prior to any curb cuts for the property. Chairman Maples commented on the amount of lacking information. After further discussion, Mr. Phil Nemeth made a motion to grant final PUD site plan approval subject to the rezoning of the property being approved by City Commission, the sewer line issue with the Benson property being resolved, TDOT's approval for the curb cuts and right-of-way improvements to Parkway, Park Lane Right-of-Way closure and replat being approved by City Commission, erosion control plan, building elevations, noted open space areas, stormwater plan, sign locations, legal documentation, E-911 approval, Sanitation Department's approval, Utilities Department's approval, TDEC's approval, bond or letter of credit for the proposed public improvements, a joint-use access and parking easement for the development, and a site plan reflecting the proposed building locations in relation to the proposed property lines. Mrs. Teresa Cantrell seconded the motion, which passed with all members voting aye.

d) Review and consideration for final PUD site plan for "Covered Bridge in the Glades, Phase I," located on Glades Road and Watson Drive, R-1, R-2, C-3, and C-5 zones, requested by White Oak Apartment Ventures, LLC.

Staff presented the request for final PUD site plan approval for Phase I of "Covered Bridge in the Glades," for a mixed-use development consisting of 3 buildings containing 30,000 square feet of retail space and 58 apartment units on 17.06 acres. Staff stated that the property will be accessed from Glades Road and Watson Drive. Staff added that improvements will have to be made to Watson Drive to accommodate the additional traffic loads. Staff noted that a bond or letter of credit for the Watson Drive improvements and any public utility improvements is needed with construction estimates to ensure the improvements are made to City standards. Staff pointed out that the maximum point of access permitted by the Zoning Ordinance is 26', and it appears that the Watson Drive point of access is 36'. Staff added that the point of access should be revised to

comply with the 26'standard. Staff also stated that the proposed streets within Phase I are shown to be 24' wide with parking along the edge of the roadway. Staff also noted that the parking required for 607 square foot apartment unit is calculated using the 1.25 spaces per unit, but there appears to be additional parking spaces shown. Staff explained that there are several encroachments into the small stream setback based on the top of the stream bank which has been identified on the site plan; the encroachments include excavation/fill. Staff stated that the site plan should be revised to remove the encroachments or a no impact certification be submitted by the design engineer. Staff further stated that the Utilities Department has noted that the proposed public and private PVC waterlines for this development are to be ductile iron. Staff pointed out that the design engineer should consult with the Utilities Department about the exact specifications on the waterlines. Staff further the Utilities Department has not approved utilities plan. Staff finally stated that the final site plan also lacks an erosion control plan, landscaping plan, open space delineation, building elevations, E-911approval, Utilities Department's approval, Sanitation Department's approval, and TDEC permit.

Mr. James Temple noted that the site plan has been revised to incorporate the improvement plan for Watson Drive. Staff explained that the concern with Watson Drive is future traffic congestion. Mr. Temple added that the design reflects a turn lane at the entrance of the property. Staff noted that a section of Watson Drive was disturbed when the stream was relocated by the previous owner of the property. Mr. Temple added that the there were also water and sewer lines installed by the City which disturbed Watson Drive. Mr. Nemeth questioned if the entire development had been reviewed by the Board. Staff stated that the preliminary plan was reviewed in July. Mr. Temple added that the preliminary PUD site plan was approved in July and the rezoning request was approved by City Commission on Tuesday. Staff noted that the flood elevation documents have been provided and the water lines have been revised to ductile iron. Staff stated that the site plan lacks an erosion control plan, landscaping plan, open space delineation, building elevations, E-911approval, Utilities Department's approval, Sanitation Department's approval, and TDEC permit. Mr. Temple stated that the landscape plan has been completed and will submitted to staff. Mr. Temple explained that the stormwater plan will have to be resubmitted to TDEC as a revision. Mr. Nemeth questioned the location of the apartments. Mr. Temple noted that the first floor of the buildings in Phase I are retail space and the apartments will occupy the second and third floors. After further discussion, Mr. Larry Claiborne made a motion to grant final PUD site plan approval for Phase I subject to the lacking items and revisions being submitted for staff's review. Mr. Phil Nemeth seconded the motion, which passed with all members voting aye.

e) **Review and consideration for revised final PUD site plan for "Gatlinburg Falls Parkview Resort," Tax Map117, Parcel 63, located on Ridge Road and Cheshire Court, R-1 and R-2 zones, requested by Venture Real Estate Group, LLC.**

Staff presented the request for revised final PUD site plan approval for "Gatlinburg Falls Parkview" for an additional 9 units and an approximate 1,000' extension to Resort Way. Staff stated that the additional units (which include the accessory buildings) will increase the total unit

count for the development to 76. Staff noted that 2 of the 9 additional units are proposed for accessory uses for the PUD, these accessory buildings are required to be at a minimum of 50' from all exterior property lines and a planted, native evergreen plant species buffer shall be installed along the immediate side/s and rear of all accessory structures adjoining an exterior property line boundary. Staff added that the proposed final PUD site plan reflects about a 1,000' extension to Resort Way, a private street within the development. Staff explained that the private road was previously approved at 20' wide, however due the additional units and the total length of the road now being 2,056.23' the entire roadway would need to be widened to 24' to accommodate the additional traffic or a variance granted for the 20' width. Staff also added that from the Resort Way cul-de-sac there is an emergency access road to Galloway Lane. Staff stated that due to the width of Galloway Lane at the Gatlinburg Falls Parkview property and the residential neighborhood in which it services, the emergency access road will need to be gated and the gate coordinated with the Fire Department. Staff also noted that pull-offs have been incorporated into the road extension for the Fire Department. Staff pointed out that the Fire Department has noted that due to the parking around the perimeter of the Resort Way cul-de-sac, that no vehicles shall park within the designated turnaround area and signage should be posted and/or the area marked as a fire lane. Staff further noted that revised density and capacity demand numbers have not been submitted to the Utilities Department for their review and comments.

Staff stated the proposed units consist of seven 6-plex units and two accessory buildings. Mr. James Tomiczek was present and provided an overview of the proposed development site. Mr. Tomiczek stated that the rough grade of the road was already in place. Mr. Tomiczek stated that this section of the development would be removed from the Hillside Overlay District. Mr. Tomiczek stated that he has met with staff and the Fire Department about the proposed road extension issues. Mr. Tomiczek explained that electrical components are in place along the existing roadway which would not allow for the widening of the road without removing and relocating the components. Mr. Tomiczek added that there is a full size turnaround at the end of the road and two intermediate pull-offs for the Fire Department along the stretch of road. Mr. Tomiczek noted that the mid-point turnaround area will remain for the Fire Department. Mr. Tomiczek further noted that the emergency access drive to Galloway Lane will be designated for City use only and will be gated at both ends. Chairman Maples questioned the party responsible for opening the gate. Mr. Tomiczek stated that it would be the City. Staff stated that the gates have to be reviewed by Planning Commission and the Fire Department and typically consists of a simple lock system. Staff suggested that reflectors be placed on the gate. Mr. Tomiczek stated that he had met with the Utilities Director which felt comfortable with additional units. Staff added that the Utilities Director had notified them with his approval of the additional units, but staff added a revised stormwater plan would be needed for the development. Chairman Maples questioned the need for the road width variance. Mr. Tomiczek stated that the electrical pull-boxes are along the left side of the road and left side of the road is rock. Mr. Tomiczek explained that the developer does not want to have to relocate the electrical components and cut into the rock bank. Mr. Nemeth questioned what was lacking with the accessory buildings. Staff

stated that the plan for the additional landscaping for the accessory buildings was lacking. Staff finally stated that the revised final PUD site plan further lacked the following items: E-911 approval for the additional units, revised erosion control plan, revised stormwater permit, revised legal documentation for the additional units, and the Utilities Department's approval. After further discussion, Mr. Phil Nemeth made a motion to grant revised final PUD site plan approval subject to the lacking items being submitted to staff for review, and granted a variance for the 20' wide road with turnaround constructed according to the Subdivision Regulations. Mrs. Teresa Cantrell seconded the motion, which passed with all members voting aye.

f) Review and consideration for a commercial site plan for "Walgreen's/BB&T," Tax Map 126N, Group A, Parcel 22, located at 811 Parkway, C-1 zone, requested by Holrob-Gatlinburg II, LLC.

Staff presented the request for commercial site plan for a proposed multi-tenant building located on 0.39 acres. Staff stated that the proposed commercial site plan consists of the demolition of the existing BB&T building and the construction of a 15,385 square foot multi-tenant commercial building. Staff also stated that the largest portion of the building, 14,550 square feet, will be occupied by Walgreens while the remaining 835 square feet will contain a BB&T branch. Staff pointed out that the site plan reflects all vehicular traffic to enter the property via a 25' permissive use agreement from River Road that is of record in ROW Book 10, Page 240. Staff added that there is a 10' joint use easement noted along the property line with the Midtown Travel Lodge of record in Deed Book 157, Page 3. Staff noted that copies of both easement instruments need to be submitted to staff for review. Staff also stated that a utility plan was submitted with the packet of information; however the Utilities Department has indicated that there potentially could be an issue with the proposed water meter location. Staff added that the Utilities Department is currently working to resolve the water meter location issue. Staff further stated that a boundary survey reflecting the calls and dimensions of the property lines is needed to verify the front yard setback for the proposed building. Mrs. Cantrell asked when the demolition would start. Mr. Phil Rorar was present and stated that the demolition will start as soon as possible, and the developer is closing on the property in the next few days. Chairman Maples asked about overhead electrical. Mr. Rorar stated underground electric service would come from River Road up to the building. Chairman Maples questioned why the electrical service would not come from Parkway. Mr. Rorar stated the preferred route is from River Road and will serve the adjacent Red Rocket building. Mrs. Cantrell questioned if consideration has been given to trash and noise from the demolition. Mr. Rorar stated that the demolition will be complete in 2 weeks and done by mid-October. Staff noted that though a state erosion/sediment control permit is not needed for this project due to the acreage, the developer will still have to acquire a stormwater permit from the City. Staff finally stated that further approvals are needed by the Sanitation Department for the proposed dumpster pad location, E-911, and Utilities Department's final approval. After further discussion, Mr. Larry Claiborne made a motion to grant commercial site plan approval subject to the lacking items and approvals being submitted for staff's review. Mr. Phil Nemeth seconded the motion, which passed with 3 members voting aye, and Mr. Robert Maples abstaining.

g) **Review and consideration for preliminary PUD site plan for "Greystone Cliff Condominiums," Tax Map 126F, Group A, Parcel 25, located on Greystone Heights Road, R-2 zone, requested by Billy Proffitt.**

Staff presented the request for preliminary PUD site plan approval for a proposed 16 multi-family buildings with 216 unit multi-family condominium development on 35.41 acres and accessed off Greystone Heights Road. Staff also stated that the development site is accessed via a curve on Greystone Heights Road. Staff noted that the developer may have to make improvements Greystone Heights Road, and post a bond or letter of credit for the public improvements. Staff pointed out that there are two private roads within the development: Road A and Road B. Road A, which comes off of Greystone Heights Road, is approximately 1,280' in length and serves 177 units within the development. Staff stated that the road width proposed for Road A is 22', however due to the length of the road and the numbers of units that are served by the road, the Subdivision Regulations require the road to be at a minimum 26' wide. Staff further stated that the Subdivision Regulations limit dead-end streets to 600', and Road A is approximately 1,280' long. Staff added that the design engineer should resign Road A to be incompliance with the adopted regulations or request a variance from the Board. Staff stated that Road B is the second private roadway within the development and comes off of Road A. Staff also stated that the development plan proposes Road B to be 22' wide and is approximately 800' long. Staff explained that again, the design engineer will need to redesign the Road B to meet the 600' maximum length for a dead-end street or request a variance from the Board. Staff noted that the curvature data for both roadways is needed to verify if a switchback design is required. Staff also noted that it appears that Road A abruptly dead-ends at 15% and branches out in to large parking areas. Staff stated that due to the length of the parking areas, the drive isle will need to be designed as streets and profiles submitted with sufficient turnaround areas. Staff stated that the Fire Department has also raised concerns about the lack of a turnaround area at the end of the parking areas. Staff also stated that the Fire Department has noted that a fire hydrant is needed in front of Building 13. Staff further stated that the overall development density calculations were not submitted with the preliminary site plan and cannot be determined until a complete boundary survey has been completed and submitted for review. Staff added that the density information/calculations are needed and should depict right-of-way areas for all proposed streets within the area. Staff noted that typically, a 50' right-of-way area is used for all streets within the development for deduction purposes. Staff also noted that the site plan noted that some areas are to be landscaped, however a landscape plan was not submitted with the packet of information. Staff pointed out that during staff's concept review with the design engineer, an emergency access was shown to tie in to the Medlin Addition Subdivision off of Hemlock Street. Staff stated that staff questions why the emergency access has now been removed from site plan and urges the designer to reconsider the restricted access point due to the dead-end streets within the development. Staff stated that the Utilities Department has noted that the proposed public and private PVC waterlines for this development are to be ductile iron. Staff also stated that the design engineer should consult with the Utilities Department about the exact specifications on the waterlines. Staff further stated that the Utilities Department has not approved utilities plan.

Staff finally stated that the preliminary site plan lacks the dimensions and calls of all property lines, the density calculations with right-of-way areas deducted, landscaping plan, open-space areas noted on the plan, curvature data, and Utilities approval.

Staff stated that there is concern about the point of access and the width of Greystone Heights Road. Staff further stated that there is also concern about the impact of 216 units will have on the City street. Staff explained that the road currently services overnight rentals in the area. Staff noted that the plan proposes 22' wide roads and the Subdivision Regulations require the roads to be 26' wide. Staff noted that the design engineer has revised the turnaround area. Mr. James Temple explained that the turnarounds have been sized for the Fire Department and Sanitation trucks. Mr. Temple stated that the maximum heights of the buildings are three stories. Staff stated that the heights of the buildings were of concern due to the ladder truck access. Mr. Temple added that the density calculations have been revised with the right-of-way areas deducted out. Staff noted that they spoke with the Utilities Director today, and he indicated that there does not appear to be an issue with capacity of water and sewer but there could be a possible pressure issue. Staff explained that if this is the case then a back-up private generator system with a booster system for adequate fire protection will be required. Chairman Maples questioned the access via Greystone Heights Road. Staff stated that the Fire Department is able to get an engine up to the property, but the issue is with the ladder truck. Staff explained that is why there are concerns about the heights of the buildings. Mr. Temple stated that a majority of the buildings will be sprinkled. Staff stated that during staff review with the design engineer, there was an emergency access road proposed to the Medlin Addition. Mr. Temple explained that due to the grade it would be difficult to construct the road without it being at the maximum grade with switchbacks. Chairman Maples asked Mr. Temple for the reasoning for the width variance request. Mr. Temple explained that the variance is needed to help minimize the excavation on the hillsides. Chairman Maples asked Mr. Temple how his claim was substantiated. Mr. Temple replied that the evaluation was based on the topographical maps. Chairman Maples questioned if pioneer roads existed on the property. Mr. Temple explained that no excavation has occurred on the property. Mr. Nemeth noted that the submittal lacks 16 items, and questioned if the Board should approve the preliminary PUD site plan without those items. Staff noted that the boundary survey, the utilities, and the turnarounds were the biggest issues. Mr. Nemeth stated that the Board has discussed not approving projects with numerous lacking items. Mr. Nemeth further stated that he does not feel as though the Board should approve the item because all the amount of information lacking which is what prompted staff's recommendation. After further discussion, Mr. Phil Nemeth made a motion to deny preliminary PUD site plan approval due to the amount of lacking information. Mr. Larry Claiborne seconded the motion, which passed with all members voting aye

h) **Review and consideration for a proposed extension to the Letter of Credit for infrastructure improvements for "Norton Creek, Phase I," located on Norton Creek Road, RR-1 zone, requested by Staff.**

Staff presented the request for consideration for an extension of the Letter of Credit # 05-06-10-2701, issued by Sevier County Bank for Norton Creek, LLC. Letter of Credit # 05-06-10-2701,

in favor of Estates at Norton Creek Homeowners Association, Inc., in the amount of $251,403.60, is to complete the roads in Phase I. Staff stated that the paving and street project is currently under construction. Staff also stated that however, the Letter of Credit is scheduled to expire on October 27, 2008. Staff added that therefore, if the remaining improvements are not completed by this date, this proposed extension would permit the re-issuance of the Letter of Credit with a revised expiration date. Staff further stated that this would assure that all proposed improvements are completed. Staff noted that in addition to a revised letter of credit, the developer will need to provide at least two (2) construction estimates from 2 separate contractors for the remaining improvements. Staff finally stated that the estimates will be used to establish the proposed amount of the letter of credit upon re-issuance. After further discussion, Mr. Larry Claiborne made a motion to grant a one (1) year extension of the Letter of Credit for the proposed road improvements subject to two revised estimates for the paving work. Mrs. Teresa Cantrell seconded the motion, which passed with all members voting aye.

i) **Review and consideration for a proposed Municipal Zoning Ordinance amendment to Article IV, Sections 406.4.2.2 and 406.4.3.2, establishing an expiration period for final PUD site plan, requested by Staff.**
Staff presented the request for amendment to Article IV, Sections 406.4.2.2 and 406.4.3.2, establishing an expiration period for final PUD site plan. Staff stated that currently, preliminary PUD site plan expires 12 months from date of approval, this amendment is to establish a 24 month expiration period for final PUD site plans. Staff also stated that the proposed amendments will require all projects with no substantial progress to re-submit plans to the Planning Commission prior to commencement of development and subsequently subject said projects to any newly adopted development standards and policies. Staff read aloud the proposed language:

"Approval of a final PUD plan shall lapse twenty-four (24) months from the date it was approved by Planning Commission if substantial progress has not been made towards the development of the project. For the purpose of this section, substantial progress shall mean that the infrastructure improvements (roads and utilities) shall be completed to the extent that sub-grades can be certified by the design engineer and all utilities have been inspected and tested to the satisfaction of the City within the 24 months of the approval. Further, at least one-third (1/3) of the structures have obtained development permits and are under construction. If the developer cannot meet these timeline stipulations, then phasing of the development should be considered as an alternative."

Mr. Nemeth stated that the language was good, but recommended that the last sentence be deleted and language recommending phasing be incorporated. Chairman Maples questioned if the property receives a variance from the Planning Commission, would the variance also expire? Staff stated that once the plan has expired all stipulations would also expire. Chairman Maples noted that one year would be a better expiration time period. Staff stated that a 12 month time period might not be long enough. Mr. Bart Hose stated that language about the expiration would need to be certified on the plan. Staff stated that maybe the best action would be to defer action

until staff could speak further with the City Attorney and place the item on next agenda. Chairman Maples asked Mr. Uwe Rothe for an opinion on the proposed amendment. Mr. Rothe stated that during these nervous economic times that it would be dangerous to set such an expiration on final development plans. Mr. Rothe questioned grandfathering provisions. Mr. Rothe suggested that the Board give an extension option and explained the consequences of financing. Chairman Maples that is the plan expires then any future proposals would have to update to current codes. After further discussion, Chairman Maples asked to defer the item. Mr. Phil Nemeth seconded the motion, with all members voting aye.

j) **Review and discussion of proposed amendments to the Regional Zoning Ordinance and Zoning Map to include a RC-6 Zoning District (Planned Golf Resort Development), requested by Staff.**

Staff presented the request for discussion of a proposed amendment to the Regional Zoning Ordinance and Zoning Map to create a RC-6 Zoning District being a Planned Golf Resort Development District. Staff stated that specifically, the developers/owners of property located in the Norton Creek Area, in the Gatlinburg Planning Region, have requested that the City consider incorporating zoning provisions and use provisions into the Regional Zoning Ordinance and Zoning Map to permit golf course developments. Staff also stated that as such, staff has developed a draft ordinance (see attached) for review and discussion as it pertains to specific development guidelines and provisions that would govern such type of developments in the surrounding Planning Region. Staff stated that in the development of these standards, strong consideration was given to the fact that these areas outside the corporate limits are areas with limited infrastructure, if any, and are typically rural in nature. Staff also stated that therefore, staff feels that much emphasis should be placed on preserving the surrounding rural residential areas, maintaining low density type developments, and providing for the means to improve infrastructure where needed to accommodate these types of development as well as meet the needs of the surrounding residents and uses of the area. Staff added that the open-space that is associated with these recreational types of development (golf courses) is a means of achieving open-space, while not undisturbed, still open. Staff pointed out that however, with this type of development there is always a certain amount of commercialization due to the nature of the development. Staff further stated that as such, the proposed ordinance is designed to ensure that the golf course is the principle use and that the accompanying commercial uses are subordinate to the principle use. Staff explained that due to the location of these areas, emergency access and response times are quite often restricted and therefore, certain additional restrictions have been proposed to ensure the safety of the development as well as surrounding areas. Staff further explained that this is primarily achieved by the required additional separation requirements, engineered infrastructure analysis, and means of fire protection. Staff noted that infrastructure analysis is added to ensure that roads and utilities are evaluated not only within the development but outside the development area as well. Staff pointed out that hopefully, this will require and encourage improvements to both public and private infrastructure when deficiencies are identified in pre-development reviews and evaluations. Staff stated that the attached ordinance is a draft ordinance and is intended to stimulate discussion with regard to the needed provisions to

provide for said types of development, and to seek direction from the Board if the Board determines that these uses are appropriate in the surrounding Planning Region and should be provided for within the adopted ordinances of the Region.

Mr. Earl Worsham was present and stated that he felt the proposed ordinance was fine, but noted that it could take longer that three years to complete the golf course. Mr. Nemeth questioned the regulations within the City. Staff explained that the language is similar, but changes were made due to the rural areas in the Planning Region. Mrs. Teresa Cantrell stated that in her opinion, no development should occur until the golf course is open. Mr. Nemeth stated that if development is to occur along with the golf course, then the developer could set aside 150 acres of the golf course and another 150 acres for the resort on a 400 acres tract. Staff stated that the design must be a planned development. Staff explained that currently the area is mostly zoned residential and the developer would have to identify the resort area and leave the remaining areas residentially zoned. Mr. Bart Hose stated that the developers will have to do an infrastructure study on the front end of the development. Mr. Uwe Rothe stated that there is a concern with the time delay because the developer will want to start the commercial development with the golf course facility. Mr. Nemeth stated that maybe the language should be adjusted. Mrs. Teresa Cantrell stated that the City could limit the certificates of occupancy. Staff noted that the City does not issue certificates of occupancy in the Planning Region. Mr. Tim Wesley was present and stated that the revised language is a good balance. After further discussion Mrs. Teresa Cantrell made a motion for staff to more forward with the draft ordinance and place it on the next agenda. Mr. Phil Nemeth seconded the motion with all members voting aye.

k) **Review and consideration for an amendment to Section 10 of the Stormwater Ordinance pertaining to Appeals of Civil Penalty and Damage Assessment Impositions, requested by Staff.**

Staff presented the request for a proposed amendment to Section 10 of the Storm Water Ordinance pertaining to Appeals of Civil Penalty and Damage Assessment Impositions. Staff stated that the revisions to the recently adopted Storm Water Ordinance (June 17, 2008) consist of rewriting the language in Section 10 being the Appeals provisions in order to change the appeals process. Staff also stated that he current ordinance establishes a County Appeals Board as the entity to consider appeals of the Storm Water Ordinance. Staff added that however the County never established the joint appeals before, therefore the current ordinance needs to be amended to reflect the correct appeals entity. Staff further stated that the proposed amendment to the Storm Water Ordinance will set the Storm Water Appeals Board of Sevier Water Board, Inc., as the appeals entity for the ordinance. After further discussion, Mr. Phil Nemeth made the motion to approve the request per staff recommendations and recommended as such to the Board of Commissioners. The motion passed unanimously with a second by Mrs. Teresa Cantrell.

Unscheduled Items

Mrs. Teresa Cantrell made a motion to count 3 hours from the Hillside Ridges workshops which were held on August 26 and September 17, 2008 towards their continuing education. Mr. Phil Nemeth seconded the motion, with all members voting aye.

Mr. Robert Maples stated that variance criteria had been put on hold, but that there is a need for variance standards. Staff stated that an application on what variances are being requested and a justification for those variances is needed.

Adjournment

There being no further business to come before the Board, the meeting was unanimously adjourned at 6:53 P.M., after a motion by Mr. Larry Claiborne and a second by Mr. Phil Nemeth.

Approved:

Planning Commission Secretary **Date**

BUILDING INSPECTION SERVICES

DEMOLITION PERMIT

DATE: February 5, 2009 PERMIT NO. 2-2009-5/JL
PURPOSE: Demolition of Stony Brook Motel
LOCATION: 167 Parkway TAX INFO: 126D A

RESTRICTIONS:

1. Keep all debris off of city sidewalks, streets, and adjoining properties.
2. Provide adequate public protection.
3. Debris must be taken to an acceptable fill site such as an approved landfill.
4. Leave site in a clean, debris free condition.
5. Water & sewer lines must be located, cut and plugged prior to excavation or demolition.
6. Must provide proper drainage and erosion control.
7. All work must be coordinated with the Police Department to insure safety.
8. Must comply with State of Tennessee Air Pollution Control Board's filing requirements.
9. Call for a final inspection.

NOTE: This permit becomes null and void if work or construction authorized is not commenced within six months, or if construction or work is suspended, or abandoned for a period of six months at any time after work is started.

PERMIT ISSUED TO: Jim Barnes
PROPERTY OWNER: Gateway Gatlinburg, LLC
CONTRACTOR/BUILDER: Barnes Construction
ARCHITECT/ENGINEER: James A. Temple, Jr.

PERMIT ISSUED BY:

Ron Greene

TITLE: Building Official

cc: Tax Assessor, Water Dept., Fire Dept., Street Dept., Accounting

RG/em

City of Gatlinburg • City Hall • US 321 • P.O. Box 5 • Gatlinburg, Tennessee 37738
(865) 436-7792

BUILDING INSPECTION SERVICES

DEMOLITION PERMIT

DATE: January 22, 2009 PERMIT NO. 1-2009-16/JL
PURPOSE: Demolition of Highland Motel, Phase I
LOCATION: Parkway TAX INFO: 126D A

RESTRICTIONS:

1. Keep all debris off of city sidewalks, streets, and adjoining properties.
2. Provide adequate public protection.
3. Debris must be taken to an acceptable fill site such as an approved landfill.
4. Leave site in a clean, debris free condition.
5. Water & sewer lines must be located, cut and plugged prior to excavation or demolition.
6. Must provide proper drainage and erosion control.
7. All work must be coordinated with the Police Department to insure safety.
8. Must comply with State of Tennessee Air Pollution Control Board's filing requirements.
9. Call for a final inspection.

NOTE: This permit becomes null and void if work or construction authorized is not commenced within six months, or if construction or work is suspended, or abandoned for a period of six months at any time after work is started.

PERMIT ISSUED TO: Jim Barnes
PROPERTY OWNER: Gateway Gatlinburg, LLC
CONTRACTOR/BUILDER: Barnes Construction
ARCHITECT/ENGINEER: James A. Temple, Jr.

PERMIT ISSUED BY:

Ron Greene

TITLE: Building Official

cc: Tax Assessor, Water Dept., Fire Dept., Street Dept., Accounting

RG/em

City of Gatlinburg • City Hall • US 321 • P.O. Box 5 • Gatlinburg, Tennessee 37738
(865) 436-7792

EXCAVATION PERMIT

DATE: April 15, 2009 PERMIT NO. 4-2009-5/JL
PURPOSE: Excavation
LOCATION: Gateway Gatlinburg TAX INFO: 126 D A 4 - 8

PERMIT FEE:	$ 80.00
PLANS REVIEW:	40.00
STORM WATER:	100.00
TOTAL:	$ 220.00

RESTRICTIONS:

1. Provide proper drainage and erosion control as per Gatlinburg Municipal Code, Title 12, Chapter 6.
2. All trees and brush must be removed from areas to be filled.
3. Provide a minimum of a 2 to 1 slope on all cut and fill areas.
4. Damage to city streets will be the responsibility of the property owner and/or contractor.
5. Contact the Street Department, at 430-1370 prior to installing the drain tile to determine proper size and location of the tile.
6. Provide a maximum slope of 15% on driveway within the setback.
7. Do not undermine the roadway or right-of-way.
8. Must call for a final inspection.
9. This permit will expire 90 days from the date of issuance.
10. Provide temporary erosion control for all site run off.
11. Follow approved site plan.
12. No paving, no underground utilities - grading only permitted with this permit.
13. Storm water plan must be met to the fullest - no erosion may leave job site.

PERMIT ISSUED TO: Josh Evans
PROPERTY OWNER: Gatlinburg Gateway
CONTRACTOR/BUILDER: LH Construction, LLC (61465)
ARCHITECT/ENGINEER: James Temple, Jr./Norvell & Poe Engineers

PERMIT ISSUED BY:

_____
TITLE: Building Official

cc: Tax Assessor, Accounting, Water Dept., Fire Dept., Street Dept.

RG/em

STATE OF TENNESSEE

NPDES PERMIT

Tracking No. TNR133204

NOTICE OF COVERAGE UNDER THE GENERAL NPDES PERMIT FOR STORM WATER DISCHARGES ASSOCIATED WITH CONSTRUCTION ACTIVITY (CGP)

Tennessee Department of Environment and Conservation
Division of Water Pollution Control
401 Church Street, 6th Floor, L&C Annex
Nashville, Tennessee 37243-1534

Under authority of the Tennessee Water Quality Control Act of 1977 (T.C.A. 69-3-101 et seq.) and the delegation of authority from the United States Environmental Protection Agency under the Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977 (33 U.S.C. 1251, et seq.):

Name of the Construction Project:	**Gateway Gatlinburg (8.11 acres)**
Construction site Owner/Developer:	**Real Estate Development Trust, LLC**
Contractor(s):**no contractor**	**Real Estate Development Trust, LLC**
is authorized to discharge:	storm water associated with construction activity
from site located at:	**The Parkway, Sevier County**
to receiving waters named:	**West Prong Little Pigeon River**

in accordance with effluent limitations, monitoring requirements and other conditions set forth herein.

Likely presence of threatened or endangered species in one mile radius: **YES**
Likely presence of threatened or endangered species downstream: **NO**

Additional pollution prevention requirements apply for discharges into waters which TDEC identifies as:
a) impaired by siltation: **NO** b) discharging into high quality waters: **NO**

Your coverage under the CGP shall become effective on **July 9, 2008**, and shall be terminated upon receipt of Notice of Termination, or the date of expiration of the CGP, **May 30, 2010.**

Paul E. Davis

Paul E. Davis, Director
Division of Water Pollution Control

CN-0759

RDAs 2352 and 2366

STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
7345 REGION LANE
KNOXVILLE, TENNESSEE 37914

GERALD NICELY
COMMISSIONER

PHIL BREDESEN
GOVERNOR

August 20, 2009

Gateway Gatlinburg, LP
109 S. Broadway
Knoxville, TN 37902

RE: Highway Entrance Permit
Permittee: Gateway Gatlinburg
State Route: 71
County: Sevier

Dear Sir:

Enclosed is a copy of the fully approved Highway Entrance Permit, with drawing attached, issued by the State of Tennessee to the above captioned property owner. This permit is for **Entrances #4 & #5** of this development. Entrances #1, 2 and 3 will be reviewed and approved during phase 2 of the project at a later date.

The date of the permit is **August 20, 2009**

At such time as construction on the right-of-way of completed, you are requested to contact the Department of Transportation of such in order that the construction may be inspected. If the work performed under the permit is in accordance with the permit design, a release will be issued reimbursing you for your check or cancellation of the surety bond.

Sincerely,

Steven M. Borden
Regional Director

SMB/kf
Enclosure

c: Mr. Herman Ledford
File

STATE OF TENNESSEE
DEPARTMENT OF HIGHWAYS
HIGHWAY ENTRANCE PERMIT

THIS PERMIT is issued to Gateway Gatlinburg, hereinafter referred to as the "PERMITTEE," under the provisions of Tennessee Code Annotated §§ 54-5-301 – 54-5-303, and the Tennessee Department of Transportation's Rules for Constructing Driveways on State Highway Right-of-Way, Rule 1680-2-1-.01 *et seq.*

This Permit is issued subject to the following conditions, for the breach of any one of which the Commissioner of the Department of Transportation, hereinafter referred to as "COMMISSIONER," may revoke this Permit at his option. In the event of such revocation, all rights granted under this Permit shall be withdrawn and any improvements placed upon the right-of-way under the authority of this Permit must be removed by the PERMITTEE and the right-of-way restored to its former condition at the sole expense of the PERMITTEE. Should the PERMITTEE fail or refuse to so restore the right-of-way upon revocation of this Permit the Department of Transportation may step in and perform such work charging the cost of same to the PERMITTEE.

The highway entrance and any adjoining sidewalk shall be located and the improvements constructed upon the right-of-way as shown on the plans attached hereto and made a part of this Permit, said plans being Tennessee Department of Transportation drawing number 1-78-71.

All work shall be performed according to the above-referenced Rules and Regulations which are incorporated herein by reference and shall be completed by August 20,2010 or at such time as the business is put into operation before this date..

The PERMITTEE shall comply with all applicable Federal and State laws and regulations in performing the conditions and privileges set forth in the Permit, and shall hold harmless and indemnify the State of Tennessee, the Tennessee Department of Transportation and any and all officials and employees of same from any claims for damages resulting from the exercise of any of the privileges granted under this permit, and to this end, the PERMITTEE shall carry liability insurance with an insurer and in a form acceptable to the State. Proof of said insurance shall be furnished to the State in the form of an insurance certificate indicating coverage which shall match the exposure of the State to claims for negligence as set forth in Tennessee Code Annotated § 9-8-307 as it may be from time to time amended and construed. Said limits are currently three hundred thousand dollars ($300,000) per person and one million dollars ($1,000,000) per claim. Said limits shall remain in full force and effect from the beginning of construction on the right-of-way until such construction on the right-of-way has been completed and approved, in writing, by the Tennessee Department of Transportation.

If the Department discovers at any time after the approval of the completed construction on the right-of-way that improvements placed upon the right-of-way fail to meet the design specifications, which are attached hereto and made a part of this Permit, then the PERMITTEE will immediately take steps to bring such improvement up to said design specifications upon being requested to do so by the Department. If the PERMITTEE shall fail or refuse to do such work as may be necessary to bring said improvement up to the said design specifications within said period, the COMMISSIONER may, at his option, have the Department do such work as may be necessary to bring said improvement up to said design specifications and charge the cost of said work to the PERMITTEE.

The PERMITTEE shall post a bond with good and sufficient Surety, acceptable to the Department of Transportation, guaranteeing the performance of the terms and conditions of this Permit in the amount of $ 50,000.00. This Permit shall not become effective unless and until such bond has been posted with the Department of Transportation.

By acceptance of this Permit and the exercise of the privileges granted thereunder, the PERMITTEE, in consideration thereof, agrees that this Permit may be revoked by the COMMISSIONER at any time when, in his discretion, the public interest requires such revocation, without any liability whatsoever on the part of the State. It is understood that such revocation shall not in any way impair any rights of ingress and egress to the highway which may be vested in the PERMITTEE by law.

ISSUED this the 20th day of August 2009

PERMITTEE

BY _____

STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION

BY _____
Regional Transportation Director

CONTRACTOR

BY _____
(to be signed only when certificate of general liability insurance is furnished by contractor)

(Rev. 05-08-08) DT-0075, Form TE-4

Approved as to form by the Tennessee Department of Transportation Legal Office.

STATE OF TENNESSEE
DEPARTMENT OF TRANSPORTATION
7345 REGION LANE
KNOXVILLE, TENNESSEE 37914

GERALD NICELY
COMMISSIONER

PHIL BREDESEN
GOVERNOR

August 20, 2009

Gateway Gatlinburg, LP
109 S. Broadway
Knoxville, TN 37902

Re: Executed Highway Grading Permit

Permittee:	Gateway Gatlinburg
Project:	Gateway Gatlinburg
State Route:	71
County:	Sevier

Dear Sir:

Enclosed is a copy of the fully approved Grading Permit, with drawings attached, issued by the State of Tennessee to the above captioned property owner. This permit is for **entrances #4 & #5** of this development. Entrances #1, 2 and 3 will be reviewed and approved during phase 2 of the project at a later date.

The date of the permit is **August 20, 2009**

At such time as grading on the right-of-way is completed, you are requested to contact the DEPARTMENT OF TRANSPORTATION of such in order that the grading may be inspected. If the work performed under this permit is in accordance with the permit drawing, a release will be issued.

When you need your permit released, please contact Mr. Herman Ledford, District 15, 1045 Maintenance Lane, Knoxville, Tennessee 37914, Phone (865) 594-2718. You may write him or phone in your request.

Sincerely,

Bud Slaton
Operations Specialist Supervisor 2
BS/kf

District 15

THE TENNESSEE DEPARTMENT OF TRANSPORTATION
PERMIT FOR PROJECT WITHIN HIGHWAY RIGHT-OF-WAY

The State of Tennessee, Tennessee Department of Transportation ("TDOT"), hereby grants this special permit for the use of State property under the following terms and conditions:

PERMITTEE: [Name and address of person/company seeking to work in ROW].

Gateway Gatlinburg L.P.
109 S Broadway
Knoxville TN. 37902

NAME OF CONTACT PERSON:

Howard West

PHONE NUMBER: 438 8877

AUTHORIZED USE:

construction of 2 deceleration lanes and entrances 4 and entrance 5 as shown on Harwell poe plans dated 12-16-08.

[Written description of work to be performed in ROW. Must include sufficient detail, not just "Grading" or "landscaping"]

LOCATION OF PREMISES:

Parkway / US Highway 441 / S.R. 71
Gatlinburg, TN.

[Identify location of proposed work and include as "Attachment A" a detailed plan of the location indicating work to be done]

EFFECTIVE DATES OF PERMIT:

July 20th / July 24th

[List dates for beginning and ending of work]

Approved by TDOT Legal
5/01

District 15

TERMS AND CONDITIONS

1. Prior to commencing work under this permit, PERMITTEE shall submit (b)(4) evidence of ownership of or legal interest in property adjoining the subject state property, together with a bond in the amount of [redacted]. Bond may be posted by good and sufficient surety acceptable to TDOT, guaranteeing the performance of the project in accordance with this agreement, or by cash bond in the form of a cashier's check, a certified check or money order. The project shall not commence until such bond has been posted and agreed to by TDOT. The bond must remain in effect for six months after completion of the project or until inspection by TDOT results in a written release from the bond, whichever is earlier.

2. PERMITTEE shall assume all liability for third-party claims for damages arising from its use of the Premises, and shall indemnify and hold TDOT harmless from such claims. Prior to commencing work under this permit, PERMITTEE shall provide proof of adequate and appropriate general liability insurance providing liability coverage in an amount not less than $1 million dollars per occurrence and $300,000 per claimant. liability

3. Prior to commencing the work authorized herein, PERMITTEE shall obtain any other permits or approvals required by federal, state or local laws, and shall notify any utility company affected by this project. PERMITTEE shall be financially responsible for any relocation or replacement of such utilities.

4. Access to the Premises shall only be at those points that have been previously approved by TDOT. Equipment and vehicles shall be confined to unpaved portions of the Premises.

5. A. PERMITTEE shall not cut any tree or similar vegetation that has a trunk over four inches in diameter, unless the authorized work described above includes clear cutting of vegetation. If clear cutting of vegetation has been specifically authorized, PERMITTEE may only cut trees or similar vegetation within the area designated as "To Be Cleared of Vegetation" on the plans that are Attachment A hereto.
   B. PERMITTEE shall not cut any flowering trees regardless of size, except in areas designated for clear cutting of vegetation.

6. All work on the premises shall be performed in compliance with current TDOT Standard Specifications for Road and Bridge Construction and TDOT Standard Drawings, in addition to applicable federal, state and local law and regulations. PERMITTEE shall indemnify TDOT and hold it harmless from any losses, including but not limited to fines, penalties and attorneys fees, that TDOT incurs as a result of PERMITTEE'S failure to so comply.

7. PERMITTEE must obtain prior, written approval from TDOT before deviating from the scope of the project or the manner of its construction as described in this permit, including Attachment A.

8. At no time will work authorized by this permit interfere with the normal flow of traffic on roadways adjoining the Premises. PERMITTEE is responsible for providing traffic control for this work zone in accordance with the requirements of the current *Manual on Uniform Traffic Control Devices*. If proper traffic control is not in place, TDOT may order PERMITTEE to stop work until proper traffic control is put in place.
9. While the project is underway, TDOT may conduct inspections to insure compliance with this Permit. Upon completion of the project, PERMITTEE shall notify TDOT so that the project may be inspected and approved by TDOT.

District 15

10. PERMITTEE shall be liable for any damage to state property resulting from the subject work, including but not limited to, the roadway, shoulders, guardrail, drainage, landscaping, signs and controlled-access fences. All repair or replacement of such damage shall be made in accordance with the current TDOT Standard Specifications for Road and Bridge Construction, TDOT Standard Drawings and any other applicable design and/or construction standards or guidelines.

11. PERMITTEE shall keep all debris, soil, refuse or waste of any kind associated with the project from accumulating within the highway right-of-way. **[PERMITTEE shall pay TDOT $ N/A per cubic yard for usable materials removed from the Premises.]** ***Include this last sentence only if applicable.***

12. Nothing in this Permit shall be construed to limit TDOT's right to enter the Premises at any time.

13. If the PERMITTEE fails to comply with any of the foregoing conditions, TDOT shall have the right to revoke this permit, and require the immediate vacation of the Premises by the PERMITTEE. In the event of revocation, PERMITTEE must restore the Premises to its original condition. If PERMITTEE fails to do so within a reasonable time after revocation, TDOT may restore the Premises at the expense of the PERMITTEE.

14. This permit is non-transferable.

15. This permit shall not be construed as a conveyance of any interest in real property.

District 15

16. All notices required to be given to TDOT under this Permit shall be sent to: **HERMAN LEDFORD, HMS, DISTRICT 15, P. O. BOX #58, KNOXVILLE, TN 37901, PHONE NUMBER: 865-594-2718, FAX NUMBER: 865-594-2730**

[Name, address, phone, and fax number of TDOT employee monitoring this project]

IN WITNESS WHEREOF, the parties, through their authorized representatives, have executed this agreement.

STATE OF TENNESSEE
TENNESSEE DEPARTMENT OF TRANSPORTATION

BY: Herman Ledford — 8-20-09
HIGHWAY MAINTENANCE SUPERINTENDENT — **DATE**

BY: [illegible] — 8/20/09
OPERATIONS SPECIALIST SUPERVISOR 2 — **DATE**

BY: [illegible] — 8-20-09
REGIONAL ENGINEERING DIRECTOR — **DATE**

PERMITTEE:
[INSERT NAME OF PERMITTEE]

BY: Peter Medlyn — 7-17-09
DATE

TITLE: President medlyn real estate Inc. general partner for gateway gatlinburg L.P.

GATLINBURG UTILITY DEPARTMENT

P.O. BOX 5
GATLINBURG, TENNESSEE 37738
AREA CODE 865/436-4681

April 18, 2008

Mr. Gary Norvell
Norvell & Poe Engineers
1101 Fox Meadows Blvd.; Suite 105
Sevierville, TN 37862

Re: Gateway to Gatlinburg
Parkway at Park Lane
Water and Sewer System Capacity Determination

Dear Mr. Norvell:

The City of Gatlinburg has received your request for a water and sewer capacity determination. In conjunction with the consulting firm McGill Associates, we have determined there is adequate capacity for both water and sewer service for the Gateway to Gatlinburg project at Parkway and Park Lane. This determination is based upon the information provided to us by your firm and Trotter and Associates. Generally, the project is described as approximately 486 hotel units plus approximately 140,000 square feet of restaurant and mixed retail uses.

The City's consultant, McGill Associates, recommends that Norvell and Poe Engineers also estimate the peak flows from the proposed Gateway project and verify their preliminary calculations. The City will coordinate with the development engineering firm to identify the best and most efficient sewer connection point for the project.

Water service for this project will require an extension from the existing water main in the Parkway. Please feel free to contact me should you have any questions regarding this project.

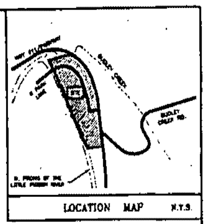
Sincerely,

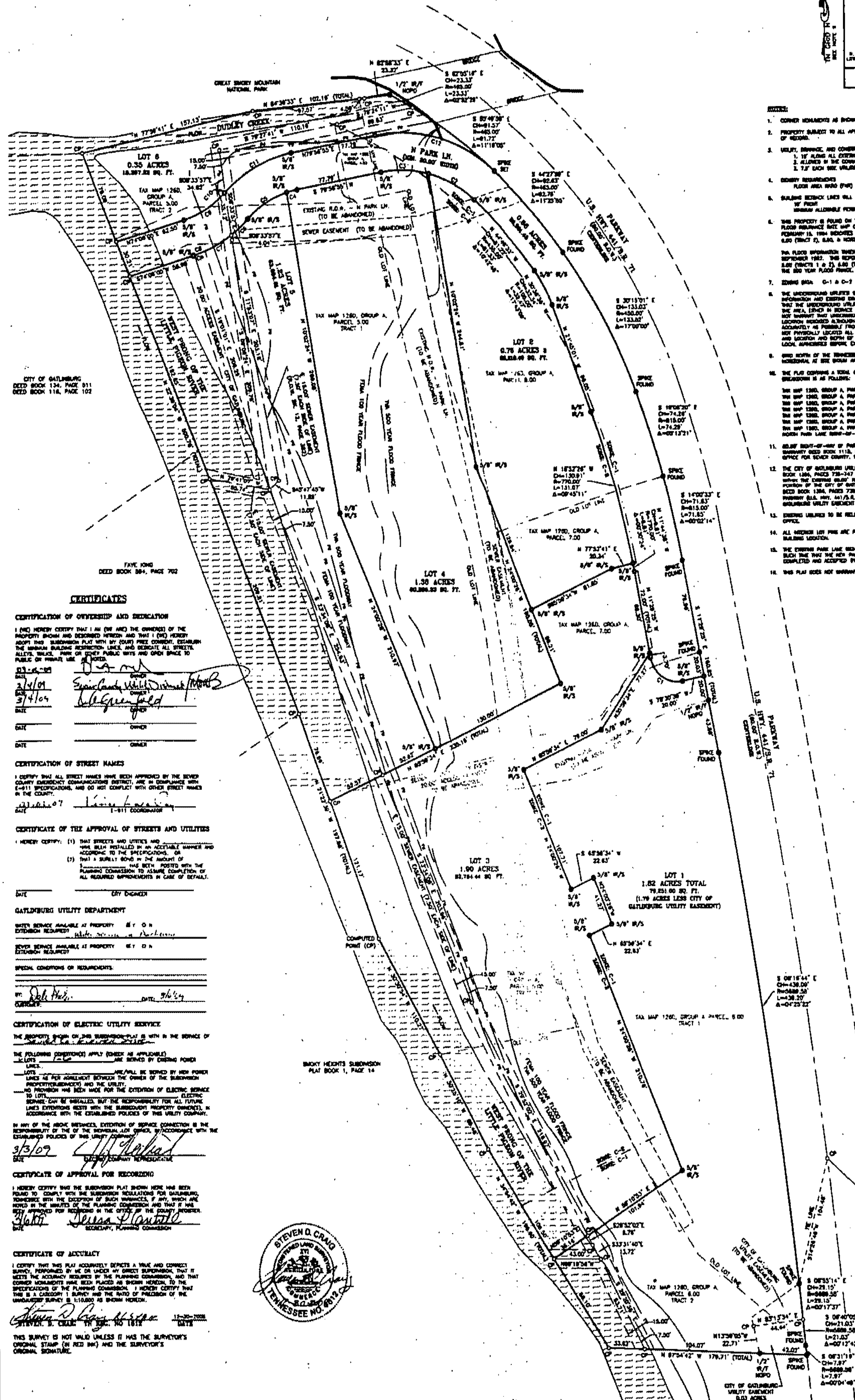
Dale Phelps
Utilities Manager

cc: Cindy C. Ogle, City Manager
Ron Greene, ACM/Public Services Director
David Ball, City Planner

CONTACT:

GATEWAY GATLINBURG, LP
8316 EMERALD WOODS WAY
KNOXVILLE, TN 37922
(865) 357-0070





NOTES:

1. CORNER MONUMENTS AS SHOWN.
2. PROPERTY SUBJECT TO ALL APPLICABLE EASEMENTS, RESTRICTIONS, AND SETBACKS OF RECORD.
3. UTILITY, DRAINAGE, AND CONSTRUCTION EASEMENTS:
   1. 15' ALONG ALL EXTERIOR BOUNDARY LINES.
   2. ALLOWED IN THE COMMON AREA, EXCEPT UNDER BUILDINGS.
   3. 7.5' EACH SIDE UTILITIES AS INSTALLED.
4. DENSITY REQUIREMENTS
   FLOOR AREA RATIO (FAR) = 2.8/2.5
5. BUILDING SETBACK LINES WILL BE AS FOLLOWS:
   10' FRONT
   MINIMUM ALLOWABLE PERIPHERAL SETBACK FOR C-1 & C-2 ZONING
6. THIS PROPERTY IS FOUND ON THE FEDERAL EMERGENCY MANAGEMENT AGENCY FLOOD INSURANCE RATE MAP COMMUNITY-PANEL NUMBER 475426 0002 C, DATED FEBRUARY 15, 1984 INDICATES THAT SECTIONS OF PARCELS 4.00, 5.00 (TRACTS 1 & 2), 6.00 (TRACT 2), 8.00, & NORTH PARK LANE ARE LOCATED WITHIN FLOOD ZONES AE & B.

   TVA FLOOD INFORMATION TAKEN FROM FLOOD REPORT AS PER TVA/OCCD/FPM-82/30 SEPTEMBER 1982. THIS REPORT INDICATES THAT SECTIONS OF PARCELS 4.00, 5.00 (TRACTS 1 & 2), 6.00 (TRACT 2), 8.00, & NORTH PARK LANE ARE LOCATED WITHIN THE 500 YEAR FLOOD FRINGE.
7. ZONING DATA: C-1 & C-2
8. THE UNDERGROUND UTILITIES SHOWN HAVE BEEN LOCATED FROM FIELD SURVEY INFORMATION AND EXISTING DRAWINGS. THE SURVEYOR MAKES NO GUARANTEES THAT THE UNDERGROUND UTILITIES SHOWN COMPRISE ALL SUCH UTILITIES IN THE AREA, EITHER IN SERVICE OR ABANDONED. THE SURVEYOR FURTHER DOES NOT WARRANT THAT UNDERGROUND UTILITIES SHOWN ARE IN THE EXACT LOCATION INDICATED ALTHOUGH HE DOES CERTIFY THAT THEY ARE LOCATED AS ACCURATELY AS POSSIBLE FROM INFORMATION AVAILABLE. THE SURVEYOR HAS NOT PHYSICALLY LOCATED ALL UNDERGROUND UTILITIES. VERIFY EXACT SIZE AND LOCATION AND DEPTH OF ALL UNDERGROUND UTILITIES WITH THE PROPER LOCAL AUTHORITIES BEFORE EXCAVATION OR CONSTRUCTION.
9. GRID NORTH OF THE TENNESSEE COORDINATE SYSTEM. DISTANCES ARE HORIZONTAL AT SITE SHOWN AND HAVE NOT BEEN REDUCED TO GRID DISTANCES.
10. THE PLAT CONTAINS A TOTAL OF 8.11 ACRES (353,416.73 SQ. FT.). ACREAGE BREAKDOWN IS AS FOLLOWS:

TAX MAP 126D, GROUP A, PARCEL 4.00	0.04 ACRES	(1,719.82 SQ. FT.)
TAX MAP 126D, GROUP A, PARCEL 5.00 (TRACT 1)	2.91 ACRES	(126,846.12 SQ. FT.)
TAX MAP 126D, GROUP A, PARCEL 5.00 (TRACT 2)	0.35 ACRES	(15,283.81 SQ. FT.)
TAX MAP 126D, GROUP A, PARCEL 6.00 (TRACT 1)	1.60 ACRES	(69,769.63 SQ. FT.)
TAX MAP 126D, GROUP A, PARCEL 6.00 (TRACT 2)	0.84 ACRES	(36,416.07 SQ. FT.)
TAX MAP 126D, GROUP A, PARCEL 7.00	0.60 ACRES	(26,129.40 SQ. FT.)
TAX MAP 126D, GROUP A, PARCEL 8.00	1.07 ACRES	(46,604.02 SQ. FT.)
NORTH PARK LANE RIGHT-OF-WAY	0.67 ACRES	(29,246.86 SQ. FT.)

11. 80.00' RIGHT-OF-WAY OF PARKWAY (U.S. HWY. 441/S.R. 71) ESTABLISHED FROM WARRANTY DEED BOOK 111B, PAGES 460-466 AS RECORDED IN THE REGISTER OF DEEDS OFFICE FOR SEVIER COUNTY, TENNESSEE.
12. THE CITY OF GATLINBURG UTILITY EASEMENTS 1-4, AS DESCRIBED IN WARRANTY DEED BOOK 1384, PAGES 738-747 IN THE SEVIER COUNTY REGISTER OF DEEDS OFFICE ARE WITHIN THE EXISTING 80.00' RIGHT-OF-WAY OF PARKWAY (U.S. HWY. 441/S.R. 71). A PORTION OF THE CITY OF GATLINBURG UTILITY EASEMENT 5, AS DESCRIBED IN WARRANTY DEED BOOK 1384, PAGES 738-747 IS WITHIN THE EXISTING 80.00' RIGHT-OF-WAY OF PARKWAY (U.S. HWY. 441/S.R. 71). THE REMAINING PORTION OF THE CITY OF GATLINBURG UTILITY EASEMENT IS AS SHOWN ON THIS MAP.
13. EXISTING UTILITIES TO BE RELOCATED PER APPROVED SITE PLAN ON FILE IN UTILITIES OFFICE.
14. ALL INTERIOR LOT PINS ARE PROPOSED SETS AT THIS TIME. FINAL SETS DEPEND ON BUILDING LOCATION.
15. THE EXISTING PARK LANE RIGHT-OF-WAY TO BE ABANDONED SHALL REMAIN IN TACT UNTIL SUCH TIME THAT THE NEW PARK LANE RIGHT-OF-WAY IMPROVEMENTS HAVE BEEN COMPLETED AND ACCEPTED BY THE CITY OF GATLINBURG.
16. THIS PLAT DOES NOT WARRANT TITLE.

CERTIFICATES

CERTIFICATION OF OWNERSHIP AND DEDICATION

I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE OWNER(S) OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT I (WE) HEREBY ADOPT THIS SUBDIVISION PLAT WITH MY (OUR) FREE CONSENT, ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES, AND DEDICATE ALL STREETS, ALLEYS, WALKS, PARK OR OTHER PUBLIC WAYS AND OPEN SPACE TO PUBLIC OR PRIVATE USE AS NOTED.

03-6-09 [signature] OWNER
3/4/09 Sevier County Utility District [signature] OWNER
3/4/09 [signature] OWNER
DATE ____ OWNER
DATE ____ OWNER

CERTIFICATION OF STREET NAMES

I CERTIFY THAT ALL STREET NAMES HAVE BEEN APPROVED BY THE SEVIER COUNTY EMERGENCY COMMUNICATIONS DISTRICT, ARE IN COMPLIANCE WITH E-911 SPECIFICATIONS, AND DO NOT CONFLICT WITH OTHER STREET NAMES IN THE COUNTY.

03.01.07 [signature]
DATE E-911 COORDINATOR

CERTIFICATE OF THE APPROVAL OF STREETS AND UTILITIES

I HEREBY CERTIFY: (1) THAT STREETS AND UTILITIES HAVE BEEN INSTALLED IN AN ACCEPTABLE MANNER AND ACCORDING TO THE SPECIFICATIONS, OR
(2) THAT A SURETY BOND IN THE AMOUNT OF $____ HAS BEEN POSTED WITH THE PLANNING COMMISSION TO ASSURE COMPLETION OF ALL REQUIRED IMPROVEMENTS IN CASE OF DEFAULT.

DATE ____ CITY ENGINEER

GATLINBURG UTILITY DEPARTMENT

WATER SERVICE AVAILABLE AT PROPERTY Y or N
EXTENSION REQUIRED? [illegible]

SEWER SERVICE AVAILABLE AT PROPERTY Y or N
EXTENSION REQUIRED?

SPECIAL CONDITIONS OR REQUIREMENTS:

BY: [signature] DATE: 3/6/09
GUD/DATE

CERTIFICATION OF ELECTRIC UTILITY SERVICE

THE PROPERTY SHOWN ON THIS SUBDIVISION PLAT IS WITH IN THE SERVICE OF [illegible]

THE FOLLOWING CONDITION(S) APPLY (CHECK AS APPLICABLE)
___ LOTS ___ ARE SERVED BY EXISTING POWER LINES.
___ LOTS ___ ARE/WILL BE SERVED BY NEW POWER LINES AS PER AGREEMENT BETWEEN THE OWNER OF THE SUBDIVISION PROPERTY(SUBDIVIDER) AND THE UTILITY.
___ NO PROVISION HAS BEEN MADE FOR THE EXTENSION OF ELECTRIC SERVICE TO LOTS ___. ELECTRIC SERVICE CAN BE INSTALLED, BUT THE RESPONSIBILITY FOR ALL FUTURE LINE EXTENSIONS RESTS WITH THE SUBSEQUENT PROPERTY OWNER(S), IN ACCORDANCE WITH THE ESTABLISHED POLICIES OF THIS UTILITY COMPANY.

IN ANY OF THE ABOVE INSTANCES, EXTENSION OF SERVICE CONNECTION IS THE RESPONSIBILITY OF THE OF THE INDIVIDUAL LOT OWNER, IN ACCORDANCE WITH THE ESTABLISHED POLICIES OF THIS UTILITY COMPANY.

3/3/09 [signature]
DATE ELECTRIC COMPANY REPRESENTATIVE

CERTIFICATE OF APPROVAL FOR RECORDING

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HERE HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS FOR GATLINBURG, TENNESSEE WITH THE EXCEPTION OF SUCH VARIANCES, IF ANY, WHICH ARE NOTED IN THE MINUTES OF THE PLANNING COMMISSION AND THAT IT HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE COUNTY REGISTER.

3/6/09 [signature]
DATE SECRETARY, PLANNING COMMISSION

CERTIFICATE OF ACCURACY

I CERTIFY THAT THIS PLAT ACCURATELY DEPICTS A TRUE AND CORRECT SURVEY, PERFORMED BY ME OR UNDER MY DIRECT SUPERVISION, THAT IT MEETS THE ACCURACY REQUIRED BY THE PLANNING COMMISSION, AND THAT CORNER MONUMENTS HAVE BEEN PLACED AS SHOWN HEREON, TO THE SPECIFICATIONS OF THE PLANNING COMMISSION. I HEREBY CERTIFY THAT THIS IS A CATEGORY I SURVEY AND THE RATIO OF PRECISION OF THE UNADJUSTED SURVEY IS 1:10,000 AS SHOWN HEREON.

[signature] 12-30-2008
STEVEN D. CRAIG TN REG. NO 1812 DATE

THIS SURVEY IS NOT VALID UNLESS IT HAS THE SURVEYOR'S ORIGINAL STAMP (IN RED INK) AND THE SURVEYOR'S ORIGINAL SIGNATURE.

STEVEN D. CRAIG — TENNESSEE NO. 1812 — REGISTERED LAND SURVEYOR

CURVE	CHORD BEARING	CHORD LENGTH	RADIUS	ARC LENGTH	DELTA ANGLE
C1	N 84°29'23" W	35.36'	25.00'	39.27'	89°59'57"
C2	N 53°17'43" W	47.35'	105.00'	47.76'	26°03'33"
C3	N 86°00'47" W	43.37'	105.00'	43.63'	23°48'30"
C4	S 76°37'54" W	9.84'	85.00'	9.84'	06°38'01"
C5	S 54°07'40" W	41.66'	85.00'	42.09'	28°22'09"
C6	S 49°58'12" W	20.14'	115.00'	20.17'	10°02'55"
C7	S 84°14'36" W	36.97'	115.00'	37.13'	18°29'56"
C8	S 73°48'51" W	1.29'	115.00'	1.29'	07°36'27"
C9	S 59°37'25" W	42.84'	85.00'	43.30'	29°11'20"
C10	N 45°09'57" E	0.87'	115.00'	0.87'	00°24'55"
C11	N 62°30'02" E	88.39'	115.00'	89.44'	34°35'43"
C12	S 73°07'01" E	113.43'	135.00'	117.30'	49°32'09"

LID SESSION # & CRAIG C SESSION # DEED BOOK 1886, PAGE 409

FINAL PLAT
OF
GATEWAY GATLINBURG

11TH CIVIL DISTRICT SEVIER COUNTY, TENNESSEE
TAX MAP 126D, GROUP A, PARCEL 4.00
WARRANTY DEED 132, PAGE 180
TAX MAP 126D, GROUP A, PARCEL 5.00
WARRANTY DEED 616, PAGE 191
TAX MAP 126D, GROUP A, PARCEL 6.00
WARRANTY DEED 1796, PAGE 805
WARRANTY DEED 173, PAGE 469
TAX MAP 126D, GROUP A, PARCEL 7.00
WARRANTY DEED 2606, PAGE 255
TAX MAP 126D, GROUP A, PARCEL 8.00
WARRANTY DEED 2096, PAGE 69
PROPERTY ADDRESS: PARKWAY
GATLINBURG, TN 37738

SCALE: 1"=40' DATE: 12-30-2008

PROJECT NO: 07-0306
DWG NO: 07-0306-FP

SURVEYOR: SDC
DRAWN BY: JWN
CHECKED BY: SDC/JWN

0' 40' 80' 120'
SCALE: 1" = 40'

NORVELL & POE ENGINEERS
REGISTERED ENGINEERS & LAND SURVEYORS
1101 Fox Meadows Blvd., Suite 105
Sevierville, Tennessee 37862
(865) 429-4883
Email: [illegible]@norvellpoe.com

BK/PG: L69/68-69
09014724

SHERRY ROBERTSON HUSKEY
REGISTER OF DEEDS, SEVIER COUNTY

C. Project Specific Documents- Big Elk Resort		
9.	Artist Renderings of Project, Construction Floor Plans, and Design Team contact information	Visual depiction of project plans and information about designers.

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C. Project Specific Documents- Big Elk Resort		
10.	Aquatic Engineering Proposal and Scope of Work	Evidence of project viability, scope, design, and cost of engineering services for water park.

BIG ELK RESORT INDOOR WATER PARK

Gatlinburg, Tennessee

Aquatic Engineering & Design Proposal

Submitted on 27 June 2011

CLOWARD H2O

2696 N University Ave. Suite 290, Provo UT, 84604 tel: 801.375.1223 fax: 801.377.3118 www.clowardh2o.com

CLOWARD H_2O

water feature specialists
aquarium & aquatic life support
consulting engineers & designers

BIG ELK RESORT INDOOR WATER PARK
GATLINBURG, TENNESSEE

27 June 2011

Peter Medlyn
Big Elk Resort
Gatlinburg, TN 37738

Re: Big Elk Resort Indoor Water Park Proposal R1

Dear Peter,

We appreciate your continued confidence in our services and and opportunity extended to us to participate our services and to participate on the team for design of the Big Elk Resort Indoor Water Park project in Gatlinburg, Tennessee. This document is a revision prepared at your request to incorporate the HVAC mechanical design for the Pool Enclosure volume, amenities, features and support spaces. Thus this proposal incorporates the previous scope of work with additions to cover the additional mechanical.

We enthusiastically confirm our interest in working with you on this project and offer our services to provide aquatic engineering services for all the aquatic features, hardscape and bridges, and volume HVAC for the indoor waterpark being built on the parking structure in full compliance with clients expectations as we understand them and as outlined in brief herein.

Fee calculations and breakdowns presented in this document are understood to be based on our estimation of quantity and size of features from the preliminary information provided to us in the form of illustrative concept plans from Whitewater. We have summarized these features in Schedule 1 - Scope of Services section.

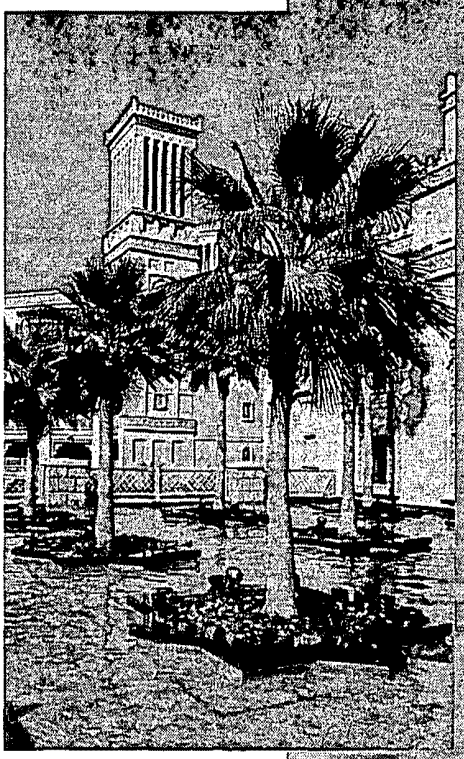
This full proposal document consists of the following:

1.	This Letter of Intent and Transmittal	
2.	Scope of Services Brief	Schedule 1
3.	Schedule of Fees	Schedule 2
4.	General Terms and Conditions	Schedule 3
5.	Acceptance	Schedule 4
6.	Table of Standard Rates	Appendix A

Again, we appreciate this opportunity and look forward to working with you and the development team on this project. Please do not hesitate to contact me if you require additional information that is not contained herein or if we can provide any assistance in support of your efforts and the success of the project.

Sincerely,

Allen Clawson, P. E.
Principal/V. P.
CLOWARD H_2O



(b)(4)

Schedule 1 - Scope of Services:

(b)(4)

(b)(4)

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Schedule 2 - Schedule of Fees

Client Initials _____

(b)(4)

Schedule 4 - General Terms and Conditions:

Client Initials _____

(b)(4)

Client Initials _____

(b)(4)

Client Initials _____

(b)(4)

CLOWARD H_2O

BIG ELK RESORT INDOOR WATER PARK
GATLINBURG, TENNESSEE

Schedule 4 - Acceptance

APPROVED and ACCEPTED this _____ day of _____, year 2011

By: _____ _____
(Signature) (Printed Name)

_____
(Title)

For: _____
(Company Name)

_____

_____

_____
(Address & Phone)

For CLOWARD H_2O:

Allen Clawson, P. E.
Principal/V. P.

Client Initials _____

APPENDIX A - TABLE OF STANDARD RATES

(b)(4) Effective: January 1, 2011

WHITEWATER

Corporate Head Office
Whitewater West Industries Ltd. • 6700 McMillan Way • Richmond • B.C. • Canada • V6W 1J7
Tel (604) 273-1068 • Fax (604) 273-4518 • Email: whitewater@whitewaterwest.com

Proposal & Scope of Work

May 13, 2011

CUSTOMER:	Big Elk Resort
C/O:	American Resort Management
PROJECT NUMBER:	17603
LOCATION:	Gatlinburg, Tennessee

SCOPE OF WORK

This proposal covers the following scope of work which will be performed by Whitewater and Affiliated Consultants:

1) Ride Design & Engineering Services
   a) Per attached scope and specifications
2) Aquatics Design & Engineering Services
   a) Per attached scope and specifications

This proposal is based on the Whitewater concept drawing attached and which forms a part of this quotation. Final Design may vary with site conditions and other constraints. (b)(4)

We thank you for the opportunity to submit this proposal.

Respectfully submitted by,
WHITEWATER WEST INDUSTRIES LTD.

Andrew Mowatt
Vice President, Resorts

(b)(4)

SCOPE & SPECIFICATIONS - RIDE ENGINEERING DESIGN SERVICES

(b)(4)

SCOPE & SPECIFICATIONS – AQUATICS ENGINEERING & DESIGN SERVICES

(see attached proposal detail from WTI)

ACCEPTANCE AND AGREEMENT

Please indicate acceptance of this agreement with signature and witness as follows.

Whitewater West Industries Ltd.	Big Elk Resort Ltd. c/o American Resort Management LLC.
_____	_____
Signed: Andrew Mowatt	Signed: Richard P. Coleman, CHA
Title: Executive Vice President	Title: Senior Vice President
Date:_____	Date:_____

C. Project Specific Documents- Big Elk Resort		
11.	Construction Schedule and Form of AIA performance bond	Timeline and evidence of feasibility of project plans.

THE AMERICAN INSTITUTE OF ARCHITECTS

Bond No. 20BC - SAMPLE

AIA Document A312

Performance Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

(b)(4)

This is a sample Performance & Payment Bond for the Big Elk Resort and is for proposal purposes ONLY. Do not misconstrue as approved official executed documents. The official issuance/execution of the Performance & Payment Bonds are subject to satisfactory and acceptable review of all contract documents, terms and conditions and evidence of financing by both Johnson & Galyon and The Hartford Fire Insurance Company.

(b)(4)

(b)(4)

THE AMERICAN INSTITUTE OF ARCHITECTS

Bond No. 20BC - SAMPLE

(b)(4)

AIA Document A312

Payment Bond

Any singular reference to Contractor, Surety, Owner or other party shall be considered plural where applicable.

This is a sample Performance & Payment Bond for the Big Elk Resort and is for proposal purposes ONLY. Do not misconstrue as approved official executed documents. The official issuance/execution of the Performance & Payment Bonds are subject to satisfactory and acceptable review of all contract documents, terms and conditions and evidence of financing by both Johnson & Galyon and The Hartford Fire Insurance Company.

(b)(4)

(b)(4)

HARTFORD FIRE INSURANCE COMPANY

(b)(4)

Hartford, Connecticut

Financial Statement, June 30, 2010

(Statutory Basis)

Subscribed and sworn to before me
this 17th day of December, 2010.

Nora M. Stranko

Nora M. Stranko
Notary Public
My Commission Expires march 31, 2013

HARTFORD FIRE INSURANCE CO. INCORPORATED 1810.

M. Ross Fisher, Assistant Vice President

Patricia A. Murrone

Patricia A. Murrone, Assistant Secretary

Form CS-19-37 HF printed in U.S.A.

(b)(4)

Big Elk Resort

Phasing Schedule

December 29, 2011

From: (423) 756-2010 Origin ID: CHAA
Robert C. Divine
Baker Donelson Bearman Caldwell & B
633 Chestnut Street
1800 Republic Centre
Chattanooga, TN 37450

FedEx Express

J12101112190225

SHIP TO: (423) 756-2010 BILL SENDER

Attn: EB-5 RC Proposal
USCIS
24000 AVILA RD FL 2

LAGUNA NIGUEL, CA 92677

Ship Date: 24MAY12
ActWgt: 1.0 LB
CAD: 2840228/INET3250

Delivery Address Bar Code

CSC

Ref # 010629 9600000-000100
Invoice #
PO #
Dept #

MAY 25 2012

STAMP #17

FRI - 25 MAY A2
PRIORITY OVERNIGHT
RES
92677
CA-US
SNA

TRK# 7984 3615 5797
0201

XH JORA

512G3/61A4/A278

533

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

[X] USCIS - List the form number(s): EB-5 Regional Center Designation

[ ] CBP - List the specific matter in which appearance is entered:

[ ] ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and **not** the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent			A Number or Receipt Number, if any	[X] Petitioner
Name: Last	First	Middle		[ ] Applicant
Tennessee Regional Center LLC				[ ] Respondent
Address: Street Number and Street Name	Apt. No.	City	State	Zip Code
Peter Medlyn, 109 South Broadway, Knoxville, Tennessee 37902				

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent — **Date** 4-29-10

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. [X] I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Supreme Court of Florida

I am not [X] or [ ] **am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).**

B. [ ] I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

C. [ ] I am associated with _____.

The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request *(If you check this item, also complete item A or B above in Part 2, whichever is appropriate).*

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative	Attorney Bar Number(s), if any
Larry J Behar	FL 281743
Signature of Attorney or Accredited Representative	Date
	4-30-10

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Larry J. Behar, P.A., 888 SE Third Avenue, Apt./Suite 400, Fort Lauderdale, Florida 33316

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(954) 524-8888	(954) 524-0088	lbehar@immigrationflorida.com

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

[X] USCIS - List the form number(s): EB-5 Regional Center Designation

[ ] CBP - List the specific matter in which appearance is entered:

[ ] ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and **not** the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent

Name: Last First Middle

Tennessee Regional Center LLC

A Number or Receipt Number, if any

[X] Petitioner
[ ] Applicant
[ ] Respondent

Address: Street Number and Street Name Apt. No. City State Zip Code

Peter Medlyn, 109 South Broadway, Knoxville, Tennessee 37902

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent **Date** 4-29-10

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. [X] I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Supreme Court of Florida

I am not [X] or [ ] am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).

B. [ ] I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

C. [ ] I am associated with _____.

The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request *(If you check this item, also complete item A or B above in Part 2, whichever is appropriate).*

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative: Larry J Behar

Attorney Bar Number(s), if any: FL 281743

Signature of Attorney or Accredited Representative

Date: 4-30-10

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Larry J. Behar, P.A., 888 SE Third Avenue, Apt./Suite 400, Fort Lauderdale, Florida 33316

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(954) 524-8888	(954) 524-0088	lbehar@immigrationflorida.com

Form G-28 (Rev. 04/22/09)N

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

☒ USCIS - List the form number(s): I-924A

☐ CBP - List the specific matter in which appearance is entered:

☐ ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. NOTE: Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent			A Number or Receipt Number, if any	
Name: Last	First	Middle		☐ Petitioner
Tennessee Regional	Center, LLC			☒ Applicant
				☐ Respondent

Address: Street Number and Street Name	Apt. No.	City	State	Zip Code
109 S. Broadway		Knoxville	TN	37902

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent — Date: 10-25-2011

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. ☒ I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Tennessee

I am not ☒ or ☐ am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If yo[illegible] ect to any order(s), explain fully on reverse side).

B. ☐ I am an accredited representative of the following qu[illegible] haritable, social service, or similar organization established in the United States, so re[illegible] of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and ex[illegible]

C. ☐ I am associated with _____.

The attorney or accredited representativ[illegible] ase, and my appearance as an attorney or accredited representative is at his or her [illegible] em A or B above in Part 2, whichever is appropriate).

No signature

Part 3. Name and Signature of Attor[illegible] resentative

I have read and understand the regulations and con[illegible] contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative	Attorney Bar Number(s), if any
Robert C. Divine	TN BPR # 013211
Signature of Attorney or Accredited Representative	Date: 10-25-2011

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Baker Donelson, et al, 633 Chestnut St., Suite 1800, Chattanooga, TN 37450

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(423) 752-4416	(423) 752-9533	rdivine@bakerdonelson.com

Attention:

U.S. DEPARTMENT OF HOMELAND SECURITY
CALIFORNIA SERVICE CENTER
EB-5 UNIT

NOTICE OF WITHDRAWAL OF ATTORNEY OF RECORD

I, Larry J. Behar, in my capacity as Attorney of Record for Tennessee Regional Center LLC (Application Number: RCW103191090), Florida Bar Number 281743, do hereby request a withdrawal of my representation as Attorney of Record in said Regional Center Application and related matters effective immediately.

As a result, it is respectfully requested that the undersigned's Form G-28: Notice of Appearance as Attorney or Representative submitted with the application shall be revoked.

Henceforth, kindly direct all relevant correspondence related to this matter to the following:

Peter Medlyn
Tennessee Regional Center LLC
109 S Broadway
Knoxville, TN 37902

Done this 1st day of May, 2012.

Larry J. Behar, Attorney at Law
Behar Law Group

U.S. Department of Homeland Security
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

U.S. Citizenship and Immigration Services

August 11, 2010

Tennessee Regional Center
c/o Peter Medlyn
109 S. Broadway
Knoxville, TN 37902

Application: Request for Designation as a Regional Center
Applicant(s): Peter Medlyn

Re: Tennessee Regional Center
File no. W09001230

Pursuant to Section 610 of the Appropriations Act of 1993, on December 21, 2009, Peter Medlyn submitted a proposal seeking approval and designation by U.S. Citizenship and Immigration Services (USCIS) of the Tennessee Regional Center.

Based on its review and analysis of your proposal, and of your responses to the USCIS Requests For Evidence, USCIS hereby designates the Tennessee Regional Center as a Regional Center within the Immigrant Investor Pilot Program and approves the request as described below:

GEOGRAPHIC AREA:

The Midwest Center for Foreign Investment LLC shall have a geographic scope which includes the contiguous 28 Counties

(b)(4)

FOCUS OF INVESTMENT ACTIVITY:

As depicted in the economic model, the general proposal and the economic analysis, the Regional Center will engage in the following economic activities: Construction, management, retail sales, administrative and support, maintenance and repair, hotel and hospitality, food services and amusement. The Regional Center for

EB-5 Immigrant purposes shall focus investments into new commercial enterprises in the following target industry economic clusters:

1. Accommodations (NAICS 721)
2. Food Services (NAICS 722)
3. Amusement (NAICS 713)
4. Retail (NAICS 45)
5. Construction and Related (NAICS 23622)

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for these commercial enterprises located within the approved Regional Center area. For any alien requesting the reduced threshold of $500,000 based upon an investment in a Targeted Employment area, the alien must establish at the time of filing of the I-526 petition that either the investment will be made in a TEA designated area or was in a TEA designated area at the time of the alien's initial investment into the enterprise.

EMPLOYMENT CREATION

Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based. In this case, the REDYN methodology was used.

Multiplier based on underlying new "direct jobs"

In addition, where job creation or preservation of existing jobs is claimed based on a multiplier rooted in underlying new "direct jobs", the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for "qualifying employees" to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor's I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien's investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.

2. A copy of the USCIS approved Regional Center narrative proposal and business plan.

3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.

4. A legally executed copy of the USCIS approved:

a.	Operating Agreement;	(Sample submitted 12/21/09)
b.	Private Placement Memorandum;	(Sample submitted 12/21/09)
b.	Subscription Agreement;	(Sample submitted 12/21/09)
c.	Limited Partnership Agreement;	(Sample submitted 12/21/09)
d.	Business Plan for the project and	(Sample submitted 12/21/09)
e.	Escrow Agreement.	(Sample submitted 12/21/09)

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year[1], commencing with the initial year as follows:

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.

2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.

3. Be prepared to explain the following:

   a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.

[1] A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.

4. Be prepared to provide:

   a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
      i. the petition was filed,
      ii. was approved,
      iii. denied, or
      iv. withdrawn by the petitioner, together with the date(s) of such event.
   b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.

   c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.

   d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.

   e. For each alien investor listed in item 4.a., above, identify the following:

      i. the date(s) of investment in the commercial enterprise;

      ii. the amount(s) of investment in the commercial enterprise; and

      iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.

5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:

   a. received alien investors' capital, and in what aggregate amounts;

   b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;

   c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
      i. The name and address of each "direct" job creating commercial enterprise.
      ii. The industry category for each indirect job creating investment activity.

6. Be prepared to provide:

   a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal

Fiscal Year to date made through your Regional Center.

b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.

7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.

8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.

9. If applicable, the total aggregate of "preserved" or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.

10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:

    a. a detailed written explanation for the inactivity,

    b. a specific plan which specifies the budget, timelines, milestones and critical steps to:

        i. actively promote your Regional Center program,

        ii. identify and recruit legitimate and viable alien investors, and

        iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.

11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that <u>it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing</u>, to notify the USCIS within 15 business days at <u>USCIS.ImmigrantInvestorProgram@dhs.gov</u> of any change of address or occurrence of any material change in:

- the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
- the management and administration of the RC,
- the RC structure,
- the RC mailing address, web site address, email address, phone and fax number,
- the scope of the RC operations and focus,
- the RC business plan,
- any new, reduced or expanded delegation of authority , MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC,
- the economic focus of the RC, or
- any material change relating to your Regional Center's basis for its most recent designation and/or reaffirmation by USCIS.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,

Barbara Velarde,
Acting Director, California Service Center

cc: Larry J. Behar, Esq.

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LARRY J. BEHAR, ESQ.
BEHAR LAW GROUP
888 S.E. 3RD AVENUE
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Department of Homeland Security
U.S. Citizenship and Immigration Services

I–797E, Notice of Action

A #		Application/Petition
		I924, Application for Regional Center under Immigrant Investor Pilot Program
Receipt #		Application/Petitioner
RCW1031910190		Tennessee Regional Center, L L C
Notice Date	Page	Beneficiary
April 25, 2012	1 of 14	

Larry J. Bahar, P.A.
Law Offices of Larry J. Bahar
RE: Tennessee Regional Center, LLC
888 S.E. Third Avenue, Suite 400
Fort Lauderdale, FL 33316

Intent to Terminate Processing Coversheet

Notice also sent to:

RETURN THIS BLUE PROCESSING COVERSHEET ON TOP OF YOUR RESPONSE TO THE INTENT TO TERMINATE.

Note: You are given until May 25, 2012 in which to submit the requested information to the address at the bottom of this notice.

RESPONSE TO AN INTENT TO TERMINATE

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

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

CSC3700 WS22141 DIV III AC

You will be notified separately about any other applications or petitions you filed. Save 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:

USCIS - CALIFORNIA SERVICE CENTER
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0590
800-375-5283

RCW1031910190

Please see additional information on the reverse side.

COPY

Form I–797E (Rev. 05/05/06)

This Notice of Intent to Terminate affects the Tennessee Regional Center (TRC) which was initially approved and designated as a qualifying regional center by the U.S. Citizenship and Immigration Services (USCIS) on August 11, 2010.

I. PROCEDURAL HISTORY AND BACKGROUND

The TRC proposal was been filed seeking benefits pursuant to Section 610 of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. 102-395, as amended (Public Law 102-395). The TRC proposal was filed on December 21, 2009 and approved eight months later on August 11, 2010. The approval of the TRC proposal by USCIS granted TRC status as
(b)(4) a qualifying regional center capable of participating as set forth by Public Law 102-395. Here, the stated purpose of TRC was attracting immigrant investor capital into the contiguous Counties of [redacted] focusing on the Big Elk Resort to include the following capital investment project (Big Elk Resort Project):

- [redacted]

In support of this capital investment project, the following industry categories and NAICS codes were approved:

NAICS 721	Accommodations
NAICS 722	Food Services
NAICS 713	Amusement
NAICS 45	Retail
NAICS 23622	Construction and Related

A review of the TRC proposal reveals that the approved capital investment project noted above is not viable capital investment project.

The purpose of this letter is to notify the TRC that USCIS intends to terminate the existing designation as a regional center for participation in the Pilot Program pursuant to 8 CFR § 204.6(m)(6). USCIS finds that the initial decision to grant the regional center designation to TRC was in error. An explanation follows.

II. REGIONAL CENTER STATUTORY AND REGULATORY FRAMEWORK

Section 610 of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. 102-395 (Public Law 102-395), as amended, provides:

---

[1] An additional 600 units will be created and allocated to Big Elk Resort, LLC's managing member Pendga – REDT International Investment Fund, LLC.

(a) Of the visas otherwise available under section 203(b)(5) of the Immigration and Nationality Act (8 U.S.C. 1153(b)(5)), the Secretary of State, together with the Secretary of Homeland Security, shall set aside visas for a pilot program to implement the provisions of such section. Such pilot program shall involve a regional center in the United States, designated by the Secretary of Homeland Security on the basis of a general proposal, for the promotion of economic growth, including increased export sales, improved regional productivity, job creation, or increased domestic capital investment. A regional center shall have jurisdiction over a limited geographic area, which shall be described in the proposal and consistent with the purpose of concentrating pooled investment in defined economic zones. The establishment of a regional center may be based on general predictions, contained in the proposal, concerning the kinds of commercial enterprises that will receive capital from aliens, the jobs that will be created directly or indirectly as a result of such capital investments, and the other positive economic effects such capital investments will have.

(b) For purposes of the pilot program established in subsection (a), beginning on October 1, 1992, but no later than October 1, 1993, the Secretary of State, together with the Secretary of Homeland Security, shall set aside 3000 visas annually until September 30, 2012 to include such aliens as are eligible for admission under section 203(b)(5) of the Immigration and Nationality Act and this section, as well as spouses or children which are eligible, under the terms of the Immigration and Nationality Act, to accompany or follow to join such aliens.

(c) In determining compliance with section 203(b)(5)(A)(iii) of the Immigration and Nationality Act, and notwithstanding the requirements of 8 CFR § 204.6, the Secretary of Homeland Security shall permit aliens admitted under the pilot program described in this section to establish reasonable methodologies for determining the number of jobs created by the pilot program, including such jobs which are estimated to have been created indirectly through revenues generated from increased exports, improved regional productivity, job creation, or increased domestic capital investment resulting from the pilot program.

(d) In processing petitions under section 204(a)(1)(H) of the Immigration and Nationality Act (8 U.S.C. 1154(a)(1)(H)) for classification under section 203(b)(5) of such Act (8 U.S.C. 1153(b)(5)), the Secretary of Homeland Security may give priority to petitions filed by aliens seeking admission under the pilot program described in this section. Notwithstanding section 203(e) of such Act (8 U.S.C. 1153(e)), immigrant visas made available under such section 203(b)(5) may be issued to such aliens in an order that takes into account any priority accorded under the preceding sentence.

The regulation at 8 CFR § 204.6(m) provides:

(3) Requirements for regional centers. Each regional center wishing to participate in the Immigrant Investor Pilot Program shall submit a proposal to the Assistant Commissioner for Adjudications, which:

(i) Clearly describes how the regional center focuses on a geographical region of the United States, and how it will promote economic growth through increased export sales, improved regional productivity, job creation, and increased domestic capital investment;

(ii) Provides in verifiable detail how jobs will be created indirectly through increased exports;

(iii) Provides a detailed statement regarding the amount and source of capital which has been committed to the regional center, as well as a description of the promotional efforts taken and planned by the sponsors of the regional center;

(iv) Contains a detailed prediction regarding the manner in which the regional center will have a positive impact on the regional or national economy in general as reflected by such factors as increased household earnings, greater demand for business services, utilities, maintenance and repair, and construction both within and without the regional center; and

(v) Is supported by economically or statistically valid forecasting tools, including, but not limited to, feasibility studies, analyses of foreign and domestic markets for the goods or services to be exported, and/or multiplier tables.

(4) Submission of proposals to participate in the Immigrant Investor Pilot Program. On August 24, 1993, the Service will accept proposals from regional centers seeking approval to participate in the Immigrant Investor Pilot Program. Regional centers that have been approved by the Assistant Commissioner for Adjudications will be eligible to participate in the Immigrant Investor Pilot Program.

(5) Decision to participate in the Immigrant Investor Pilot Program. The Assistant Commissioner for Adjudications shall notify the regional center of his or her decision on the request for approval to participate in the Immigrant Investor Pilot Program, and, if the petition is denied, of the reasons for the denial and of the regional center's right of appeal to the Associate Commissioner for Examinations. Notification of denial and appeal rights, and the procedure for appeal shall be the same as those contained in 8 CFR § 103.3.

(6) Termination of participation of regional centers. To 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 productivity, job creation, or increased domestic capital domestic 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 the regional center in the pilot 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. The notice of intent to terminate shall be made upon notice to the regional center and shall set forth the reasons for termination. The regional center must be provided 30 days from receipt of the notice of intent to terminate to offer evidence in opposition to the ground or grounds alleged in the notice of intent to terminate. If USCIS determines that the regional center's participation in the Pilot Program should be terminated, USCIS shall notify the regional center of the decision and of the reasons for termination. As provided in 8 CFR § 103.3, the regional center may appeal the decision to USCIS within 30 days after service of notice.

(7) Requirements for alien entrepreneurs. An alien seeking an immigrant visa as an alien entrepreneur under the Immigrant Investor Pilot Program must demonstrate that his or her qualifying investment is within a regional center approved pursuant to paragraph (m)(4) of this section and that such investment will create jobs indirectly through revenues generated from increased exports resulting from the new commercial enterprise.

III. ANALYSIS

To ensure that TRC continues to meet the requirements of the regional center pilot program set forth by Public Law 102-395, as amended, USCIS must be assured that the terms and conditions of the operation of a regional center remain valid and unchanged after the regional center receives designation for the pilot program. This includes the scope and nature of the capital investment projects that were used as the basis for the job creation methodologies approved in the regional center's initial designation. It is also important that the promotional activities of the regional center accurately reflect current facts regarding the scope, nature, terms and conditions of capital investment opportunities available for EB-5 capital investments affiliated with the regional center.

All designated regional centers must meet the EB-5 statutory and regulatory criteria in order to maintain a regional center within which aliens seeking to obtain permanent resident status under INA § 203(b)(5) will be able to successfully invest in a new commercial enterprise (as described in 8 CFR § 204.6(h)) with a qualifying investment that will benefit the United States economy and create 10 jobs, including jobs indirectly created through the new commercial enterprise.

A. Timely Filing of the Form I-924A, Supplement to Form I-924

Title 8 Code of Federal Regulations at Part 204.6(m)(6) states that each regional center must demonstrate economic growth, improved regional productivity, job creation, or increased domestic capital investment by the submission of updated information on an annual basis, on a cumulative basis, and/or otherwise requested by USCIS to ensure each regional center continues to meet the requirements of section 610(a) of the Appropriations Act. 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. Each designated regional center must file a Form I-924A for each fiscal year (October through September 30) within 90 days after the end of the fiscal year (on or before December 29) of the calendar year in which the fiscal year ended.

Failure to timely file a Form I-924 Supplement (Form I-924A) for each fiscal year in which the regional center has been designated for participation in the Immigrant Investor Pilot Program will result in the issuance of an intent to terminate the participation of the regional center in the Pilot Program, which may ultimately result in the termination of the approval and designation of the regional center.

USCIS records do not show that TRC filed a Form I-924A, Supplement to Form I-924 for fiscal year 2011. Therefore, USCIS, hereby gives notice of its intent to terminate the existing TRC regional center designation for the failure of TRC to timely file Form I-924A in addition to the other issues discussed in this Notice of Intent to Terminate.

B. Viability of EB-5 Capital Investment Opportunities:

1. [redacted] **Big Elk Resort** (b)(4)

Background

According to the initial regional center proposal approved on August 11, 2010, a new limited liability entity, "Big Elk Resort, LLC" was initially created to [redacted]

(b)(4)

A de novo review of the entire record of proceeding in the regional center proposal file, as well as the internet website for Tennessee Regional Center indicates that the regional center project is essentially a real estate transaction as opposed to a job creating capital investment vehicle. EB-5 immigrant investors, through Big Elk Resort, LLC will acquire real estate for residential use by the owners (investors) or renters in return for their capital investment, which will be used to purchase the development site and construct the project. Big Elk Resort, LLC will initially purchase land from its managing member, Pendga-REDT International Investment Fund, LLC. The land will be then used to develop the project including the condominium hotels. In essence, the capital investment project that was presented in the initial proposal is simply a transfer of real estate from the Pengda-REDT International Fund, LLC to Big Elk Resort, LLC. This renders Big Elk Resort, LLC as a mere intermediary for the capital investment because it will subsequently deed the property to EB-5 immigrant investors once the conditions are removed from the investor's visa. In sum, the transaction is more akin to a contract to purchase a personal home albeit with a delay in the transfer in property ownership through the two-year period of the investors' conditional permanent residence. Such real estate transactions do not appear to meet the requirements of the regional center pilot program set forth by Public Law 102-395, as amended, to promote economic growth, improved regional productivity, job creation, or increased domestic capital investment.

a. Impermissible Return of Investment Capital

Organizational documents submitted with the initial proposal, RFE response, dated July 2, 2010, and correspondence from the attorney Larry Behar, dated November 4, 2010, reveal the following with respect to the description, sale, ownership, rental, management and disposal of condominium units:

Page 7 of Larry A. Behar's cover letter dated April 29, 2010 states: (b)(4)

> The investors will acquire [redacted] this will include a [redacted] investors.

Pages 14-15, Section 2.8 Exit Strategy Options of TRC Business Plan dated April 29, 2010 states:

> Management is anticipating a 5-year investment cycle prior to exit of the investor from the program. Upon completion of the investment cycle, EB-5 Investors, will receive the following:
>
> (b)(4)
> - [redacted]
> - [redacted]
>
> Under the current offering, EB-5 TRC, has developed an offering which takes into account the minimum and maximum subscription amounts. In the event that the regional center project is successful in acquiring the maximum subscription amount equating to [redacted] investors, the 5 year investment cycle will conclude as stated above. Should the project receive a lesser number of investors (however, above the minimum subscription of [redacted] investors), said EB-5 investors will receive their [redacted] as stated in the offering, leaving the remaining units for the developer's use and distribution as it sees fit.
>
> (b)(4)

Page 44, Section 3.5 Project Financial Projections/Ownership Structure of the TRC Business Plan dated April 29, 2010 states:

> Big Elk Resort, LLC
>
> Upon completion and issuing of a Certificate of Occupancy, [redacted]
>
> (b)(4)

Page 14, Offering Summary (Distributions) of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

(b)(4)

Page 16, Offering Summary (Exit Strategies) of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

Big Elk Resort Project

The primary exit strategy is to

Page 20, the Offering of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

B. The Project (b)(4)

1. The completed components of the Big Elk Resort, LLC Project will consist of the following:

Page 22, the Offering of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

(b)(4)

Pages 29-30, the DESCRIPTION OF BUSINESSES OF COMPANY of the Big Elk Resort, LLC Confidential Private Placement Memorandum dated January 31, 2010 (Document Reference Number 8718658.14) states:

(b)(4)

The transaction for the Company is being structured to include the following:

Page 19, Section 10.6 (Distributions of Cash Flow From Operations and Distributions of Condominium Units to Investing Members) of the Big Elk Resort, LLC Operating Agreement dated December 21, 2009 (Document Reference Number 8723514.6) states:

> (2) After the necessary jobs are approved by the USCIS and the conditional green cards to be provided to the Investing Members are convertible to permanent green cards, which time period is estimated to be two (2) years after completion of construction at the Project, then each Investing Member will receive deed/title to one (1) unit at the Project and one (1) parking space free and clear of all liens and encumbrances.

(b)(4)

(b)(4) [redacted]

b. Internet Web Page for Tennessee Regional Center[2] (b)(4)

As advertised on TRC's website, EB-5 Immigrant Investors will be offered the ownership of a [redacted]

Big Elk EB-5 Green Card

(b)(4)

Program Benefits:

- Ownership of a [redacted]
- Hassle free property investment, returns deposited directly to bank accounts in China or the U.S.
- Four weeks annual unlimited use of t he [redacted]

What You Get For Your Investment

- USA green card.
- 100% ownership in selected condominium unit and one designated parking space in the garage at Big Elk Resort. Current value [redacted] value does not include furniture package estimated at [redacted] (see certified appraisal). The value of the property is anticipated to increase as the project is developed. (b)(4)
- The condominium can be sold at the completion of the construction to recoup your investment or held as an investment property for annual cash flow and capital gain. You will receive ownership of your condominium at the end of construction period estimated at 2 years from the time of investment.
- As a property owner at Big Elk Resort you and your family and friends get to stay for up to 4 weeks annually at not cost.
- The Big Elk Resort development includes [redacted]
- [redacted]

c. Viability of the Business Plan

USCIS notes that the land upon which the condo hotel was to be built has been foreclosed upon by Community Trust Bank even though the Regional Center Principal has been trying to sell the property outright on the open market for at least six months. Please see the attached article from Mountain Press dated September 13, 2011. Please see the following internet link:

[2] http://www.eb5exclusive.com/eb-5-regional-centers/directory/tennessee/tennessee-regional-center. Viewed on April 6, 2012.

http://themountainpress.com/view/full_story/15464244/article--Bank-buys-Gateway-Gatlinburg-property--developer-lashes-out-at-banks--politicians-?instance=homeleftlocal1_top_stories_bull.

d. Employment Creation (b)(4)

The regional center through the EB-5 new commercial enterprise, Big Elk Resort, LLC, is to use EB-5 capital investment to purchase and acquire developed real estate property, which would create at least [redacted] direct and indirect full-time jobs in five (5) industry categories using the REDYN Econometric Model.

As discussed above, the capital investment project contemplated by the TRC, in which EB-5 funds will be used to acquire real estate such as condominium units, constitutes a passive investment rather than an investment in an ongoing commercial enterprise.

Therefore, the investment vehicle to be undertaken by Big Elk Resort, LLC, the new commercial enterprise associated with the TRC, cannot reasonably be expected to create the requisite permanent, full-time job-creation, nor will a substantial positive economic impact ensue from the proposed passive real estate transaction by the EB-5 alien investors through investment in Big Elk Resort, LLC.

Even if the TRC was able to overcome job creation issues addressed above, a statistically valid economic analysis would still need to be submitted to demonstrate the job efficacy of this project. In this respect, USCIS reviewed the economic impact analysis and observed several discrepancies with the analysis submitted with the initial proposal. A discussion follows.

Methodology (b)(4)

The economic impact analysis submitted with the Regional Center proposal was prepared by Economic and Policy Resources, Inc ("EPR"). The proposed project is estimated to generate [redacted] of construction spending costs, [redacted] in new output, and [redacted] new jobs nationally.

EPR projects the economic impact of the expansion plan by estimating the effect of construction of the main project, the "Big Elk" development, and the indirect and induced effects of visitor spending on services related to the project upon completion. To estimate the increase in visitor spending, EPR performs the following steps:

1. Employs qualitative findings to argue that there is demand for the project, emphasizing that the 39 county area germane to the RC is strongly amenable to the type of project proposed, citing demand for amenities and recreation due to geographic factors. While this may be an accurate assessment, it is not sufficient to generate quantitative inputs into a regional impact model. In addition, the petition does not provide any evidence as to why the geographic scope of 39 counties is required for the project. Since the project capital is mainly tied to construction and since the revenue is due mainly to visitors, it is difficult to envision a legitimate economic scenario in which the type of project proposed would encumber such a wide geographic scope. This is an important consideration because a wider scope of area can have the effect of increasing the number of indirect jobs. The petition conveys a number of metrics related to taxes, population growth, and employment for localized parts of Tennessee and North Carolina, and compares them to national figures, generally for the purpose of establishing a favorable environment for business. However, no evidence or link is presented between these data and the proposed project other than general statements about their conduciveness to leisure demand.

2. *The petition provides estimate of revenues for years 3 and 4 of the project, based on increased visitor spending, but does not sustain how these figures are derived.* The petition does not project how capacity for similar lines of operation will be affected by the project, or why visitors would be inclined to utilize the lodge proposed over others. The analysis assumes that the visitors who will stay in lodge would not visit the area—and hence, not create an increase in local visitor spending—if the project were not constructed. The economic analysis must include data or statistical justification regarding the appropriateness of this assumption.

3. *Utilize high-end median income of visitors to drive spending.* EPR tailors the "demand-side" of the spending model to the average household median income per visitor of $ 120,000. This is a very high median income and EPR does not provide sources of this figure or exactly how it is calculated. In addition, the plan points out that this figure is "significantly above" the actual median income of residents. If these data and figures are, EPR does not further provide data on how this income is distributed among various services related to the project. To derive the total amount of visitor spending on project, and hence a crucial component of indirect job creation, the only detailed figure utilized is the median income figure noted above. The fact that visitors have an annual income of some amount cannot be attributed to actual spending without some reference to spending trends and preferences. The end result is that the figure used to drive visitor spending may be inflated, leading to job creation estimates that are inflated.

EPR then uses the total annual visitor expenditures as inputs to the REDYN economic impact model.

Analysis

Although the approach used by the regional center seems reasonable, the execution of that approach appears to contain several significant flaws.

Unsupported spending assumption. EPR's approach assumes that the visitors who will stay in lodge would not visit the area—and hence, not create an increase in local visitor spending—if the project were not constructed. The economic analysis must include data or statistical justification regarding the appropriateness of this assumption.

Unsupported spending estimate. To derive the total amount of visitor spending on project, and hence a crucial component of indirect job creation, the only detailed figure utilized is the median income figure noted above. The fact that visitors have an annual income of some amount cannot be attributed to actual spending without some reference to spending trends and preferences. The end result is that the figure used to drive visitor spending may be inflated, leading to job creation estimates that are inflated.

e. Documentation Needed to Address the Viability of the EB-5 Capital Investment Opportunities

Submit documentation that addresses and overcomes the specific issues raised by this (Notice of Intent to Terminate) with respect to the investment of capital, viability of the business plan and employment creation. Such documentation should show that capital investment project contemplated by the TRC remains viable and meets the requirements of section 610(a) of the Appropriations Act. Also, submit a revised economic analysis (based on a statistically viable econometric methodology) showing direct, indirect (if any) and induced (if any) job creation both at the Big Elk Resort and within the regional center. Such an economic analysis will not only transparently show the basis for the data that will be used as the inputs to the model, including job creation multipliers, tables and calculations but also job creation by the approved industry categories and respective NAICS codes previously enumerated.

C. Licensing of the Regional Center

Footnote #3, Page 11 (Overview Structure) of the Confidential Private Placement Memorandum dated January 31, 2010 references licensing:

> License Holder of EB-5 Regional Center for the Gatlinburg, Tennessee area will grant a license to the Company to utilize the EB-5 Regional Center designation. Tennessee Regional Center, LLC as the License Holder for the USCIS territorial rights for the EB-5 program and will assign its development rights to the Company in consideration of receiving a payment of $1,000.00. The License Holder is the same entity as the Managing Member.

The Regional Center has not provided legal documents or citations supporting its authority to issue a license or to delegate the Regional Center's responsibility for direct oversight of the enterprises.

Therefore, submit the following:

- A listing of citations from statue regulations or precedent decisions showing that under the EB-5 rules such licensing is allowed;
- The legal argument supporting the interpretation of the rules; and
- A signed agreement between the parties showing the actual cost of the license.

III. DECISION

This letter shall serve as notification to the TRC of USCIS's intent to terminate the existing TRC regional center designation. You have 33 days from the date of this notice in which to offer evidence in opposition to the grounds for termination cited herein. Any response to this notice must demonstrate that the TRC will maintain a regional center within which aliens seeking to obtain permanent resident status under INA § 203(b)(5) will be able to successfully invest in a new commercial enterprise (as described in 8 CFR § 204.6(h)) with a qualifying investment that will benefit the United States economy and create 10 jobs, including jobs indirectly created through the new commercial enterprise.

If the response includes a request for a favorable determination by USCIS regarding changes in the terms and conditions of the operation of the regional center and the scope and nature of the capital investment project opportunities that formed the basis for the approval and designation of the regional center, then such an amendment request must provide documentation relating to the requested changes as specified in 8 CFR 204.6(m)(3), and which accurately reflect current market conditions for the viability of the capital investment projects to be considered.

In the event you do not respond within the timeframe noted above, the TRC's designation as a regional center will be terminated and you will receive written notification of the final decision to terminate the TRC regional center designation.

Please mail any evidence you wish to provide in opposition to the grounds for termination to the address noted below and include a copy of this letter on top of your submission.

USCIS California Service Center
P.O. Box 10526
Laguna Niguel, CA 92607-0526

If your submission is more than several pages, please use fasteners to attach the documents at the top of each page, accompanied by an index of exhibits.

Department of Homeland Security
P.O. Box 30111
Laguna Niguel, CA 92607-0111

U.S. Citizenship and Immigration Services

Date : June 30, 2010

Tennessee Regional Center
c/o Larry J. Behar
888 Southeast Third Avenue, Suite 400
Fort Lauderdale, FL 33316

Refer to file no.: W09001230

Dear Sir:

Your request for expedited processing has been received. After careful review and consideration, it has been determined that the request does not meet the expedite guidelines established by U.S. Citizenship and Immigration Services. As such, the case will be adjudicated in date receipt order.

Sincerely,

Christina Poulos, Director
California Service Center

PAGE WITHHELD PURSUANT TO

(b)(5)

USCIS Immigrant Investor Program

From: USCIS Immigrant Investor Program [USCIS.ImmigrantInvestorProgram@dhs.gov]
Sent: Wednesday, June 30, 2010 4:50 PM
To: Larry J. Behar; USCIS Immigrant Investor Program
Cc: Peter Medlyn; ronald hensarling
Subject: RE: TENNESSEE REGIONAL CENTER: DUTY OFFICER [redacted]

(b)(6)

A decision on your request for expedited processing will be mailed to you.

Duty Officer CSC [redacted] (b)(6)

From: Larry J. Behar [mailto:larry@immigrationflorida.com]
Sent: Wednesday, June 30, 2010 4:45 PM
To: USCIS Immigrant Investor Program
Cc: Peter Medlyn; ronald hensarling
Subject: TENNESSEE REGIONAL CENTER: DUTY OFFICER 1309

To

(b)(6)

Duty Office [redacted]
USCIS
EB 5 Unit
Laguna Niguel, CA.

EXPEDITED REVIEW OF REMAND

RE: Tennessee Regional Center

Case number:W09001230

Dear Officer,

Thank you for your response in regard to our request for EXPEDITED REVIEW of the response to your Remand Request. It appears that a technical or administrative issue with regard to placement of your Remand on top of our Response was the root cause of the delay. We do not know how this situation happened but irregardless, we feel that in light of the two notices we gave USCIS of the inordinate delay as well as the following qualifying issues that an EXPEDITED REVIEW of the short Remand is order.

1. SEVERE FINANCIAL LOSS:

The sponsors / developers of this massive 440 unit resort project have already acquired the property and have been paying interest on the loan for several months. Any further delay may cause irreparable harm in their financial ability to construct and execute their business and economic plans. The sponsors /developers have also committed funds to contractors, builders, architects, accountants, sub contractors and future tenants, all of whom are depending on an approval from USCIS;

2. EXTREME EMERGENT SITUATION:

onsors / developers filed the application in good faith back on December 21, 2009. They have been patiently waiting sin

then but economic conditions in the state of Tennessee and the US in general have gotten worse and thus the JOBS and capital which this project provides now become critical to the economy of this depressed region;

3. HUMANITARIAN SITUATION:

There are several humanitarian conditions for your consideration. First, even if the Remand notice was not placed on top of the return file, it may have been a human and inadvertent error and thus subject to your discretion to have the matter placed 'back on track'. Second, it would be unjust to penalize all the workers who are depending on this project, the investors who are awaiting for approval, and the related groups for such an inadvertent possible oversight. We were not present at the handling of the file at receipt. That said, the Remand request was short and an EXPEDITED ADJUDICATION is entirely within the purview of USCIS and in its discretion which we respectfully request that it apply.

4. SERVICE ERROR:

We are unsure if the matter is a Service Error or not. That said, we find it extraordinary that no one at the contractor's office would have flagged the compilation of response and notified either us or you. Further, you were given due notice twice that the delay caused a suspicion that something was amiss in the processing as the receipt will demonstrate that we responded within but a few days of the receipt of the Remand.

5. COMPELLING INTEREST OF THE SERVICE:

There are several compelling interests which are administrative in nature and in the national interest. First, we highly recommend a backup system which prevents this type of internal oversight even if there had been a human error on anyone's part. Second, it is unjust to penalize those who are dependent on a decision from USCIS on the Regional Center. This was a very highly documented and extensive application and in the interests of justice, we believe that the Service should grant this Expedited Review.

Thank you for your consideration.

Larry J. Behar

EB 5 Counsel

June 30, 2010

Larry J. Behar, P.A.

Larry J. Behar / Attorney at Law / Immigration

888 Southeast Third Avenue, Suite 400, Fort Lauderdale, Florida 33316

phone 954.524.8888 / fax 954-524.0088 / lbehar@immigrationflorida.com

Please visit www.immigrationflorida.com

CONFIDENTIALITY NOTICE: This communication is confidential, may be privileged and is meant only for the intendent recipient, please notify the sender ASAP and delete this message from your system.

GGE

LARRY J. BEHAR, P.A.
ATTORNEYS AT LAW
U.S. IMMIGRATION

FACSIMILE TRANSMITTAL SHEET

TO: Officer Doug / WS24065	FROM: Larry J. Behar
COMPANY: USCIS	DATE: February 5, 2010
FAX NUMBER: (949) 389-8677	TOTAL NO. OF PAGES INCLUDING COVER: 12
PHONE NUMBER: N/A	OUR FILE NUMBER: 2009-112
RE: Tennessee Regional Center, L.L.C.	YOUR REFERENCE NUMBER: File No.: W09001230

√ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ FOR YOUR INFORMATION

NOTES/COMMENTS:

Dear Officer Doug,

Thank you for the message left with my associate yesterday. Pursuant to your request, we are enclosing the following:

1. Copy of my attorney letter which contains all the description of the Regional Center application which was signed by Peterr Medlyn, Managing Member as applicant;

2. G-28 duly signed by Mr. Medlyn and myself;

3. Mr. Medlyn's personal statement as to his source of funds and amount of funds injected into the project Regional Center to date. Mr. Medlyn is a U.S. citizen.

We hope and trust this meets your satisfaction.

Yours very sincerely,

LARRY J. BEHAR, P.A.

By: _____
Larry J. Behar, Attorney at Law

888 Southeast Third Avenue, Suite 400
Fort Lauderdale, Florida 33316
Telephone: (954)524-8888 Fax: (954)524-0088
E-mail: lbehar@immigrationflorida.com
Website: http://www.immigrationflorida.com

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Larry J. Behar, P.A.

888 S.E. Third Avenue
Suite #400
Fort Lauderdale, Florida 33316

LARRY J. BEHAR, LL.L., J.D.
LEA SALAMA DIMITRI, B.B.A., J.D.

TELEPHONE: (954) 524-8888
FACSIMILE: (954) 524-0088

February 5, 2010

CSC Director
U.S. Citizenship and Immigration Services
California Service Center
Attention: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, California
92677

VIA UPS EXPRESS MAIL

RE: TENNESSEE REGIONAL CENTER (hereinafter "TNRC")

Dear CSC Director,

We are pleased to enclose herewith for your thorough review and consideration the application for the Tennessee Regional Center Designation. The proposed Regional Center's all encompassing area, as confirmed by the economic and business reports, is strategically located in various counties throughout both Tennessee and North Carolina:

The *Immigration & Nationality Act* at §203(b)(5), as amended in 1990, provides an annual quota of 10,000 employment-based immigrant visas for individual applicants who meet the following conditions:

(a) investment in a new commercial enterprise;
(b) investment or process of investment of at least $1 million ($500,000 if the investment is located in a "targeted employment area");
(c) investment must benefit the U.S. economy;
(d) investment must create full-time employment for not fewer than ten (10) United States citizens or aliens lawfully admitted for permanent residence or other immigrants lawfully authorized to be employed in the United States;
(e) Investor must have a policy-making role in the enterprise.

E-MAIL: lbehar@immigrationflorida.com • WEBSITE: http://www.immigrationflorida.com

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Subsequently, in late 1992, Congress enacted an EB-5 Pilot Program designed to create full-time employment positions by promoting exports, regional productivity, and capital investment. Currently, President Obama has signed a continuing resolution that extends the EB-5 Regional Center Program until October 2012 pending an expected more lengthy extension. The Pilot Program reserves 3,000 immigrant visas annually for investors who make qualifying investments and to their spouses and unmarried children. The investment must be made in a commercial enterprise located within a "regional center," defined as "any economic unit, public or private which is involved with the promotion of economic growth, including increased export sales, improved regional productivity, job creation, or increased domestic capital investment."[1]

The purpose of this presentation is to seek approval and designation of the TNRC project as a "Regional Center." This regional center proposal, accompanied by corresponding comprehensive plans,[2] shows in verifiable detail: how full time employment positions will be created both directly and indirectly, the amount and source of capital committed to the enterprise, and the promotional efforts made and planned for the project.[3]

Gatlinburg Tennessee's vision-driven renaissance is guided by a master plan focused on growth, improvement, and redevelopment. Situated in Gatlinburg's downtown district, and surrounded by a thriving central business district with arts, entertainment, shopping, and dining, the "*Big Elk Resort Project*" is a brilliantly designed investment program for foreign national investors who wish to benefit from the Investor Pilot Program.

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[1] The original definition of "Regional Center" was established in the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. No. 102-395, 610, 106 Stat. 1637, 1647 (2000). The 21st Century Department of Justice Appropriations Authorization Act, Pub. L. No. 107-273, 11037, 116 Stat. 1758 (2002), liberalized the definition by replacing "and" with "or." The regulations have not yet incorporated this statutory change. *Compare* 8 C.F.R. 204.6(e) (2005).

[2] Plans featured in this Regional Center Applications include: a thorough business plan, a detailed economic plan, as well as general and investor marketing plans.

[3] 8 C.F.R. 204.6(m)(3).

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Hidden away amid the splendor of the Smoky Mountains, Gatlinburg embodies the simple goodness of small town life with major local attractions. Businesses in Gatlinburg understand the importance of providing the visitor with a green destination for eco-friendly vacations and get-a-ways. Gatlinburg Tennessee eagerly welcomes individuals of all ages to enjoy the mountains, diverse corporate culture, and a multitude of tourist attractions. The "Big Elk" project is truly the gateway to this entire region.

A new limited liability entity, Big Elk Resort LLC, (the "LLC"), has been created for the benefit of the Immigrant Investors who will have direct managerial control over the investment. The project consists of a 400 Unit Lodge, Parking Garage, Water Park and adjoining Retail/ Restaurant space.

The following are the main factors to be considered:

INVESTMENT:

Investment in Big Elk Resort LLC is set for a minimum subscription of [redacted] investors and up to a maximum subscription of [redacted] investors, each at an investment amount of five hundred thousand dollars ($500,000) to be applied to the investment, in addition to [redacted]) to be applied towards legal and administrative costs for the subscription. In return, each EB-5 investor will receive [redacted] (b)(4)

THE TEAM:

The Regional Center Sponsor has assembled a team of specialists to address all of the key issues as they pertain to regional center designation. As such, a detailed package has been organized and is enclosed which abides by all laws as specified under the *Securities and Exchange Commission* and the *Immigration and Nationality Act*. Investors will be given every opportunity to review and inspect the proposed investment with independent legal counsel and with economic advisors.

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In addition, the sponsor has retained competent legal counsel to address the myriad of immigration issues which have and will continue to arise. As such, a comprehensive list of Investor Documents will be submitted along with the standard USCIS government forms necessary for regional center approval.

SOURCE OF FUNDS & PATH OF FUNDS:

The source and path of investment funds is a primary concern for all parties involved in the project, including the regional center sponsor. As such, no less than five (5) filters have been created and will be applied to ensure that the funds have been obtained and received from a lawful, reliable, and identifiable source, and that the given investment amount will be applied directly to the subject project. The foreign capital investment will be placed in a pre-determined RBC Bank Escrow Account in the U.S. pending approval of the Immigrant Investor's I-526 petition, at which point the funds will then be transferred to the regional center.

ECONOMETRIC MODELS:

The results of an economic study, conducted by Economic and Policy Resources, Inc., demonstrates that the foreign capital investment is expected to create [redacted]
(b)(4) [redacted] permanent full time jobs within TNRC's geographic region in the post-construction time period. The final modeling iteration is sufficient to support [redacted] EB-5 investors (with a [redacted] full-time job surplus for unanticipated developments, or [redacted] in investment capital at the $500,000 per investor level). This means that economic modeling supports 100% EB-5 financing of the project.

From the initial review, it is evident that the project supported the creation of thousands of direct and indirect employment positions and the economic report further details how this will be achieved. When considering the various factors in determining the approval of this regional center, the economic multipliers should be considered as a significant and integral part of that determination.

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(b)(4)

All projected employment positions will be full-time, at a minimum of [redacted] hours per week, and will not include the combination of part-time positions. Providing that this regional center receives USCIS approval, a large number of legal U.S. employees will be given employment opportunities.

MARKETING MATERIALS:

Marketing and sales materials have been cautiously designed to avoid any false or misleading expectations by the prospective investors. The website and printed materials all advise the prospective investor to take every precaution necessary to secure independent legal and financial counsel prior to investing in the subject project.

The project has been reviewed by state officials and is supported by a myriad of state and local politicians and business leaders. The project has gone through lengthy efforts to ensure that an investor not only partakes in the investment process, but fully understands its functioning and role in the overall success of the regional center.

In light of the restricted credit market and elevated unemployment rate, it is evident that the United States is in the midst of tumultuous economic times. A new source of capital investment received through foreign investors, which will result in the development of numerous new employment opportunities for Americans, provides a promising opportunity for growth and redevelopment across the nation.

THE SPONSOR:

The TNRC sponsor is comprised of highly qualified and experienced professionals. Each sponsor has extensive experience in the real estate industry, developing a multitude of residential, commercial, retail, and hotel projects. Collectively, the developers have been responsible for creating and sustaining thousands of employment positions.

With a wide array of marketing sources abroad, the sponsor is committed to the success and excellence of the EB-5 program presently and in the future.

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The Sponsor owns the land and construction of the Big Elk Resort is well under way. Diligent efforts have been made to procure a working relationship with a large Chinese company. Upon Regional Center approval the company has committed to providing approximately 200 investors for the project.

Supported by strict accounting and banking procedures, the sponsor is also focused on ensuring the financial security of the investor by providing a very detailed and verifiable spreadsheet of all financial activity, as well as monthly investment reports and payments.

INVESTOR ACCREDITATION:

While the success of the project is the primary motivation behind developing the regional center, the quality of the investor is an integral component to ensuring a given project's success. As such, from the onset of the investment process, an accreditation of the investor will take place which will include a review of the investor's personal history and identification of his/her source and path of funds. Any suspicious applicant will be highly scrutinized and rejected, if necessary. The prospective investor will be required to adhere to the requirements of full disclosure including no less than five (5) years' worth of tax returns, financial statements, bank statements, and personal documentation to determine net worth.

BUSINESS PLAN:

In addition to this letter, an extremely detailed business plan is being submitted as part of the regional center designation application. The business plan has been divided into various segments reflecting the direction of the project, the sponsor, as well as outlining the existing market.

In addition, the TNRC program has provided a realistic exit strategy for the immigrant investors which will provide each investor with a means for financial remuneration as well as lawful U.S. permanent residency via the EB-5 Pilot Program.

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CORPORATE STRUCTURE:

As indicated earlier, a new Limited Liability Company, Big Elk Resort, LLC, has been created for the benefit of the investors. The LLC will be owned and controlled by the two principal managing members; Peter Medlyn and Ron Hensarling, as well as the [redacted] investing members.
(b)(4)

The investors will acquire 1 unit each [redacted] Investors) this will include a [redacted] In addition [redacted] Investors. The LLC will have management control.

Additionally, the sponsor has created ***American Resort Management / Big Elk Resort LLC.*** This entity will oversee the proper administration of the EB-5 program and the financial success of the investment. By investing the foreign capital in a real commercial enterprise with the intent of generating a profit, the investment has been placed "at risk" as required under *8 C.F.R. §204.6(j)(2).*

CONCLUSION:

As you will surmise, a great deal of time, effort, and expense have been infused in the creation of this project. We look forward to your commentary and to an ongoing relationship with your office to ensure compliance with current and future procedures and regulations.

Your kind review and issuance of Regional Center Designation on a timely basis will be most appreciated.

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Larry J. Behar, P.A.

Yours very sincerely,

LARRY J. BEHAR, P.A.

By: _____
Larry J. Behar, Attorney at Law

Acknowledged, Accepted, and Approved:

TENNESSEE REGIONAL CENTER, LLC

By: _____
Peter Medlyn, Managing Member

PETER MEDLYN

By: _____
Peter Medlyn

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

[X] USCIS - List the form number(s): EB-5 Regional Center Designation

[ ] CBP - List the specific matter in which appearance is entered:

[ ] ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and not the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent			A Number or Receipt Number, if any	[X] Petitioner [ ] Applicant [ ] Respondent
Name: Last	First	Middle		
Tennessee Regional Center LLC				
Address: Street Number and Street Name	Apt. No.	City	State	Zip Code
Peter Medlyn, 109 South Broadway, Knoxville, Tennessee 37902				

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent: Date 2-4-10

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. [X] I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Supreme Court of Florida

I am not [X] or [ ] am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).

B. [ ] I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

C. [ ] I am associated with _____.

The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request *(If you check this item, also complete item A or B above in Part 2, whichever is appropriate).*

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative	Attorney Bar Number(s), if any
Larry J Behar	FL 281743
Signature of Attorney or Accredited Representative	Date 2-4-10

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Larry J. Behar, P.A., 888 SE Third Avenue, Apt./Suite 400, Fort Lauderdale, Florida 33316

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(954) 524-8888	(954) 524-0088	lbehar@immigrationflorida.com

Peter Medlyn
Tennessee Regional Center LLC
109 S Broadway
Knoxville
TN 37902
(865) 599 2322
pmedlyn@eb5-invest.com

United States Citizenship
And Immigration Service
EB 5 Unit
Laguna Niguel, CA

Re: TENNESSEE REGIONAL CENTER
FILE NUMBER: W09001230

STATEMENT

February 5, 2010

Dear Officer,

My name is Peter Medlyn. I am the Managing Member of Tennessee Regional Center, LLC. I have authorized the filing of the submission for regional center qualification and approval by my attorneys, Larry J. Behar, P.A.

Further to our above submission, I would like to provide my confirmation that I have authorized the approval of the application. We have reviewed its content and approve its filing, its content, and its intent. We are very pleased to be part of the job creation and foreign capital program commonly known as EB 5. We have cross-state support for this endeavor and look forward with great anticipation to commence the process.

My partner, Ronald Hensarling, and I have extensive experience in the real estate industry, developing numerous residential, commercial, retail, and hotel projects. Our current project, Big Elk Resort, LLC, consists of a

(b)(4) [redacted]

Collectively, we own the land and construction of the Big Elk Resort has commenced. All funds used for the Big Elk Resort, LLC development were acquired through a combination of our own capital and a loan from Community Trust Bancorp:

The name of our contact bankers are:

Ricky Sparkman, Executive Vice President
Community Trust Bancorp, Inc.
Executive Vice President
Phone: 270-789-5901
Fax: 270-789-5930
sparkmrl@ctbl.com

All funds were lawfully gained, have had income tax paid thereon and are US source verifiable. The funds came from me and my partner, Ronald Hensarling, an extremely well known business individual with a substantial portfolio. We estimate the investment amount to date on the project to be in excess of [redacted] (b)(4)

These funds are irrevocably and irrefutably committed and will continue to be so invested in the project until its successful closure. We have the full support of the City of Gatlinburg and other political entities.

Should you need any further information, please do not hesitate to contact me.

Best wishes,

TENNESSEE REGIONAL CENTER, LLC

BY: _____
PETER MEDLYN, Managing Member

Department of Homeland Security
U.S. Citizenship and Immigration Servic

I-797C, Notice of Action

THE UNITED STATES OF AMERICA

RECEIPT NUMBER		CASE TYPE
W09001230		Regional Center Proposal
RECEIPT DATE		**REGIONAL CENTER NAME**
December 21, 2009		Tennessee Regional Center, LLC
	PAGE 1 of 1	

Tennessee Regional Center C/O Peter Medlyn 109 S. Broadway Knoxville, TN 37902	**Notice Type:** **Receipt Notice**

Receipt Notice - This notice confirms that USCIS received your Regional Center Proposal. If any of the above information is incorrect, send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. This notice does not grant any immigration status or benefit. It is not even evidence that this case is still pending. It only shows that the application or petition was filed on the date shown.

Processing Time - The current processing time for this case is estimated at 120 days. Unlike other case types, verification or tracking of this case is not available electronically or on our website. We will notify you by mail when we make a decision on this case or if we need something from you. If you do not receive an initial decision or update from us within our current processing time, you may send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. or contact us at the address below.

Address Change - If your mailing address changes while your case is pending, you may send an e-mail to: USCIS.ImmigrantInvestorProgram@dhs.gov. Otherwise, you might not receive notice of our action on this case.

Please save this notice and a copy of any papers that you send to us along with proof of delivery.

U.S. CITIZENSHIP & IMMIGRATION SVC
CALIFORNIA SERVICE CENTER
Attn: EB-5 RC Proposal
P.O. BOX 10526
LAGUNA NIGUEL CA 92607-10526

Patten, Sarah Cate

From: USCIS Immigrant Investor Program <USCIS.ImmigrantInvestorProgram@uscis.dhs.gov>
Sent: Tuesday, December 02, 2014 11:41 AM
To: Divine, Robert
Cc: Peter Medlyn; Walker, Melanie C.
Subject: Response: Interfiling to NOIT response for RCW1031910190, Tennessee Regional Center

Dear Divine, Robert:

Thank you for notifying USCIS regarding the additional evidence. Please mail your updated materials within 10 days from the date of this email to:

U.S. Citizenship and Immigration Services Immigrant Investor Program Office,
131 M Street, NE
3rd Floor, Mailstop 2235
Washington, DC 20529

interfiled@IPO
by [redacted] 12/5/14

If you have any additional questions, please contact the USCIS Immigrant Investor Program

(b)(6)

Sincerely,

Immigrant Investor Program Office
U.S Citizenship and Immigration Services

MS0001

From: Divine, Robert [mailto:rdivine@bakerdonelson.com]
Sent: Saturday, November 29, 2014 6:46 AM
To: USCIS Immigrant Investor Program
Cc: Peter Medlyn; Walker, Melanie C.
Subject: RE: Response: Interfiling to NOIT response for RCW1031910190, Tennessee Regional Center

Dear Officers:

On October 1, 2014 we submitted a response to RCW1031910190, USCIS' Notice of Intent to Terminate the Tennessee Regional Center, which was based purely on inactivity. On November 13 we submitted the email and received response in the string further below.

Now we submit the email immediately below and the two small attachments as additional evidence of meaningful activity of the regional center as a basis not to terminate it. Again, given the severity of the possible action afoot, we felt it critical to present new evidence immediately.

Please inter-file this in the response, and let us know if we must also send it by mail.

RECEIVED
DEC 5 2014
HQIPO

Respectfully,
Robert Divine
My contacts and bio: www.bakerdonelson.com/robert-c-divine

From: Peter Medlyn [mailto:pmedlyn@propertyservicegroup.com]
Sent: Thursday, November 20, 2014 11:42 AM
To: Divine, Robert
Cc: Walker, Melanie C.
Subject: Water Park Project Update

Robert
Here is some additional information on the Outdoor Water Park project, I have met with the principals several times and we are now working on an EB-5 structure. We will get with you soon so you can assist with document preparation. You may also want to hand in this additional information to USCIS showing that the project is moving forward, it will definitely involve an EB-5 component and they need our Regional Center to make it happen.
Thanks

Peter Medlyn
◇ PROPERTY SERVICE GROUP SOUTHEAST, INC.
109 South Broadway, Knoxville, TN 37902
(865) 544-4242 - phone
[redacted] cell (b)(6)
(865) 544-4226 - fax
E-mail: pmedlyn@propertyservicegroup.com

From: USCIS Immigrant Investor Program [mailto:USCIS.ImmigrantInvestorProgram@uscis.dhs.gov]
Sent: Monday, November 17, 2014 3:36 PM
To: Divine, Robert
Cc: Peter Medlyn; Walker, Melanie C.
Subject: Response: Interfiling to NOIT response for RCW1031910190, Tennessee Regional Center

Dear Mr. Divine,

Thank you for notifying USCIS that you wish to interfile this correspondence. We will interfile per your request.

Sincerely,

Immigrant Investor Program Office
U.S. Citizenship and Immigration Services
DA0034

From: Divine, Robert [mailto:rdivine@bakerdonelson.com]
Sent: Thursday, November 13, 2014 5:28 PM
To: USCIS Immigrant Investor Program
Cc: Peter Medlyn; Walker, Melanie C.
Subject: Interfiling to NOIT response for RCW1031910190, Tennessee Regional Center

Dear Officers:

On October 1, 2014 we submitted a response to RCW1031910190, USCIS' Notice of Intent to Terminate the Tennessee Regional Center, which was based purely on inactivity.

The email string below constitutes additional evidence of meaningful activity of the regional center as a basis not to terminate it. Given the severity of the possible action afoot, we felt it critical to present new evidence immediately.

Please inter-file this in the response, and let us know if we must also send it by mail.

Thank you for your assistance.

Best regards,
Robert
My contacts and bio: www.bakerdonelson.com/robert-c-divine

From: Peter Medlyn [mailto:pmedlyn@propertyservicegroup.com]
Sent: Thursday, November 13, 2014 11:27 AM
To: Divine, Robert
Cc: Walker, Melanie C.
Subject: FW: EB-5

(b)(4)

Robert and Melanie
This is a meeting to use our Regional Center to help fund a proposed [redacted] which will be an expansion of the existing Wilderness at the Smokies Resort (see website). Pete Helland is the owner of Wilderness at the Smokies and has used EB-5 money for a Hampton they developed in Wisconsin Dells so is familiar with the process. Can you hand this in as additional supporting evidence that we are working on deals that create employment. We will need your help to get all the documents done so will get with you when you get back from China. Thanks

www.**wilderness**atthe**smokies**.com

From: Pete Helland [mailto:pete@standrockhospitality.com]
Sent: Thursday, November 13, 2014 11:09 AM
To: Peter Medlyn
Subject: RE: EB-5

Let's try 5pm instead.

From: Pete Helland
Sent: Thursday, November 13, 2014 10:06 AM
To: 'Peter Medlyn'
Subject: RE: EB-5

Thanks for the email. We could plan to meet at 5 30pm this evening in the Crowne Plaza lobby where we are staying tonight.

From: Peter Medlyn [mailto:pmedlyn@propertyservicegroup.com]
Sent: Wednesday, November 12, 2014 4:33 PM
To: pete@wildernessresort.com
Subject: EB-5

Pete
Good to speak with you today, hope we can get together tomorrow, I can meet you at the airport on your way out if that is convenient or come to your Sevierville location. Our office is downtown Knoxville.
Thanks

Peter Medlyn

◇ PROPERTY SERVICE GROUP SOUTHEAST, INC.
109 South Broadway, Knoxville, TN 37902
(865) 544-4242 - phone
[redacted] - cell
(865) 544-4226 - fax (b)(6)
E-mail: pmedlyn@propertyservicegroup.com

Under requirements imposed by the IRS, we inform you that, if any advice concerning one or more U.S. federal tax issues is contained in this communication (including in any attachments and, if this communication is by email, then in any part of the same series of emails), such advice was not intended or written by the sender or by Baker, Donelson, Bearman, Caldwell & Berkowitz, PC to be used, and cannot be used, for the purpose of (1) avoiding penalties under the Internal Revenue Code or (2) promoting, marketing or recommending to another party any transaction or tax-related matter addressed herein.

This electronic mail transmission may constitute an attorney-client communication that is privileged at law. It is not intended for transmission to, or receipt by, any unauthorized persons. If you have received this electronic mail transmission in error, please delete it from your system without copying it, and notify the sender by reply e-mail, so that our address record can be corrected.

FOR DISCUSSION PURPOSES ONLY

(b)(5)

[redacted] ATTENDANCE
WATERPARK OPERATIONS MODEL

August 25, 2008

(b)(4)

* Provision for Interest During Construction assumes a one year construction period.

[redacted] ATTENDANCE

WATERPARK OPERATIONS MODEL - REVENUE

(b)(4)

REVENUE ASSUMPTIONS

[redacted]

* Season Passes assumes an average of four visits per pass per season.

[redacted] ATTENDANCE

WATERPARK OPERATIONS MODEL - EXPENSES

(b)(4)

EXPENSE ASSUMPTIONS

[redacted] ATTENDANCE
WATERPARK OPERATIONS MODEL - CASH FLOW (b)(4)

[redacted]

[redacted] ATTENDANCE

WATERPARK OPERATIONS MODEL - ATTENDANCE SENSITIVITY

(b)(4)

ATTENDANCE SENSITIVITY ANALYSIS

(b)(4)

From: (423) 756-2010 Origin ID: CHAA
Robert C. Divine
Baker Donelson Bearman Caldwell & B
633 Chestnut Street
1800 Republic Centre
Chattanooga, TN 37450

J142214092303uv

Ship Date: 02DEC14
ActWgt: 1.0 LB
CAD: 2840228/INET3550

Delivery Address Bar Code

Ref # 010629 2920345-000001
Invoice #
PO #
Dept #

SHIP TO: (423) 756-2010 BILL SENDER
Immigrant Investor Program Office
USCIS
131 M Street, NE
3rd Floor, Mailstop 2235
WASHINGTON, DC 20529

WED - 03 DEC AA
STANDARD OVERNIGHT

TRK# 7720 6160 0051
0201

XC RDVA

20529
DC-US
IAD

522G2/DC75/8A03

RECEIVED
DEC 5 2014
HQIPO

After printing this label:
1. Use the 'Print' button on this page to print your label to your laser or inkjet printer.
2. Fold the printed page along the horizontal line.
3. Place label in shipping pouch and affix it to your shipment so that the barcode portion of the label can be read and scanned.

Warning: Use only the printed original label for shipping. Using a photocopy of this label for shipping purposes is fraudulent and could result in additional billing charges, along with the cancellation of your FedEx account number.
Use of this system constitutes your agreement to the service conditions in the current FedEx Service Guide, available on fedex.com.FedEx will not be responsible for any claim in excess of $100 per package, whether the result of loss, damage, delay, non-delivery,misdelivery,or misinformation, unless you declare a higher value, pay an additional charge, document your actual loss and file a timely claim.Limitations found in the current FedEx Service Guide apply. Your right to recover from FedEx for any loss, including intrinsic value of the package, loss of sales, income interest, profit, attorney's fees, costs, and other forms of damage whether direct, incidental,consequential, or special is limited to the greater of $100 or the authorized declared value. Recovery cannot exceed actual documented loss.Maximum for items of extraordinary value is $1,000, e.g. jewelry, precious metals, negotiable instruments and other items listed in our ServiceGuide. Written claims must be filed within strict time limits, see current FedEx Service Guide.

(b)(4)

U.S. Department of Homeland Security
U.S. Citizenship and Immigration Services

Notice of Action

A#		Application/Petition I-924, Application for Regional Center Under the Immigrant Investor Pilot Program
Receipt # RCW1031910190		Applicant/Petitioner Peter Medlyn
Notice Date September 8, 2014	Page 1 of 4	Beneficiary

ROBERT C DIVINE
RE: PETER MEDLYN
633 CHESTNUT ST 1800 REPUBLIC CENTR
CHATTANOOGA TN 37450

Notice of Intent to Terminate

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 THIRTY THREE (33) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

CSC _____ WS _____ DIV I

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

Note: You are given until October 13, 2014 in which to submit the information requested.

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your petition.

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

RECEIVED
OCT 06 2014
HQIPO

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:

U.S. CITIZENSHIP AND IMMIGRATION SERVICES
IMMIGRANT INVESTOR PROGRAM
20 MASSACHUSETTS AVE., N.W.
MAILSTOP 2235
WASHINGTON, DC 20529

ACTION COMPLETED
APPROVED FOR FILING
Initials: RK Date: 10/7/14
FCO/Unit

Form I-797 (1/00)

Please see additional information on the back.

Notice of Intent to Terminate

Application for Regional Center Under the Immigrant Investor Pilot Program
TENNESSEE REGIONAL CENTER

I. PROCEDURAL HISTORY AND BACKGROUND

Tennessee Regional Center applied for designation as a regional center pursuant to section 610 of the Departments of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. 102-395, as amended (Public Law 102-395) on December 21, 2009. On August 11, 2010 USCIS designated Tennessee Regional Center as a regional center and authorized its participation in the Immigrant Investor Program (the "Program").[1] Subsequent to its approval, two Notices of Intent to Terminate were issued. On July 30, 2013, USCIS reaffirmed the approval of the regional center's designation.

The purpose of this letter is to notify Tennessee Regional Center that USCIS intends to terminate its participation as a regional center in the Program pursuant to 8 C.F.R. § 204.6(m)(6) for the reasons set forth below.

II. ANALYSIS

According to 8 C.F.R. § 204.6(m)(6),

> [t]o ensure that regional centers continue to meet the requirements of section 610(a) of [Public Law 102-395], 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.

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"). As explained in the Form I-924A instructions, the information collected through the Form I-

[1] On September 28, 2012, President Obama signed into law Senate bill S. 3245 which amended section 610 of Public Law 102-395. S. 3245 struck the word "pilot" from section 610 of Public Law 102-395 and extended the Immigrant Investor Program until September 30, 2015.

924A permits USCIS to determine whether a regional center continues to serve the purposes of the Program and, upon a determination that a 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, USCIS is authorized to initiate termination proceedings to terminate a regional center's designation for participation in the Program.

USCIS intends to terminate Tennessee Regional Center's participation as a regional center in the Program because it no longer serves the purpose of promoting economic growth. Tennessee Regional Center's I-924A filings do not report any EB-5 capital investment or job creation for fiscal years 2011, 2012, or 2013. In addition, although USCIS designated Tennessee Regional Center as a regional center in May 2011, the I-924A filings do not report any approved Form I-526s, Immigrant Petitions by Alien Entrepreneurs, or I-829s, Petition by Entrepreneur to Remove Conditions, for petitioners who have made or are actively in the process of making investments associated with Tennessee Regional Center. Moreover, as of the date of this notice, USCIS records indicate that no I-526 or I-829 petitions are pending for investments associated with Tennessee Regional Center.

The regional center's filings do not indicate that it has conducted activity that serves the purposes of the Program since its designation. In the absence of evidence of increased export sales, improved regional productivity, job creation, or increased domestic capital investment, USCIS concludes that Tennessee Regional Center no longer serves the purpose of promoting economic growth.

III. DECISION

This letter shall serve as notice to Tennessee Regional Center of USCIS's intention, pursuant to 8 C.F.R. § 204.6(m)(6), to terminate its participation as a regional center in the Program for the reasons set forth above. You have 30 days from receipt of this notice to offer evidence in opposition to the grounds alleged in this notice of intent to terminate.

Once the timeframe noted above for your response elapses, USCIS will determine whether Tennessee Regional Center's participation as a regional center in the Program should be terminated and, if so, you will receive written notification of the decision and the reasons for termination.

Please mail any evidence you wish to provide in opposition to the grounds alleged in this notice of intent to terminate to the address noted below and include a copy of this letter on top of your submission.

U.S. Citizenship and Immigration Services
Immigrant Investor Program Office, Mailstop 2235
131 M Street, NE
Washington, DC 20529

BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

1800 REPUBLIC CENTRE
633 CHESTNUT STREET
CHATTANOOGA, TENNESSEE 37450

PHONE: 423.756.2010
FAX: 423.756.3447
www.bakerdonelson.com

ROBERT C. DIVINE
Direct Dial: (423) 752-4416
Direct Fax: (423) 752-9533
E-Mail Address:rdivine@bakerdonelson.com

October 1, 2014

USCIS
Immigrant Investor Program
20 Massachusetts Ave., NW
Mailstop 2235
Washington, DC 20529

SUBMISSION CONTAINS CONFIDENTIAL COMMERCIAL INFORMATION. PER FOIA (5 U.S.C. § 552(b)(4)), SUBMITTER REQUESTS PREDISCLOSURE NOTIFICATION PER PRESIDENTIAL EXECUTIVE ORDER NO. 12,600, 52 FED. REG. 23781 (JUNE 23, 1987).

Re: **RESPONSE TO NOTICE OF INTENT TO TERMINATE**
Regional Center: Tennessee Regional Center
Receipt No.: RCW1031910190

Dear Officer:

This letter and attached materials are provided in response to the above-referenced Notice of Intent to Terminate issued by your office on September 8, 2014. Mr. Peter Medlyn, Manager, of Tennessee Regional Center, LLC, has included a detailed response letter, which describes the persistent and ongoing efforts of the Tennessee Regional Center to develop to fruition EB-5 qualifying projects within its geographic scope. Immediately behind Mr. Medlyn's letter, we have attached evidence of these efforts in the form of email communications, project materials, and financial data gathered in preparation for project collaboration. The supporting evidence is grouped by project in the following order:

A. Big Elk Resort

B. [redacted]

C.

D.

(b)(4)

We trust that these materials, combined with those materials already on file regarding the Tennessee Regional Center, will overcome USCIS' challenge that the regional center no longer serves the purpose of promoting economic growth and support the Tennessee Regional Center's continued eligibilty as a designated regional center under the EB-5 Program.

Respectfully submitted,

Robert C. Divine

Robert C. Divine

Tennessee Regional Center LLC
109 Broadway
Knoxville, TN 37902

September 30, 2014

U.S. Citizenship & Immigration Services
Immigrant Investor Program
California Service Center
c/o Baker Donelson Bearman Caldwell & Berkowitz, P.C.

Re: Response to Notice of Intent to Terminate
File No.: RCW1031910190

Dear Officer:

This letter is provided in response to the Notice of Intent to Terminate("NOIT") issued on September 8, 2014. The NOIT challenges Tennessee Regional Center ("TRC") for failing to "conduct[] activity that serves the purposes of the Program since its designation." As evidenced by the I-924As and previous responses with supporting documents submitted to NOITs issued in 2013 and 2012, TRC has put forth continued efforts to solidify and move forward on various projects in furtherance of gals of promoting economic growth, job creation, and improved regional productivity. As evidenced by the additional supporting materials included with this response, TRC's efforts are persistent, with multiple project agreements nearing execution.

(b)(4) As summarized below, TRC has been actively trying to put an EB-5 project together in Gatlinburg among other projects we have in development including [redacted] We have attached updated correspondence on these projects as evidence of our continued and current efforts.

Big Elk Resort Project

[redacted]

(b)(4)

(b)(4)

We understand that if the project structure changes again we would need to disclose all differences from the exemplar approval, and the numbers all will need to be updated with the changes disclosed to prospective investors along with the risks that changes could be material so that deference to the prior approval would be questionable. Nevertheless, we have shown we know how to organize a qualifying project with Matter of Ho detail and compliant offering documents, which is far more than many regional centers have shown.

(b)(6)

(b)(4) We have included communications from August 2013 regarding the project showing ongoing discussions and negotiations in solidifying the equity partner for the transaction.

(b)(6)

Project

(b)(4)

(b)(4)

Since its initial I-924 approval in August 2010, TRC has actively investigated and pursued projects to stimulate the economy and facilitate job creation within its geographic scope. We are confident that our tireless efforts will result in a concrete project going forward. We are providing a brief snapshot and timeline of the progress and status of the TRC's development efforts for the past years:

As evidenced by the ongoing efforts detailed above, TRC has invested considerable time and funds into developing projects in furtherance of the EB-5 Program and would like the opportunity for an additional extension to continue to try to finalize the development of these deals into qualifying EB-5 projects.

Thanks for your time and consideration.

Respectfully submitted,

Peter Medlyn
Manager, Tennessee Regional Center LLC

A. Big Elk Resort

Peter Medlyn

From: Lesley Cui [redacted]
Sent: Wednesday, April 16, 2014 9:39 PM
To: Peter Medlyn (b)(6)
Subject: Re: [redacted]

(b)(4) (b)(6)

Hello Peter,

[redacted]

Lesley

On Wed, Apr 16, 2014 at 8:31 PM, Peter Medlyn <pmedlyn@propertyservicegroup.com> wrote:

(b)(4) (b)(6)

Lesley

[redacted]

Thank-you so much for helping me with this meeting, I will let you know some dates.

Peter Medlyn

PROPERTY SERVICE GROUP SOUTHEAST, INC.

109 South Broadway, Knoxville, TN 37902

(865) 544-4242 - phone

[redacted] - cell (b)(6)

(865) 544-4226 - fax

E-mail: pmedlyn@propertyservicegroup.com

Peter Medlyn

From: [redacted]
Sent: Friday, August 15, 2014 3:12 PM
To: Peter Medlyn
Subject: RE [redacted] (b)(4)

[redacted]

From: Lesley Cui [mailto[redacted]
Sent: Wednesday, April 16, 2014 2:28 AM (b)(6)
To: Peter Medlyn
Subject: Re: Mr Gai

Hi Peter,

[redacted]

Lesley

(b)(4) (b)(6)

On Mon, Apr 7, 2014 at 11:21 PM, Peter Medlyn <pmedlyn@propertyservicegroup.com> wrote:

Hi Lesley (b)(4) (b)(6)

[redacted]

Thanks for helping me with this.

Peter Medlyn

PROPERTY SERVICE GROUP SOUTHEAST, INC.

109 South Broadway, Knoxville, TN 37902

(865) 544-4242 - phone

(b)(6) [redacted] - cell

(865) 544-4226 - fax

(b)(6)

Peter Medlyn

From: ron hensarling [redacted]
Sent: Thursday, August 01, 2013 4:03 PM
To: PeterKnoxville
Subject: RE: Gatlinburg

(b)(6)

agreed

From: pmedlyn@propertyservicegroup.com
To [redacted]
Subject: FW: Gatlinburg
Date: Thu, 1 Aug 2013 16:01:36 -0400

See below,
I think we should wait and do the Gatlinburg deal with EB-5 money

From: Danny [mailto: [redacted] (b)(6)
Sent: Thursday, August 01, 2013 3:46 PM
To: Peter Medlyn
Subject: Re: Gatlinburg

Peter,

Thanks for the email. Do you have any details on the hotel? Also, since this is a remodeling project, are you going to renovate the hotel in sections while the rest could still be rented out during renovation? When do you need the money? The current EB5 processing time is close to a year. Then you figure another couple months for due diligence and documentation. Is this something that could work for you?

Regards,
Danny

(b)(4)

On Wed, Jul 31, 2013 at 8:05 AM, Peter Medlyn <pmedlyn@propertyservicegroup.com> wrote:
Danny,
We have just put this hotel deal together in Pigeon Forge with our partner [redacted]. You may remember that Jerry had been interested in the larger Gatlinburg project but the [redacted] quity piece was too large for his appetite. I am enclosing a rendering of our latest project that [redacted] is our partner on. It is a 410 room convention center hotel and events center located opposite the new [redacted] convention center in Pigeon Forge. This will be the headquarters hotel for the Convention Center and will throw off about $ [redacted] net income per annum. We have [redacted] cash in the deal (we paid cash for the property) and need to raise [redacted] to complete the project which is a remodel. Is this a project you may interest in ? it is just a small one but may be of interest seeing as you know the Pigeon Forge, Gatlinburg market.

(b)(4)

By the way I just received letter from USCIS that everything on the Gatlinburg deal was reaffirmed and approved by the USCIS with our new plan, still trying to get our equity partner locked down but we will get it done. Hope you are doing well.
Thanks

Peter Medlyn

From: [redacted] (b)(6)
Sent: Thursday, August 01, 2013 3:46 PM
To: Peter Medlyn
Subject: Re: Gatlinburg

Peter, (b)(4) (b)(6)

[redacted]

Regards,
Danny

On Wed, Jul 31, 2013 at 8:05 AM, Peter Medlyn <pmedlyn@propertyservicegroup.com> wrote:

Danny, (b)(4) (b)(6)

[redacted]

Thanks

Peter Medlyn

PROPERTY SERVICE GROUP SOUTHEAST, INC.

109 South Broadway, Knoxville, TN 37902

(865) 544-4242 - phone

[redacted] - cell

(b)(6)

Peter Medlyn

From: [redacted] (b)(6)
Sent: Thursday, August 01, 2013 5:40 PM
To: Peter Medlyn (b)(4)
Subject: Re: Gatlinburg

[redacted]

On Thu, Aug 1, 2013 at 1:43 PM, Peter Medlyn <pmedlyn@propertyservicegroup.com> wrote:

Danny,

[redacted]

Hope you guys are all doing well.

(b)(4)

From: Danny [mailto:[redacted] (b)(6)
Sent: Thursday, August 01, 2013 3:46 PM
To: Peter Medlyn
Subject: Re: Gatlinburg

Peter,

(b)(4)

[redacted]

Regards,

Danny

亨[illegible]国际咨询集团
Henry Global Consulting Group

1609 W. Valley Blvd., Suite 328
Alhambra, CA 91803
USA

Peter Medlyn
Chief Executive Officer
Tennessee Regional Center, LLC
109 S. Broadway
Knoxville, TN 37902

February 2, 2012

Dear Mr. Medlyn,

We are pleased to have the opportunity to further explore the Big Elk Resort project with you and your team.

(b)(4)

We look forward to the opportunity to learn more about Big Elk Resort and to better understand how we may be able to assist you with its funding needs.

Kind regards,

Frank Xu
Senior Vice President
Henry Global Consulting Group

www.visa800.com

B.

Peter Medlyn (b)(6)

From: [redacted]
Sent: Sunday, August 25, 2013 8:03 PM
To: Peter Medlyn
Cc: Blaine East
Subject: Re: [redacted]
Attachments: [redacted] (b)(4)

Peter, here is the one page summary. When are you available this week to discuss the project?

Our equity partner is [redacted]

Alex.

On Fri, Aug 23, 2013 at 11:51 AM, Peter Medlyn <pmedlyn@propertyservicegroup.com> wrote:

Can you send me a project summary on one page that shows the cost of the project, value of project at completion and equity and source of equity in the project

Thanks

(b)(4)

From: [redacted] **On Behalf Of** Alex Lamarre
Sent: Friday, August 23, 2013 9:48 AM
To: Peter Medlyn
Cc: Blaine East
Subject: [redacted] (b)(4)

Good morning Peter,

(b)(4)

Things finally got moving on our [redacted] We expect to close on the property in November and we need to reengage in the EB-5 discussions.

Would you be available sometimes Monday August 26 for a conference call with Blaine and I?

How are things on your side?

SUMMARY

(b)(4)

Sunday, August 25, 2013

C.

PAGE WITHHELD PURSUANT TO

(b)(4)

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(b)(4)

FUNDING GROUP USA, LP

WORLD CONSULTING & FINANCE GROUP

(b)(4)

CONFIDENTIALITY & FEE AGREEMENT

(b)(4)

TERMS OF CONFIDENTIALITY AGREEMENT

(b)(4)

TERMS OF CONFIDENTIALITY AGREEMENT

(b)(4)

TERMS OF CONFIDENTIALITY AGREEMENT

(b)(4)

TERMS OF CONFIDENTIALITY AGREEMENT

CLIENT: Terry Douglass, Chairman

ProVision Healthcare, llc & Affiliates

CONSULTANT: Peter Medlyn, CEO

Funding Group USA, lp & Affiliates

PREFERED OPTION:

D.

(b)(4)

(b)(4)

(b)(4)

PRIVATE AND PROPRIETARY

(b)(4)

(b)(4)

PRIVATE AND PROPRIETARY

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(b)(4)

(b)(4)

Version: [redacted]_Financial Model_08 09 (DS) (2).xlsm

Contact Information: Danyal Sattar, Vice President, Raymond James & Associates
Danyal.Sattar@RaymondJames.com
(215) 972-6158

Confidentiality and Disclaimer:

(b)(4)

RAYMOND JAMES®

(b)(4)

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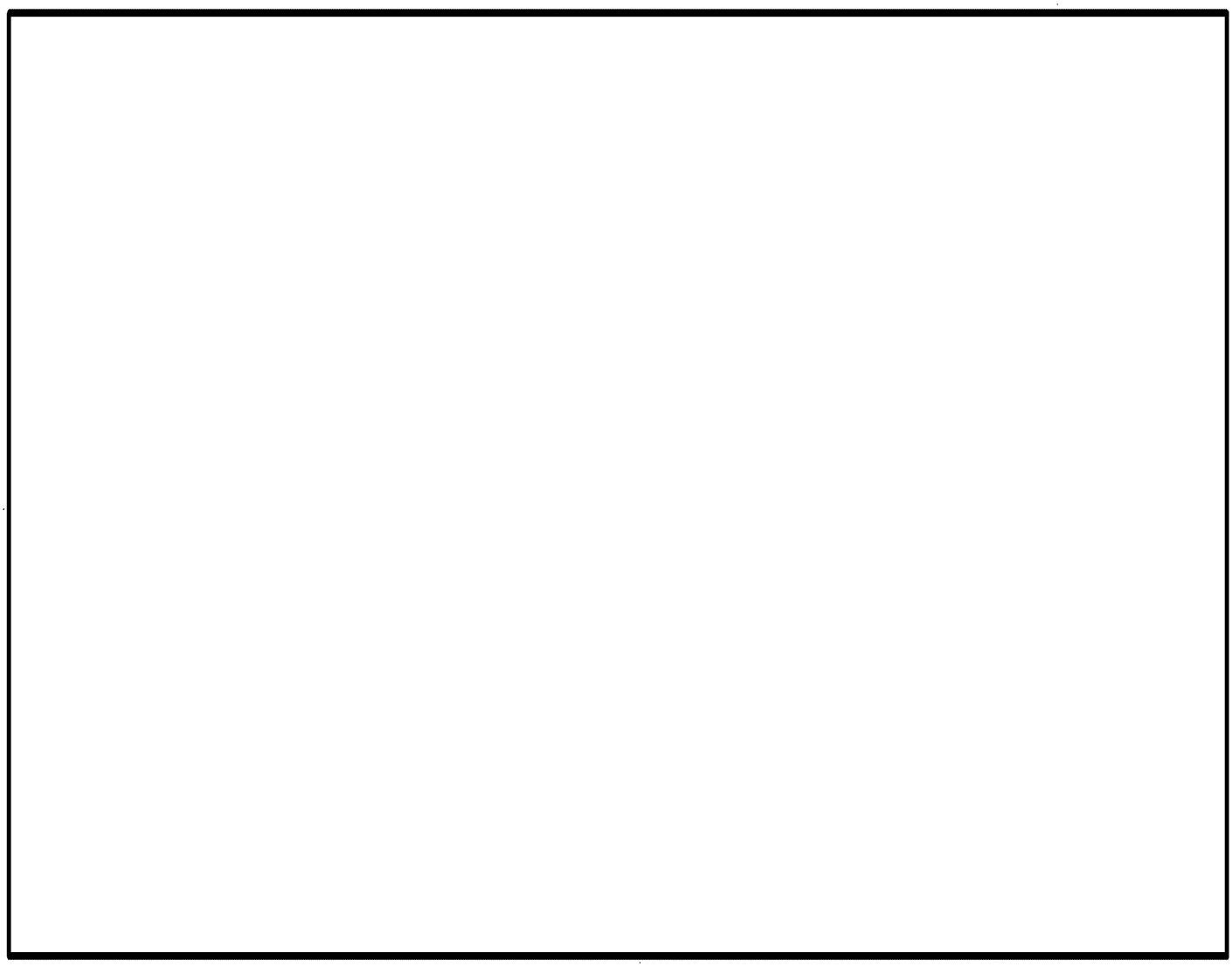
Debt Sizer

(b)(4)

(b)(4)



(b)(4)

(b)(4)

(b)(4)

Debt Sizer

(b)(4)

(b)(4)

(b)(4)

Staffing Requirements/ Overhead/Labor Costs/Benefits

(b)(4)

CONFIDENTIAL

(b)(4)

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OCT 02 2014

DFU #906

From: (423) 756-2010 Origin ID: CHAA
Robert C. Divine
Baker Donelson Bearman Caldwell & B
633 Chestnut Street
1800 Republic Centre
Chattanooga, TN 37450

FedEx. Express

J1422140923030uv

Ship Date: 30SEP14
ActWgt: 1.0 LB
CAD: 2840228/INET3550

Delivery Address Bar Code

Ref # 010629 2570345 000001
Invoice #
PO #
Dept #

RECEIVED
OCT 06 2014
HQIPO

SHIP TO: (423) 756-2010 BILL SENDER
Immigrant Investor Program
USCIS
20 Massachusetts Ave., NW
Mailstop 2235
WASHINGTON, DC 20529

WED - 01 OCT AA
STANDARD OVERNIGHT

TRK# 7713 2369 0543

FedEx.
TRK# 0201 7713 2369 0543
THU - 02 OCT AA
STANDARD OVERNIGHT

XC RDVA

20529
DC-US
IAD

FID 862331 01OCT14 CHAA 522C1/DF64/65DD

Processed By: DSS-990M-022
10/3/2014 10:52:37 AM
771323690543

U.S. Department of Homeland Security
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

U.S. Citizenship and Immigration Services

Date: JUL 30 2013

Peter Medlyn
C/O Tennessee Regional Center, LLC
109 S. Broadway
Knoxville, TN 37902

Application: Form I-924, Application for Regional Center under the Immigrant Investor Pilot Program

Applicant: Peter Medlyn

Re: Initial Regional Center Designation
Tennessee Regional Center
RCW1031910190 (Formerly W09001230)/ ID 1031910190

This notice is in reference to the proposal that was filed by the applicant with the U.S. Citizenship and Immigration Services ("USCIS") on November 04, 2010. The proposal was filed to request approval of initial regional center designation under the Immigrant Investor Program. The Immigrant Investor Program was established under § 610 of the Department of Commerce, Justice and State, the Judiciary, and Related Agencies Appropriations Act of 1993 (Pub. L. 102-395, Oct. 6, 1992, 106 Stat. 1874). The proposal was approved on August 11, 2010; however, two Intent to Terminate were subsequently issued.

I. Executive Summary of Adjudication

1. Effective the date of this notice, USCIS reaffirms the approval of the request to designate Tennesse Regional Center, LLC as a qualifying participant in the Immigrant Investor Program and this approval notice will supersede the August 11, 2010 approval notice.

II. Regional Center Designation[1]

USCIS approves the applicant's request to focus, promote economic growth, and offer capital investment opportunities in the following geographic area, which is the same as the Knoxville-Sevierville- La Follette Combined Statistical Area, and industry categories:

A. Geographic Area

(b)(4)

State	Counties
Tennessee	

B. Industry Categories

NAICS	Industry Name
2362	Commercial and Institutional Building Construction
7131	Amusement Parks and Arcades
7211	Hotels (except Casino Hotels) and Motels
72251	Restaurants and Other Eating Places
44-45	Retail Trade

III. Job Creation

USCIS approves the geographic area and industry categories noted above based on the economic impact analysis presented and reviewed in conjunction with the adjudication of this regional center proposal.

This hypothetical project does not have the factual details necessary to be in compliance with the requirements described in Matter of Ho, 22 I&N Dec. 206 (Assoc. Comm'r 1998), and therefore, USCIS's approval of the hypothetical job creation estimates presented in the Form I-924 will not be accorded deference and may not be relied upon by an individual investor when filing the Form I-526. The business plan and job creation estimates will receive a de novo review by USCIS when an individual investor files Form I-526. Once an actual project is adjudicated upon the filing of the initial Form I-526 related to the I-924 hypothetical project approval, USCIS will give deference to subsequent Forms I-526 when the critical assumptions remain materially unchanged from the initially-approved Form I-526.

When filing Form I-526, it will be the responsibility of the individual investor to submit a comprehensive, detailed and credible business plan, showing by a preponderance of the evidence that his or her investment in the new commercial enterprise will create not fewer than 10 full-time positions. If prior to filing a form

[1] USCIS issued a Policy Memorandum (PM-602-0083) on the subject of "EB-5 Adjudication Policy," dated May 30, 2013, stating that formal amendments to the regional center designation are no longer required when a regional center changes its industries of focus or geographic boundaries. A regional center may still elect to pursue a formal amendment by filing Form I-924 if it seeks certainty in advance that changes in the industries or the geographic area will be permissible prior to filing Form I-526 petitions.

I-829, the job creation estimated in the business plan submitted by the individual investor materially changes or will not be realized, then it will be the responsibility of the EB-5 investor to notify USCIS of an agreed upon methodology to allocate job creation among eligible investors.

IV. Guidelines for Filing Form I-526 Petitions

Each individual petition, in order to demonstrate that it is affiliated with the Tennessee Regional Center, LLC in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain the following:

1. A copy of this regional center approval notice and designation letter including all subsequent amendment approval letters (if applicable).

2. An economic impact analysis which reflects a job creation methodology required at 8 CFR § 204.6 (j)(4)(iii) and shows how the capital investment by an individual immigrant investor will create not fewer than ten (10) indirect jobs for each immigrant investor.

3. A comprehensive, detailed and credible business plan for an actual project that contains the factual details necessary to be in compliance with the requirements described in Matter of Ho, 22 I&N Dec. 206 (Assoc. Comm'r 1998).

4. Legally executed organizational documents of the commercial enterprise.

Note: The project reviewed with this Form I-924 application is a hypothetical project. Organizational and transactional documents associated with the new commercial enterprise (NCE) submitted with this Form I-924 have not been reviewed to determine compliance with program requirements since these documents will receive de novo review in subsequent filings (e.g., an amended Form I-924 application with a Form I-526 exemplar or the first Form I-526 petition filed by an investor under the regional center project).

V. Designee's Responsibilities in the Operations of the Regional Center

As provided in 8 CFR § 204.6 (m)(6), to ensure that the regional center continues 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, and increased domestic capital investment in the approved geographic area. Such information must be submitted to USCIS on an annual basis or as otherwise requested by USCIS. The applicant must monitor all investment activities under the sponsorship of the regional center and to maintain records in order to provide the information required on the Form I-924A Supplement to Form I-924. Form I-924A, Supplement to Form I-924 Application is available in the "Forms" section on the USCIS website at www.uscis.gov.

Regional centers that remain designated for participation in the Immigrant Investor Program as of September 30th of a calendar year are required to file Form I-924A Supplement in that year. The Form I-

924A Supplement with the required supporting documentation must be filed on or before December 29th of the same calendar year.

The failure to timely file a Form I-924A Supplement for each fiscal year in which the regional center has been designated for participation in the Immigrant Investor Program will result in the issuance of an intent to terminate the participation of the regional center in the Immigrant Investor Program, which may ultimately result in the termination of the designation of the regional center.

The regional center designation is non-transferable, as any changes in management of the regional center will require the approval of an amendment to the approved regional center designation.

If the applicant has any questions concerning the regional center designation under the Immigrant Investor Program, please contact the USCIS by email at USCIS.ImmigrantInvestorProgram@uscis.dhs.gov.

Sincerely,

Daniel M. Renaud
Acting Chief, Immigrant Investor Program

cc: Robert Divine, Esq.

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

☑ USCIS - List the form number(s): I-924A & ongoing Regional Center

☐ CBP - List the specific matter in which appearance is entered:

☐ ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and **not** the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent			A Number or Receipt Number, if any	☑ Petitioner ☐ Applicant ☐ Respondent
Name: Last Tennessee Regional Center, LLC	First	Middle		

Address: Street Number and Street Name	Apt. No.	City	State	Zip Code
109 S. Broadway		Knoxville	TN	37902

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent Peter Medyn/ Principal **Date** 2-5-13

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. ☑ I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Supreme Court, Tennessee

I am not ☑ or ☐ **am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).**

B. ☐ I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

C. ☐ I am associated with _____.

The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request *(If you check this item, also complete item **A** or **B** above in **Part 2**, whichever is appropriate).*

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative	Attorney Bar Number(s), if any
Robert C. Divine	013211
Signature of Attorney or Accredited Representative	Date
Robert C. Divine	2-6-2013

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Baker Donelson Bearman Caldwell & Berkowitz, P.C., 1800 Republic Centre, 633 Chestnut Street, Chattanooga, Tennessee 37450, USA

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(423) 752-4416	(423) 752-9533	rdivine@bakerdonelson.com

Form G-28 (Rev. 04/22/09)N

Other attorneys authorized in Baker Donelson firm: Robert C. Divine, L. Mabel Arroyo, Robert N. Johnson, Masae Y. Okura, Melanie C. Walker, or any other attorney of the firm.

Tennessee Regional Center LLC
109 Broadway
Knoxville, TN 37902

February 6, 2013

U.S. Citizenship & Immigration Services
Immigrant Investor Program
California Service Center
c/o Baker Donelson Bearman Caldwell & Berkowitz, P.C.

Re: Response to Notice of Intent to Terminate No. 2
File No.: RCW1031910190

Dear Officer:

This letter and supporting documents respond to your second Notice of Intent to Terminate the regional center designation of Tennessee Regional Center LLC. Please note that we have provided a detailed table of contents referring to the nature and significance of each numbered exhibit referred to below by number. Also we have annotated the copy of the NOIT#2 submitted with this response, and these annotations are part of our response.

Web sites. I am embarrassed to realize from your NOIT#2 that the content of our old web site continued to be accessible on the Internet even after we instructed our web provider to remove it and to remove all meaningful content from the front page. The letter of Justin Jones of Internet Marketing Expert Group, Inc., submitted with the prior NOIT response, made clear that he understood his instructions to be to have taken down all content from the old site. His new email, attached, explains his oversight and recent cure (Ex. 3).

Also we had never asked EB-5 Exclusive.com to post any information about our project, and we had never received any investor inquiries from that site, so it simply did not occur to us to tell EB-5 Exclusive to take that down. Since receiving the NOIT#2, we have instructed them to take it down, and they have done so (Ex. 4).

I fear that USCIS has come to a conclusion that TRC had been duplicitous, in filing one set of papers but continuing to seek investors under a false impression that we continued to offer interests that could convert to a condominium. I can only say that this was not our intention, and we did not realize that the information remained posted or that it mattered, since we received no inquiries from either place that I know of. I hope you can believe that we are not people who would do this kind of thing. We had spent significant effort to rework the offering to one we understood was compliant with USCIS current policy, and it would have made no sense for us to continue intentionally to market arrangements that were superseded.

(b)(4)

Business Plan Revisions.

Standard

Property Control.

(b)(4)

Verifiable Foundation for Projections.

(b)(4)

We have had setbacks, but we have a clear plan and the resources behind and in front of us to develop this special project on a unique property. We ask that you reconfirm

our regional center's approval including approval of this project, but at least with approval of the offering documents and economic analysis and methodology.

Respectfully submitted,

Peter Medlyn
Manager, Tennessee Regional Center LLC

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
1.	Complete Copy of I-924A Submission filed in October 2012	Evidence of timely filing of I-924A in compliance
2.	Letter of Peter Medlyn of TRC	Explains web site confusion (resolved),
3.	Email of Web Site Vendor	Explains how old web site info remained in background (failed shortcut by web vendor) unbeknownst to TRC and against its instruction, now completely deleted
4.	Email of EB-5 Exclusive.com	Confirms old TRC info has been removed from site
5.	Revised Regional Center Business Plan Note: first several pages have new information highlighted in yellow. Otherwise, the business plan is unchanged from NOIT#1.	Evidence of Regional Center's marketing, finance, operational, and project development strategy. Also contains business plan for Project, Big Elk Resort discussed in Section C.
6.	PKF Appraisal	Credible assessment of market opportunity and likely operational results provide basis for projections
7.	Letter from Johnson & Gaylon, No. 1 builder in Knoxville TN area, validating current costs ("recap"), necessary schedule, cash flow analysis, and permit validity and availability Recent news article and web page re Johnson & Gaylon attached	Construction project cost and schedule are verified as viable as reflected in business plan and assumed in economic analysis
8.	Budget Recap from Johnson & Gaylon	same
9.	Construction Schedule from Johnson & Gaylon	same

Tab	Document	Significance
10.	Cash Flow Analysis from Johnson & Gaylon	same (b)(4)
11.	Direct Construction Job Creation Projection from Johnson & Gaylon	[redacted] direct construction worker positions will persist 2 years
12.	AMR Brochure	Experienced management provider prepared job charts for hotel and water park
13.	Organizational Charts and Lists for Hotel and water park prepared by AMR	Reliable evidence for operations staffing
14.	Revised Full Economic Report from Economic & Policy Resources, Inc.	Economist's specific responses to targeted issues raised in RFE and job creation data as relates to revised project Big Elk EB-5 project.
15.	Bank's Advertisement Listing to Sell Property	Property remains available
16.	Henry & Wallace/Leucadia letter (b)(4)	H&W and Leucadia intend to purchase land and develop [redacted] their equity and balance EB-5 investors
17. (b)(4)	Leucadia 2011 Annual Report [redacted]	New equity partner has clear ability to fund and manage project
18.	Letter from Henry Global	One of largest brokers in China has expressed interest in promoting project
19.	Blog report about Henry Global, mentioning it is one of the largest EB-5 migration consulting firms with over 50 offices in China	RC plans to use migration agent in China with resources to market project

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
1.	Complete Copy of I-924A Submission filed in October 2012	Evidence of timely filing of I-924A in compliance

BAKER DONELSON
BEARMAN, CALDWELL & BERKOWITZ, PC

1800 REPUBLIC CENTRE
633 CHESTNUT STREET
CHATTANOOGA, TENNESSEE 37450

PHONE: 423.756.2010
FAX: 423.756.3447
www.bakerdonelson.com

ROBERT C. DIVINE
Direct Dial: (423) 752-4416
Direct Fax: (423) 752-9533
E-Mail Address: rdivine@bakerdonelson.com

December 18, 2012

U.S. Citizenship and Immigration Services
California Service Center
Attn: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

Re: *I-924A for Tennessee Regional Center*

Dear Officer:

Enclosed please find the I-924A with attachments for Tennessee Regional Center with our G-28.

Respectfully,

Robert C. Divine

Robert C. Divine

RCD:scp

I-924A

for regional center

No fee required

OMB No. 1615-0105; Expires 04/30/2012

Department of Homeland Security

G-28, Notice of Entry of Appearance as Attorney or Accredited Representative

Part 1. Notice of Appearance as Attorney or Accredited Representative

A. This appearance is in regard to immigration matters before:

☑ USCIS - List the form number(s): I-924A & ongoing Regional Center

☐ CBP - List the specific matter in which appearance is entered:

☐ ICE - List the specific matter in which appearance is entered:

B. I hereby enter my appearance as attorney or accredited representative at the request of:

List Petitioner, Applicant, or Respondent. **NOTE:** Provide the mailing address of Petitioner, Applicant, or Respondent being represented, and **not** the address of the attorney or accredited representative, except when filed under VAWA.

Principal Petitioner, Applicant, or Respondent			A Number or Receipt Number, if any	
Name: Last	First	Middle		☑ Petitioner
Tennessee Regional Center, LLC				☐ Applicant
				☐ Respondent

Address: Street Number and Street Name	Apt. No.	City	State	Zip Code
109 S. Broadway		Knoxville	TN	37902

Pursuant to the Privacy Act of 1974 and DHS policy, I hereby consent to the disclosure to the named Attorney or Accredited Representative of any record pertaining to me that appears in any system of records of USCIS, USCBP, or USICE.

Signature of Petitioner, Applicant, or Respondent Peter Medlyn, Principal **Date** 12-12-12

Part 2. Information about Attorney or Accredited Representative *(Check applicable items(s) below)*

A. ☑ I am an attorney and a member in good standing of the bar of the highest court(s) of the following State(s), possession(s), territory(ies), commonwealth(s), or the District of Columbia: Supreme Court, Tennessee

I am not ☑ or ☐ am subject to any order of any court or administrative agency disbarring, suspending, enjoining, restraining, or otherwise restricting me in the practice of law (If you are subject to any order(s), explain fully on reverse side).

B. ☐ I am an accredited representative of the following qualified non-profit religious, charitable, social service, or similar organization established in the United States, so recognized by the Department of Justice, Board of Immigration Appeals pursuant to 8 CFR 1292.2. Provide name of organization and expiration date of accreditation:

C. ☐ I am associated with _____.

The attorney or accredited representative of record previously filed Form G-28 in this case, and my appearance as an attorney or accredited representative is at his or her request *(If you check this item, also complete item A or B above in Part 2, whichever is appropriate).*

Part 3. Name and Signature of Attorney or Accredited Representative

I have read and understand the regulations and conditions contained in 8 CFR 103.2 and 292 governing appearances and representation before the Department of Homeland Security. I declare under penalty of perjury under the laws of the United States that the information I have provided on this form is true and correct.

Name of Attorney or Accredited Representative	Attorney Bar Number(s), if any
Robert C. Divine	013211
Signature of Attorney or Accredited Representative	Date
Robert C. Divine	12/7/2012

Complete Address of Attorney or Organization of Accredited Representative (Street Number and Street Name, Suite No., City, State, Zip Code)

Baker Donelson Bearman Caldwell & Berkowitz, P.C., 1800 Republic Centre, 633 Chestnut Street, Chattanooga, Tennessee 37450, USA

Phone Number *(Include area code)*	Fax Number, if any *(Include area code)*	E-Mail Address, if any
(423) 752-4416	(423) 752-9533	rdivine@bakerdonelson.com

Form G-28 (Rev. 04/22/09)N

Other attorneys authorized in Baker Donelson firm: Robert C. Divine, L. Mabel Arroyo, Robert N. Johnson, Masae Y. Okura, Melanie C. Walker, or any other attorney of the firm.

Tennessee Regional Center, LLC

OMB No. 1615-0061; Expires 09/30/2012

Department of Homeland Security
U.S. Citizenship and Immigration Services

Form I-924A, Supplement to Form I-924

Part 1. Information About Principal of the Regional Center

Name: Last	First	Middle
Medlyn	Peter	

In Care Of:

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville (b)(6)	State: TN	Zip Code: 37902

Date of Birth (mm/dd/yyyy): [redacted]	Fax Number (include area code): (865) 544-4226	Telephone Number (include area code): (865) 599-2322

Web site address: www.eb5-invest.com

USCIS-assigned number for the Designated Regional Center (attach the Regional Center's most recently issued approval notice): W09001230

Part 2. Application Type (Check one)

☒ a. Supplement for the Fiscal Year Ending September 30, 2012 (YYYY)

☐ b. Supplement for a Series of Fiscal Years Beginning on October 1, _____ (YYYY) and Ending on September 30, _____ (YYYY)

Part 3. Information About the Regional Center

(Use a continuation sheet, if needed, to provide information for additional management companies/agencies, regional center principals, agents, individuals, or entities who are or will be involved in the management, oversight, and administration of the regional center.)

A. Name of Regional Center: Tennessee Regional Center

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville	State: TN	Zip Code: 37902

Web site Address: www.eb5-invest.com	Fax Number (include area code): (865) 544-4226	Telephone (include area code): (865) 599-2322

B. Name of Managing Company/Agency:

Street Address/P.O. Box:

City:	State:	Zip Code:

Web site Address:	Fax Number (include area code):	Telephone (include area code):

C. Name of Other Agent: Ronald Hensarling

Street Address/P.O. Box: 109 S. Broadway

City: Knoxville	State: TN	Zip Code: 37902

Web site Address: www.eb5-invest.com	Fax Number (include area code): (865) 544-4226	Telephone (include area code): (865) 599-2322

Part 3. Information About the Regional Center *(Continued)*

Answer the following questions for the time period identified in **Part 2** of this form. **Note:** If extra space is needed to complete any item, attach a continuation sheet, indicate the item number, and provide the response.

1. Identify the aggregate EB-5 capital investment and job creation has been the focus of EB-5 capital investments sponsored through the regional center. (**Note:** Separately identify jobs maintained through investments in "troubled businesses.")

Aggregate EB-5 Capital Investment	Aggregate Direct and Indirect Job Creation	Aggregate Jobs Maintained
0	0	0

2. Identify each industry that has been the focus of EB-5 capital investments sponsored through the Regional Center, and the resulting aggregate EB-5 capital investment and job creation. (**Note:** Separately identify jobs maintained through investments in "troubled businesses".)

a. Industry Category Title: Accomodations		NAICS Code for the Industry Category 7 2 1 0 0 0
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained:
b. Industry Category Title: Food Services		NAICS Code for the Industry Category 7 2 2 0 0 0
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained:
c. Industry Category Title: Amusement		NAICS Code for the Industry Category 7 1 3 0 0 0
Aggregate EB-5 Capital Investment: 0	Aggregate Direct and Indirect Job Creation: 0	Aggregate Jobs Maintained:

3. Provide the following information for each job creating commercial enterprise located within the geographic scope of your regional center that has received EB-5 investor capital:

a. Name of Commercial Enterprise: None * See addendum		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	
Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes?		☐ No	☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

b. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code
EB-5 Capital Investment	Direct and Indirect Job Creation	Jobs Maintained	

Part 3. Information About the Regional Center *(Continued)*

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

e. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

Part 3. Information About the Regional Center *(Continued)*

d. Name of Commercial Enterprise:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.

(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

e. Name of Commercial Enterprise:		Industry Category Title:	
Address Street Number and Name:	City:	State:	Zip Code:
Aggregate EB-5 Capital Investment:	Aggregate Direct and Indirect Job Creation:	Aggregate Jobs Maintained:	

Does this EB-5 commercial enterprise serve as a vehicle for investment into other business entities that have or will create or maintain jobs for EB-5 purposes? ☐ No ☐ Yes

Part 3. Information About the Regional Center *(Continued)*

If yes, then identify the name and address of each job creating business, as well as the amount of EB-5 capital investment and job creation/maintenance associated with each job creating business.			
(1) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	
(2) Business Name:		Industry Category Title:	
Address (Street Number and Name):	City:	State:	Zip Code:
EB-5 Capital Investment:	Direct and Indirect Job Creation:	Jobs Maintained:	

4. Provide the total number of approved, denied and revoked Form I-526 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

Form I-526 Petition Final Case Actions		
Approved	**Denied**	**Revoked**
0	0	0

5. Provide the total number of approved, denied and revoked Form I-829 petitions filed by EB-5 investors making capital investments sponsored by the regional center. (**Note:** If an adverse action was ultimately reversed and the petition was approved, then note the case as approved.)

Form I-829 Petition Final Case Actions		
Approved	**Denied**	**Revoked**
0	0	0

NOTE: USCIS may require case-specific data relating to individual EB-5 petitions and the job creation determination and further information regarding the allocation methodologies utilized by a regional center in certain instances in order to verify the aggregate data provided above.

Part 4. Applicant Signature *Read the information on penalties in the instructions before completing this section. If someone helped you prepare this petition, he or she must compete **Part 5**.*

I certify, under penalty of perjury under the laws of the United States of America, that this supplemental form and the evidence submitted with it are all true and correct. I authorize the release of any information from my records that U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought. I also certify that I have authority to act on behalf of the Regional Center.

Signature of Applicant	Printed Name of Applicant	Date *(mm/dd/yyyy)*
Peter Medlyn	Peter Medlyn	12/12/12
Daytime Phone Number *(Area/Country Codes)*	**E-Mail Address**	
865-599-2322	pmedlyn@eb5-invest.com	
Relationship to the Regional Center Entity (Managing Member, President, CEO, etc.)		
Chief Executive Officer		

Part 5. Signature of Person Preparing This Form, If Other Than Above *(Sign Below)*

I declare that I prepared this form using information provided by someone with authority to act on behalf of the Regional Center, and the answers and information are those provided by the Regional Center.

Attorney or Representative: In the event of a Request for Evidence (RFE), may the USCIS contact you by Fax or E-mail? ☐ No ☒ Yes

Signature of Preparer	Printed Name of Preparer	Date *(mm/dd/yyyy)*
Robert C. Divine	Robert C. Divine	12/17/2012
Firm Name and Address		
Baker, Donelson, Bearman, Caldwell, & Berkowitz, P.C. 633 Chestnut Street, Suite 1800 Chattanooga, TN 37450		
Daytime Phone Number *(Area/Country Codes)*	**Fax Number** *(Area/Country Codes)*	**E-Mail Address**
423-752-4416	423-752-9533	rdivine@bakerdonelson.com

R.E.D.T.
REAL ESTATE DEVELOPMENT TRUST

Addendum to Form I-924A for FY2012
Tennessee Regional Center, W09001230

This letter serves as an addendum to the above-referenced I-924A. TRC chooses to treat EB-5 funds as "invested" when funds are received by the new commercial enterprise either directly or after release from escrow, as the USCIS Q&A of 12/06/2011 allows. The RC chooses to treat jobs created as those associated with approved I-829s, counting 10 jobs created per approved investor, as the USCIS Q&A of 12/06/2011 allows.

Tennessee Regional Center has entered an agreement for sponsorship of the Big Elk Resort project-- the project that was the basis for the original filing and the model for which we changed in response to USCIS' notice of intent to terminate last year-- to be developed by [redacted] a New York Stock Exchange Listed Company (ticker symbol [redacted]

(b)(4)

Henry & Wallace, a financial firm in Knoxville which is a party to [redacted] proposal for Big Elk per the attached letter, has also contacted us about using the Regional Center for a proposed mixed use project in East Tennessee that will include a hospitality and retail component. The project size is [redacted] and will involve a REIT as a partner. We have signed confidentiality agreements for this project and specific details cannot be provided at this time.

(b)(4)

We have also been contacted by a developer in North Carolina, Craig Hilton, who would like to use our Regional Center for a hospitality project in North Carolina. The EB-5 component would be [redacted] project.

(b)(4)

REDT
109 S Broadway, Knoxville, TN 37902
Phone: +1-865-599-2322 • Fax: +1-865-544-4226
info@eb5-invest.com • eb5-invest.com • eb5investchina.com • redtllc.com

R.E.D.T.
REAL ESTATE
DEVELOPMENT
TRUST

We are fielding many calls from developers and investors who have found us through our web site which states we are actively looking for new viable projects in East Tennessee. We actively seek new projects for development of the region through a variety of channels. We have completed due diligence on many projects this year and we look forward to going forward with our first project as soon as possible. If you require additional information, please contact me.

Sincerely,

Peter Medlyn
Chief Executive Officer

REDT
109 S Broadway, Knoxville, TN 37902
Phone: +1-865-599-2322 • Fax: +1-865-544-4226
info@eb5-invest.com • eb5-invest.com • eb5investchina.com • redtllc.com

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
2.	Letter of Peter Medlyn of TRC	Explains web site confusion (resolved),

Table of Exhibits

for Response to Notice of Intent to Terminate
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
3.	Email of Web Site Vendor	Explains how old web site info remained in background (failed shortcut by web vendor) unbeknownst to TRC and against its instruction, now completely deleted

Divine, Robert

From: Justin Jones <justin@imegonline.com>
Sent: Tuesday, February 05, 2013 4:21 PM
To: Divine, Robert
Cc: PeterKnoxville
Subject: EB-5 Site

Peter,

The site eb5-invest.com had a 301 redirect on each page so that whatever page loaded would take them back to the home page where it was just a landing page that said coming soon. The 301 redirects somehow have been broken so now if you had an old link to any internal page you now can see that page. We have just went a step further and actually deleted all the pages in place of the 301 redirect. So now you can only get the home page that is a very basic coming soon page.A 301 while rarely breaks it can happen a deleted page is just that deleted so we have mitageted the possibility of a page loading completely. Let us know if you need anything else.

Proof pages were deleted and a 301 not used this time http://www.eb5-invest.com/eb5.aspx

You should see this now

The resource cannot be found.

Description: HTTP 404. The resource you are looking for (or one of its dependencies) could have been removed, had its name changed, or is temporarily unavailable. Please review the following URL and make sure that it is spelled correctly.

Requested URL: /eb5.aspx

Thanks,

Justin Jones
CEO / Founder
Internet Marketing Expert Group
1-800-736-1122
http://www.imegonline.com

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
4.	Email of EB-5 Exclusive.com	Confirms old TRC info has been removed from site

Divine, Robert

From: Peter Medlyn <pmedlyn@propertyservicegroup.com>
Sent: Thursday, January 10, 2013 11:19 AM
To: Divine, Robert
Subject: Confirmation of removal

Follow Up Flag: Follow up
Flag Status: Flagged

Robert,
Here is the confirmation email that it was removed I see you were not copied. They say that the information was provided to them back in November 2010 ? I don't remember ever speaking to them, they probably copied from our web site at that time.

From: Franchesca Delfino [mailto:franchesca@exclusivevisas.com]
Sent: Thursday, January 10, 2013 10:11 AM
To: pmedlyn@propertyservicegroup.com
Cc: Fred Burgess; lourdes@exclusivevisas.com
Subject: RE: Tennessee Regional Center

Peter:

This information was provided to us back in November 2010 – I have removed the information from our website,

Thank you.

Franchesca Delfino
Investor Case Manager
Exclusive Visas, LLC
2149 N. Commerce Pkwy
Weston, FL. 33326
p: (954) 727-9800 Ext. 302
f: (954) 727-0303
www.eb5exclusive.com

From: Lourdes Cardenas [mailto:lourdes@exclusivevisas.com]
Sent: Wednesday, January 09, 2013 5:24 PM
To: Franchesca Delfino
Cc: fred@exclusivevisas.com
Subject: FW: Tennessee Regional Center

Fran, this person called today, I asked him to send us his written request since he was not clear what is the "old information", and he is still not making it clear. Please check with Fred and see if we can remove this information from our website. Thanks.

Lourdes

From: Peter Medlyn [mailto:pmedlyn@propertyservicegroup.com]
Sent: Wednesday, January 09, 2013 5:17 PM
To: lourdes@exclusivevisas.com

Cc: Divine, Robert
Subject: Tennessee Regional Center

To Whom It May Concern,
There is a link on your website to some old information on the Tennessee Regional Center. I don't know where you found this information but it is not correct, please remove this link immediately as it is causing us all sorts of problems with the USCIS. This information does not reflect our project. Please let me know when this information has been removed and copy our attorney Robert Devine on your confirmation that the data has been removed.
Thank-you

Peter Medlyn

Table of Exhibits

for Response to Notice of Intent to Terminate
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
5.	Revised Regional Center Business Plan Note: first several pages have new information highlighted in yellow. Otherwise, the business plan is unchanged from NOIT#1.	Evidence of Regional Center's marketing, finance, operational, and project development strategy. Also contains business plan for Project, Big Elk Resort discussed in Section C.

Comparison Details	
Title	**pdfDocs compareDocs Comparison Results**
Date & Time	2/6/2013 1:34:45 PM

UPDATED REGIONAL CENTER DESIGNATION ~~APPLICATION~~ PROPOSAL

SPONSOR:
TENNESSEE REGIONAL CENTER, LLC

109 S Broadway
Knoxville, TN 37902
USA

Email: pmedlyn@EB5-invest.com
Web Site: http://www.EB5-invest.com

DATE: June 6, 2011

[Updated February 6, 2013]

This document contains confidential and proprietary information belonging exclusively to: Tennessee Regional Center, LLC. This is a business plan. It does not imply an offering of securities.

SECTION 1
EXECUTIVE SUMMARY

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SECTION 1

EXECUTIVE SUMMARY

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SECTION 1

EXECUTIVE SUMMARY

SECTION 1

EXECUTIVE SUMMARY

1.1 PURPOSE OF DOCUMENT

Regional Center (RC) Application for the region immediately surrounding Great Smoky Mountains National Park, including ~~28 counties in Eastern Tennessee and 11 Counties in North Carolina~~ the 12 county area synonymous with the Knoxville-Sevierville-La Follette TN Combined Statistical Area under the regulations at *8 CFR §104.6(m)* for submission to:

For direct mail:

U.S. Citizenship and Immigration Services
California Service Center
Attn: EB-5 Regional Center Proposal
P.O. Box 10526
Laguna Niguel, CA 92607-0526

For non-U.S. Postal Service deliveries (e.g. private couriers):
U.S. Citizenship and Immigration Services
California Service Center
Attn: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, CA 92677

1.2 SPONSOR/APPLICANT COMPANY

Tennessee Regional Center, LLC
109 S Broadway
Knoxville, TN 37902

Email: pmedlyn@EB5-invest.com

Web Site: http://www.EB5-invest.com

1.3 SPECIFIC INDUSTRY FOCUS

The ~~focus on~~ specific industries ~~will be:~~ requested are:

- **Commercial and Institutional Building Construction (NAICS 2362)**—This industry is comprised of establishments primarily responsible for the construction (including new work, additions, alterations, maintenance, and repairs) of nonresidential buildings. This industry group includes nonresidential general contractors, nonresidential for-sale builders, nonresidential

design-build firms, and nonresidential project construction management firms.[1]

~~NAICS 72: Accommodation and Food Services~~
~~NAICS 71: Arts, Entertainment and Recreation~~
~~NAICS 23: Construction of Buildings~~
~~NAICS 44-45: Retail Trade~~

~~1.4 GEOGRAPHIC FOCUS: Tennessee and North Carolina Counties surrounding the entrances to Great Smoky Mountains National Park, including the following:~~

- **Highway, Street, and Bridge Construction (NAICS 23731)**—This industry comprises establishments primarily engaged in the construction of highways (including elevated), streets, roads, airport runways, public sidewalks, or bridges. The work performed may include new work, re-construction, rehabilitation, and repairs. Specialty trade contractors are included in this group if they are engaged in activities primarily related to highway, street, and bridge construction (e.g., installing guardrails on highways).[2]

- **Furniture and Home Furnishing Merchant Wholesalers (NAICS 4232)**-This NAICS Industry Group includes establishments classified in the following industries: NAICS 42321: Furniture Merchant Wholesalers—which include establishments primarily engaged in the wholesale distribution of furniture, including bedsprings, mattresses, and other household furniture; office furniture; and furniture for public parks and buildings; and NAICS 42322: Home Furnishing Merchant Wholesalers—which include establishments primarily engaged in the merchant wholesale distribution of furniture (except hospital beds, medical furniture, and drafting tables.[3]

- **Architectural, Engineering, and Related Services (NAICS 5413)**-Industries in the Professional, Scientific, and Technical Services (NAICS 541) subsector, of which these industries are a part, group establishments engaged in processes where human capital is the major input. These establishments make available

[1] The term NAICS refers to the North American Industry Classification System, Executive Office of the President, Office of Management and Budget, page 196.
[2] Ibid; Page 203.
[3] Ibid, Page 507.

the knowledge and skills of their employees, often on an assignment basis, where an individual or team is responsible for the delivery of services to the client. The distinguishing feature of the Professional, Scientific, and Technical Services subsector is the fact that most of the industries grouped in it have production processes that are almost wholly dependent on worker skills. The individual industries of this subsector are defined on the basis of the particular expertise and training of the services provider.

The Engineering, Architectural, and Related Services industry group includes establishments classified in the following industries: 54131, Architectural Services, 54132, Landscape Architectural Services, 54133, Engineering Services, 54134, Drafting Services, 54135, Building Inspection Services, 54136, Geophysical Surveying and Mapping Services, 54137, Surveying and Mapping (Except Geophysical) Services, and 54138, Testing Laboratories.[4] These establishments primarily engaged in engineering, applying physical laws and principles of engineering in the design, development, and utilization of machines, materials, instruments, structures, processes, and systems; architecture, planning and designing residential, institutional, leisure, commercial, and industrial buildings and structures by applying knowledge of design, construction procedures, zoning regulations, building codes, and building materials; and related services such as drafting, building inspection, surveying and mapping, and related testing services.

~~State of Tennessee (28 Counties):~~

(b)(4)

[4] See http://www.census.gov/econ/industry/def/d5413.htm.

SECTION 1

EXECUTIVE SUMMARY

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~~State of North Carolina (11 Counties):~~

- **Amusement Parks and Arcades (NAICS 7131)**—This industry group comprises establishments primarily engaged in operating amusement parks and amusement arcades and parlors.[5]

- **Hotels (except Casino Hotels) and Motels (NAICS 72111)**—This industry comprises establishments primarily engaged in providing short-term lodging in facilities known as hotels, motor hotels, resort hotels, and motels. The establishments in this industry may offer food and beverage services, recreational services, conference rooms and convention services, laundry services, parking, and other services.

- **Restaurants and Other Eating Places (NAICS 72251)**—This industry group comprises establishments primarily engaged in providing food services to patrons who order and are served while seated and pay after eating, or who order or select items at a counter, food bar or cafeteria line (or order by telephone) and pay before eating. This industry group includes drinking places that primarily serve food. This sector includes NAICS 72551—which includes establishments primarily engaged in one of the following: (1) providing food services to patrons who order and are served while seated (i.e., waiter/waitress service), and pay after eating; (2) providing food services to patrons who generally order or select items (e.g., at a counter, in a buffet line) and pay before eating; or (3) preparing and/or serving a specialty snack (e.g., ice cream, frozen yogurt, cookies) and/or nonalcoholic beverages (e.g., coffee, juices, sodas) for consumption on or near the premises.[6]

These NAICS describe both sectors in which EB-5 investor capital will be expended (e.g. those involved with the construction of the

[5] North American Industry Classification System, Executive Office of the President, Office of Management and Budget, page 877.
[6] See http://www.census.gov/cgi-bin/sssd/naics/naicsrch.

proposed project—such as NAICS 2362, NAICS 2373, and NIACS 4234), and those which reflect the expected business activities associated with the operation (e.g. NAICS 5413, NAICS 7131, NAICS 72111, and NAICS 72251) of the proposed "hypothetical" EB-5 project.

1.4 GEOGRAPHIC FOCUS: The geographic area for the existing regional center has been amended. The amended geography now includes the 12 county area synonymous with the Knoxville-Sevierville-La Follette TN Combined Statistical Area. The regional economy is centered around the city of Knoxville, the third largest city within the State of Tennessee, including the following:

Knoxville-Sevierville-La Follette Combined Statistical Area

(b)(4)

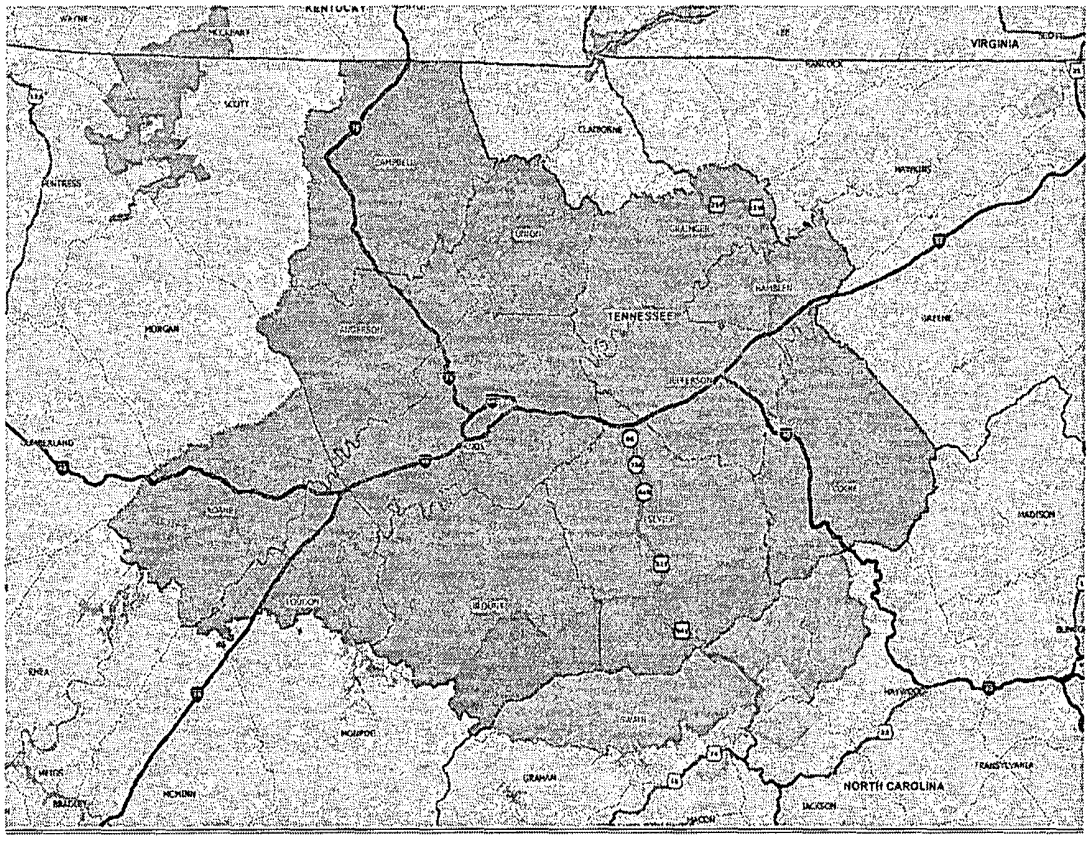
Prepared by: Economic & Policy Resources, Inc.

The following is a map of the updated area of the proposed change to the existing regional center's geography.

Figure 1: Map of the Prospective Updated TRC [Knoxville-Sevierville-Follette CSA]

SECTION 1

EXECUTIVE SUMMARY



(b)(4)

1.5 REGIONAL CENTER CONTACTS

Tennessee Regional Center Principals:

Peter Medlyn & Ron Hensarling
Real Estate Development Trust, LLC
Phone: (865) 599-2322

Email: [redacted] (b)(6)
Email: pmedlyn@eb5-invest.com

Immigration Counsel:

Robert Divine
Baker Donelson, Bearman, Caldwell & Berkowitz, PC
633 Chestnut Street
1800 Republic Center
Chattanooga
TN, 37450
Phone: (423) 752-4416
Fax: (423) 752-9533
Email: rdivine@bakerdonelson.com
Web: http://www.bakerdonelson.com/immigration

SEC Counsel:

Ronald R. Fieldstone, Rebecca Abrams
Arnstein & Lehr, LLP
200 S. Biscayne Blvd.
Suite 3600
Miami, FL 33131
Phone: (305) 428-4500
Fax: (305) 374-4744
Email: rrfieldstone@arnstein.com
Web: http://www.arnstein.com

Econometrics/Modeling:

Jeff Carr, Mathew Barewicz
EPR - Economic & Policy Resources, Inc.
400 Cornerstone Drive
Suite 310
Williston, VT 05495
Phone: (800) 765-1377
Fax: (802) 878 0876
Email: ldc@epreconomics.com
Web: www.epreconomics.com

Accounting:

Richard Goldstein
HGA & Associates

6504 Deane Hill Drive
Knoxville TN. 37919
Phone: (865) 691-8000
Fax: (865) 6913064
Email rgoldstine@hga-cpa.com

Business Plan Development:

Jo Ann Clarke
Clarke Associates, LLC
3157 Egremont Drive
West Palm Beach, FL 33406
Phone: (561) 577-5058
Fax: (561) 965-4153
Email: jaclarke@clarkeassocs.com
Web: www.clarkeassocs.com

EB-5 Marketing

Justin Jones
IMEG Online
305 Elm Street
Sevierville
TN, 37862
Phone: (800) 7361122
Fax: (800) 653 6920
Email: justin@imegonline.com
Web: www.imegonline.com

1.6 TOTAL ANTICIPATED DOMESTIC CAPITAL INVESTMENT, YEARS 1-3

Through EB-5 program: Up to [redacted] (b)(4)

1.7 QUALIFICATION POINTS - REGIONAL CENTER DESIGNATION

This plan will discuss in depth all aspects of the proposed regional center focus market, the initial investment project, and the coverage of the basic and detailed requirements for designation as a Regional Center:

1) Focus on a geographic region.
2) Promotion of improved regional productivity.
3) Creation of a minimum of 10 direct and indirect jobs per investor.
4) Increase in domestic capital investment.

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SECTION 1

EXECUTIVE SUMMARY

SECTION 1

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EXECUTIVE SUMMARY

SECTION 1

(b)(4)

EXECUTIVE SUMMARY

(b)(4)

SECTION 2
TENNESSEE REGIONAL CENTER
PROGRAM DEVELOPMENT STRATEGY

SECTION 2

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

(b)(4)

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

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TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER
PROGRAM DEVELOPMENT STRATEGY

(b)(4)

SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

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SECTION 3
THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 5
MARKETING PLAN

(b)(4)

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SECTION 5
MARKETING PLAN

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SECTION 5
MARKETING PLAN

(b)(4)

SECTION 5
MARKETING PLAN

(b)(4)

SECTION 6
OPERATING PLAN & PROGRAM ADMINISTRATION

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SECTION 6
OPERATING PLAN & PROGRAM ADMINISTRATION

(b)(4)

SECTION 6
OPERATING PLAN & PROGRAM ADMINISTRATION

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OPERATING PLAN & PROGRAM ADMINISTRATION

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SECTION 6
OPERATING PLAN & PROGRAM ADMINISTRATION

(b)(4)

SECTION 6
OPERATING PLAN & PROGRAM ADMINISTRATION

(b)(4)

SECTION 7
LEGAL AND RISK PLANNING

(b)(4)

SECTION 7
LEGAL AND RISK PLANNING

(b)(4)

SECTION 8
ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8
ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8
ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

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SECTION 8
ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 9
INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

(b)(4)

SECTION 9
INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

(b)(4)

SECTION 9
INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

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INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

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INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

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SECTION 9
INDUSTRIAL ANALYSIS -- FOCUS INDUSTRIES

(b)(4)

SECTION 10
FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

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SECTION 10
FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

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SECTION 10
FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

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SECTION 10
FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

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Table of Exhibits

for Response to Notice of Intent to Terminate
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
6.	PKF Appraisal	Credible assessment of market opportunity and likely operational results provide basis for projections

DRAFT

Appraisal

Proposed Big Elk Resort
Gatlinburg, Tennessee

Effective Date of the Appraisal:
January 1, 2016

Prepared For:
Mr. Peter Medlyn
Funding Group USA LLC
109 S Broadway
Knoxville, Tennessee 37902

Prepared By:
PKF Consulting USA
3475 Lenox Road
Suite 720
Atlanta, Georgia 30326

Date of the Report
August 5, 2011

PKF CONSULTING USA

www.pkfc.com

21245

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DRAFT

PKF CONSULTING USA

PKF Consulting USA | 3475 Lenox Road, Suite 720 | Atlanta, Georgia 30326

TEL: 404-842-1150 | FAX: 404-842-1165 | www.pkfc.com

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TABLE OF CONTENTS

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TABLE OF CONTENTS

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CERTIFICATION OF THE APPRAISER

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Table of Exhibits

for Response to Notice of Intent to Terminate
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
7.	Letter from Johnson & Gaylon, No. 1 builder in Knoxville TN area, validating current costs ("recap"), necessary schedule, cash flow analysis, and permit validity and availability Recent news article and web page re Johnson & Gaylon attached	Construction project cost and schedule are verified as viable as reflected in business plan and assumed in economic analysis

JOHNSON&GALYON
CONSTRUCTION

February 4, 2013

USCIS
P.O. Box 10129
Laguna Niguel, CA 92607-1012

To Whom It May Concern:

Please find attached Johnson & Galyon's Budget Recap dated March 5, 2012. Johnson & Galyon's competitive bid process includes competitive bids from our internal database of more than 3,000 subcontractors. We have confirmed the cost of the project with the subcontractors that provided the best value prices. We have verified that the cost of the project is still valid. While certain materials have increased during the past we are able to hold the price primarily due to the continuing depressed construction economy. The costs for the buildings on a price per square foot comparison remain within market parameters and are in line with other projects we have completed recently.

Also attached is a copy of the latest schedule and corresponding cash flow analysis for the project dated February 4, 2013. As you can see by the attached schedule, the parking garage that serves as the platform for all of the buildings controls the early part of the schedule. The completion time for the garage structure is scheduled to be approximately eight months. This is one month faster than the latest garage project that we recently completed, however, the size and configuration of the site allows more work to occur simultaneously. This allows 16 months to complete 300,000 sq. ft. of building. We have studied options for accelerating the schedule, but based on our knowledge of the project and location of the site, we believe that a more aggressive schedule will adversely impact cost. The dates on the schedule are specific dates based on the current projected start date but can be adjusted based on actual dates when established. The durational schedule remains as shown.

The required zoning approvals and several required local and State Department of Transportation permits for the project have been obtained and remain in effect. The plans have been reviewed by the City of Gatlinburg and in my opinion, based on those reviews, there will be no issues meeting all City of Gatlinburg codes and ordinances. Prior to submitting for the building permit, the dates on the documents will be updated.

If you need additional information concerning this project, please do not hesitate to contact me.

Sincerely,

DOUG KENNEDY | Chief Executive Officer

Johnson & Galyon, Inc. P.O. Box 3070, Knoxville, TN 37927 · 1130 Atlantic Ave., Knoxville, TN 37917 o.865.688.1111 | 865.688.1114 www.johnsongalyon.com

knoxnews.com Printer-friendly story
Read more at knoxnews.com

The List: Johnson & Galyon nails top local contractor spot

By Shelley Phillips

Tuesday, February 5, 2013

Local contracting firm Johnson & Galyon topped our list of Knoxville-area general contractors, displacing previous No. 1 firm Blaine Construction Corp., by bringing in more than $64.5 million in local billings for 2011.

Blaine slipped to No. 2, but still recorded $61 million locally.

Both companies cited work for the University of Tennessee as their largest 2011 project.

Johnson & Galyon served as contractor for the university's new Natalie L. Haslam Music Center, which is projected to be finished this spring. UT reports the cost at $40 million in its Capital Projects report.

Blaine Construction was the contractor for the Min Kao Electrical & Computer Engineering Facilty project. The building opened in January 2012. Total funding was $37.5 million, according to university officials.

The full list of the Knoxville area's top general contractors, their billings and local projects is available at knoxvillebookoflists.com.

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A Message from CEO, Doug Kennedy

Company Overview & History

Mission & Values

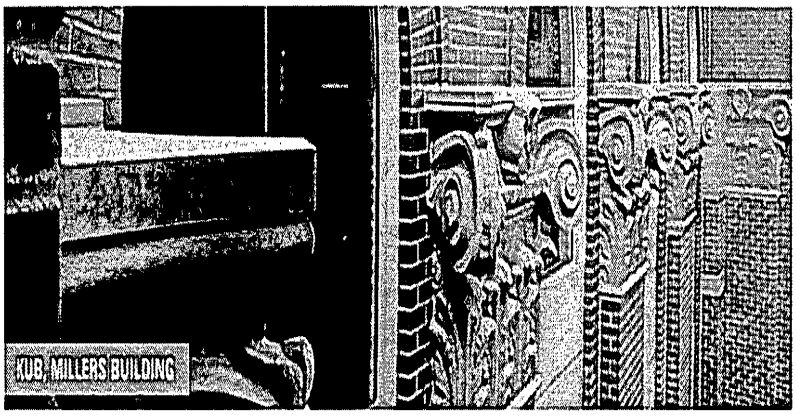
Safety

Community Support

News & Awards

Our People

Testimonials



* Johnson & Galyon Construction was selected by the Tennessee Board of Regents to be the Construction Manager for a new campus for **Walters State Community College in Greeneville, Tennessee.** Preconstruction services are currently underway, with construction scheduled to begin this summer. The project, which is approximately 100,000 square feet, will include space for Administration, Student Services, Learning Classrooms, Food Service Facility and Police and Fire Cadet Programs.

* Johnson & Galyon Construction has been chosen as the Construction Manager for a new sanctuary addition and classroom renovations at **Ebenezer United Methodist Church**, located in West Knoxville.

* Johnson & Galyon Construction has been chosen as the Construction Manager for a new education wing at **Hardin Valley Church of Christ**, located in West Knoxville.

* Construction is underway on the new **Southeast Eye Center**, located off Emory Road. Johnson & Galyon is the Constrution Manager for the project.

* Johnson & Galyon Construction is the General Contractor for the new **UT Cancer Institute**, located on the University of Tennessee Medical Center campus. We were chosen through a competitive interview/bid process. Construction is scheduled be complete later this summer.

* The new 755-space **Parking Garage**, where we served as the Design Builder, has opened at the **University of Tennessee Medical Center**. Ribbon cutting ceremony was held January 3rd.

* The **Knoxville STEM School** has opened for the 2011-2012 school year. Johnson & Galyon Construction is proud to have been the Construction Manager for this project.

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Site designed by 2313 Creative

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
8.	Budget Recap from Johnson & Gaylon	same

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Big Elk Resort

Budget Recap

March 5, 2012

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Table of Exhibits

for Response to Notice of Intent to Terminate
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
9.	Construction Schedule from Johnson & Gaylon	same

(b)(4)

Big Elk Resort
Project Schedule
Mon 2/4/13

Johnson & Galyon, Inc.

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
10.	Cash Flow Analysis from Johnson & Gaylon	same

(b)(4)

Big Elk Resort
Cash Flow Projections

Johnson & Galyon, Inc.

(b)(4)

Big Elk Resort
Cash Flow Projections

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
11.	Direct Construction Job Creation Projection from Johnson & Gaylon	

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JOHNSON & GALYON, INC.

General Contractors

Big Elk Resort and Lodge Job Creation Projection

P.O. Box 3070 • 1130 Atlantic Avenue • Knoxville, TN 37927 • Phone: (865) 688-1111 • Fax: (865) 688-1114

www.johnsongalyon.com

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
12.	AMR Brochure	Experienced management provider prepared job charts for hotel and water park

AMERICAN RESORT MANAGEMENT, LLC

ARM HOSPITALITY

Long Term Operational Partner

AMERICAN RESORT MANAGEMENT, LLC

ARM has been voted one of the Top

2012 Third-Party Management Companies

BY HOTEL MANAGEMENT FOR THE SECOND YEAR IN A ROW

Trusted Advisor & Consultant

Project Planning & Design

Leadership Through Opening

American Resort Management, LLC

Operators of and Consultants to: Hotels, Indoor Water Parks, Resorts, Conference Centers and Restaurants

American Resort Management, LLC // 3614 West 12th Street // Erie, PA 16505 // o. 814.833.2631 // f. 814.833.2667

WWW.AMERICANRESORTMANAGEMENT.COM

REVISED 9/25/12

AMERICAN RESORT MANAGEMENT, LLC

ARM HOSPITALITY

What We Are

American Resort Management, LLC concentrates on development, consulting, operation and long term management contracts for full and mid-scale hotels, indoor water park resorts, outdoor water parks, family entertainment centers and destination resort properties including golf, skiing, and various other activities.

ARM Hospitality, LLC concentrates on the opening tasks and long term third party hospitality management of select, mid-scale and full service hotels, franchise and independent restaurants, and conference centers. As a premier hotel management company, ARM Hospitality, LLC specializes in sales and marketing, positioning, accounting services, and operation oversight, including the maximization of revenues.

Other services offered include: feasibility study analysis, representing ownership's interests during construction, and the long term day-to-day management of ownership's asset and business. We also provide interior design and procurement, accounting and cost control, rate and yield management, sales and marketing services, human resource management and career development for our managed properties. Additionally, we provide asset management, receivership, business reviews and other vital services to banks, owners and investors in all areas of the restaurant, resort and hospitality industries.

American Resort Management, LLC now provides valuable practical experience for the indoor water park resort development and management. Our team is prepared to assist owners with projects of any size. Driven by success, our focus is on providing excellence resulting in measurably higher returns. We operate our projects to the highest standards in the hospitality industry. From vision to reality, American Resort Management, LLC will be there during every critical phase.

ARM Hospitality, LLC provides valuable practical experience for hotel properties of all sizes, including both brand and independent hotels. Our success is based upon achieving results for our guest, clients and staff alike. In addition, ARM Hospitality, LLC also provides hotel receivership services to banks, special loan servicers and assets servicers. In receivership, ARM Hospitality, LLC has successfully repositioned and stabilized several hotels for sale.

ARM Mission Statement

To establish strong, profitable operations by providing well-maintained facilities staffed with friendly, well-trained individuals who embrace our commitment to exceed our guests' expectations.

Primary Functions:

- Project Development - From concept to completion
- Property Management - Consistent delivery of successful results

Our Vision

Achieving successful partnerships through excellence in the guest experience and exceeding owner's expectations for return on investment.

Success is obtained through valued and dedicated associates, lead by a skilled management team, delivering on a commitment of professional service to our guests, associates and clients.

AMERICAN RESORT MANAGEMENT, LLC

ARM HOSPITALITY

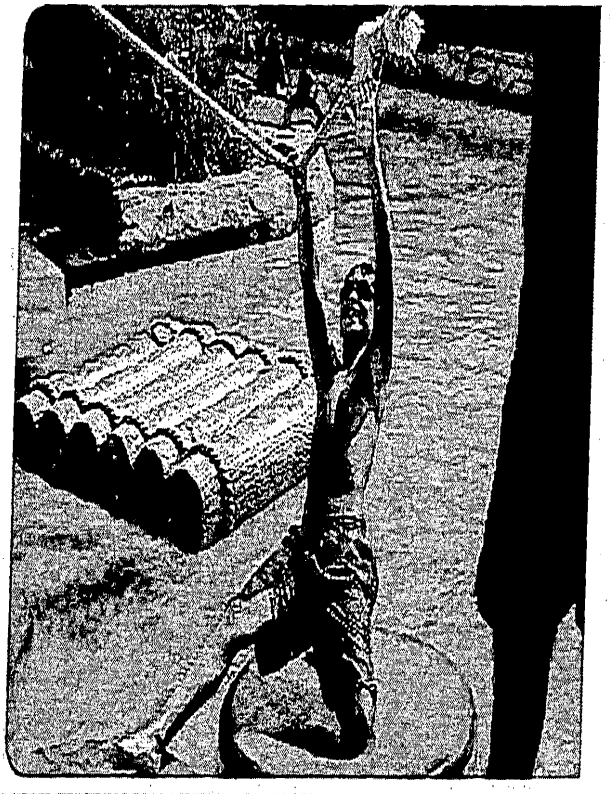
Services Offered

American Resort Management, LLC offers a wide array of development and management services that are personalized for each client. Meticulous attention to detail is evident in everything we do.

Our resources include a dedicated team of professionals with proven track records in their respective disciplines. Combined, the talents of our team are a perfect fit for any project.

Segments of the hospitality industry currently being served by American Resort Management include:

- Full and Limited Service Hotels
- Indoor Water Park Resorts
- Outdoor Water Park Resorts
- Recreational Facilities
- Conference Centers
- Independent Hotels
- Boutique Hotels
- Franchise Restaurants
- Independent Restaurants



Services:

- Concept Development
- Pre-opening Services
- Property Management
- Operations
- Human Resources
- Reservation Center
- Yield & Rate Management
- Purchasing Services

AMERICAN RESORT MANAGEMENT, LLC

ARM HOSPITALITY

Resort & Hotel Property Management

As resorts and hotels continue to open throughout North America, it is apparent that the long term stability and financial success of your property will be dependent upon how well it is operated. American Resort Management, LLC is second to none in providing operational excellence and fantastic guest experiences, both of which are key to generating the highest return on investment for the owner.

Operations is the central nervous system of any property. Our dedicated and extremely qualified management team will provide professional, consistent leadership. Key individuals in each department will operate the facility in a manner clearly defined by our intensive and ongoing "guestology" training and operational philosophies. Seamless operations are delivered as part of the overall guest experience. Guests will receive the same "professionally casual" service whether they are checking in to their room or enjoying any of the resort's amenities.

The corporate offices at American Resort Management, LLC will monitor all aspects of the resort's daily performance through its reporting systems for revenue, expense and labor controls. Daily reports are reviewed by our corporate team and operational adjustments are discussed with the on site management team as needed. Yield and rate management is also directed at the corporate level. Routine sales and marketing meetings are conducted on site and by teleconference. Audits are conducted by members of the executive team on a routine basis, ensuring optimal performance is being achieved. Many cost savings will be realized from the efforts of the corporate staff. Volume purchasing, insurance negotiations, and FF&E procurement are just a few programs offered by American Resort Management, LLC.

Restaurants

As restaurants continue to open throughout North America, it is apparent that the long term stability and financial success of your restaurant will be dependent upon how well it is operated. At American Resort Management, LLC we have taken Food and Beverage service to a higher level. Whether at one of our stand alone nationally franchised properties or within the hotel, American Resort Management, LLC looks at food and beverage operations just as an independent restaurant owner would. Focusing on quality products and exceptional service, our goal is to exceed the guest's expectations every time, creating loyal repeat guests.

American Resort Management, LLC provides the following services to the restaurant and hotel industry: facility management, site selection, concept development, existing business evaluation, menu design and costing, consulting services, and business and marketing development.

The corporate offices at American Resort Management, LLC will monitor all aspects of the restaurant's daily performance through its reporting system for revenue, expense and labor controls. Daily reports are reviewed by our corporate team and operational adjustments are discussed with the on-site management team as needed. Routine sales and marketing meetings are conducted on site and by teleconference. Audits are conducted by members of the executive team on a routine and random basis, ensuring optimal performance is being achieved. Many cost savings will be realized from the efforts of the corporate staff. Volume purchasing, insurance negotiations and FF&E procurements are just a few programs offered by American Resort Management, LLC.

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
13.	Organizational Charts and Lists for Hotel and water park prepared by AMR	Reliable evidence for operations staffing

AMERICAN RESORT MANAGEMENT, LLC

Big Elk Resort

(b)(4)

Organizational Chart

Senior Management

Directorship positions denote management staff dedicated to overseeing relevant functions within individual resort components.

Source: American Resort Management 10.2009

AMERICAN RESORT MANAGEMENT, LLC

(b)(4)

Big Elk Resort Organizational Chart
Resort Hotel/Arcade/Restaurant/Spa

Source: American Resort Management 10.2009

(b)(4)

AMERICAN RESORT MANAGEMENT, LLC

Big Elk Resort Organizational Chart
Indoor Water Park

Source: American Resort Management 10.2009

(b)(4)

Big Elk Resort Staffing Guides

Dept	Title	Salary Range	Notes

Source: American Resort Management 10.2009

(b)(4)

Staffing Levels:

Total Staffing Levels

(b)(4)

AVG. Wages Paid:

Source: American Resort Management 10.2009

Benefits:

Salaried Staff

(b)(4)

Hourly Full Time Staff

Source: American Resort Management 10.2009

(b)(4)

Hourly Part Time Staff

Source: American Resort Management 10.2009

Table of Exhibits

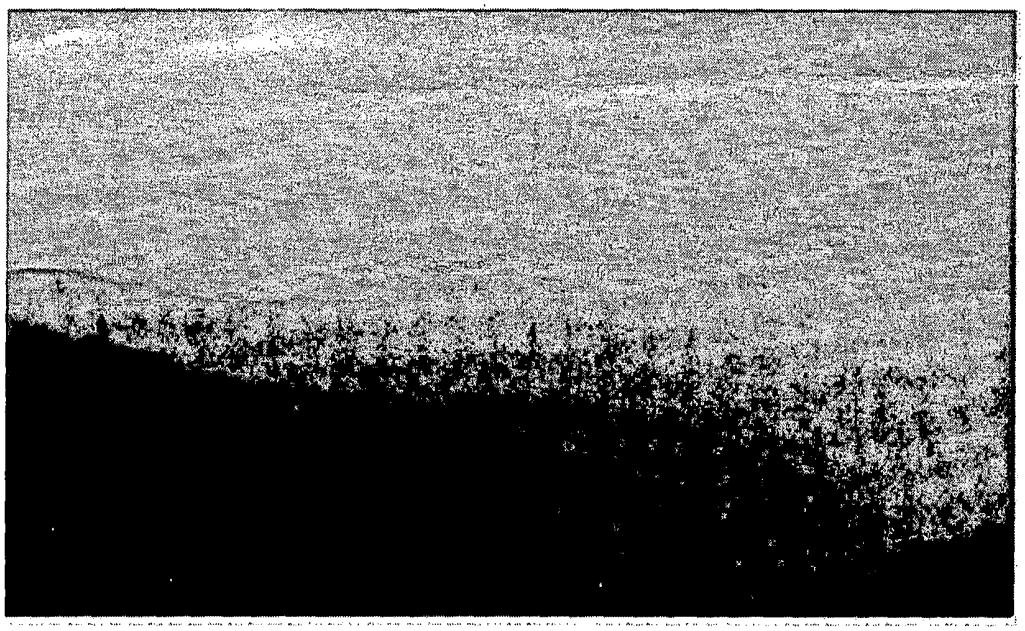
for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
14.	Revised Full Economic Report from Economic & Policy Resources, Inc.	Economist's specific responses to targeted issues raised in RFE and job creation data as relates to revised project Big Elk EB-5 project.

Economic and Job Creation Impacts of Proposed Big Elk Project in the Amended Tennessee Regional Center



February 3, 2013
[Revised]

Prepared by:

EPR Economic & Policy Resources, Inc.
Economists, Policy and Financial Analysts

400 Cornerstone Drive, Suite 310
Williston, VT 05495
800-765-1377
www.epreconomics.com

Letter of Transmittal

February 3, 2013

Mr. Peter Medlyn
c/o Property Service Group
109 South Broadway
Knoxville, Tennessee 37902

Dear Mr. Medlyn:

Attached with this letter is the economic and job creation impact assessment analysis, which our firm prepared at your request, for the Big Elk EB-5 Project in the Tennessee Regional Center to be developed and operated in Gatlinburg, TN. The report is intended to accompany materials to be filed with the U.S. Citizenship and Immigration Service's EB-5 Immigrant Investor Program to address the questions from the USCIS regarding the maintenance of your previously designated regional center pursuant to 8 C.F.R. §204.6.

In the report, you will find an explanation of the findings and the methods employed in the economic and job creation impact assessment analysis. The impact analysis was prepared using assumptions and estimates developed from third party data sources, information from the developers of the EB-5 project, research and knowledge of the industry and region from our more than 25 years of experience in applied economics. Where we have accepted third party project data and project information from others and understand that the USCIS-required support the inputs EPR used herein will be supplied by the project developers elsewhere in the application. However, we performed a number of tests and cross checks to verify the internal consistency of the results and find those results to be reasonable. Changing events and circumstances may cause actual results in any one given year and for the impacts in total to be materially different than those reported here.

Thank you for the chance to work with you on this matter. We appreciated the professional approach taken by you and your management team in their work with us to complete this impact assessment analysis.

Sincerely,

Jeffrey B. Carr
President
Economic & Policy Resources, Inc.

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Table of Contents

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Table 2: State and Regional Location Quotients, Calendar Year 2011

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[27] See Appendix 7, Exhibit 3.
[28] See Appendix 7, Exhibit 4.

(b)(4)

Economic Impact Analysis

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Model Inputs and Assumptions:

(b)(4)

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Table 3: Schedule of Inputs–Big Elk EB-5 Project

(b)(4)

Table 4: Summary Results: Big Elk EB-5 Project

[redacted]

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Table 10: Sector/Subsector Jobs and Output Impacts for the Total U.S.--Big Elk EB-5 Project

Conclusions

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Table 11: NAICS Sector Inputs and Jobs Impacts for the Big Elk EB-5 Project

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Appendix 1:

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Appendix 2:

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[40] 8 CFR Sec. 204.6(m)(3)(iv)

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Appendix 3:

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Appendix 4:

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Appendix 5:

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Appendix 6:

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Appendix 7:

Exhibit 1:
The Business of Regional Dynamics, Inc.:
Economic Modeling Redefined – Source: Regional Dynamics, Inc.

The Business of Regional Dynamics, Inc.

Economic Modeling Redefined

Regional Dynamics is an economic modeling company. We offer the REDYN advanced economic model by web subscription or batch services to consultants, agencies, firms, planners, and analysts (users). REDYN runs on the Internet. Subscriptions include advice to apply and interpret the model. Our model estimates the multi-regional impacts and year-by-year (dynamic) nonlinear effects on industries, consumers, and governments from changes in company sales, jobs, wages, or investments; changes in taxes or personal or government spending; or public policy changes such as energy, environment, school, health, or security measures. The results are called simulation forecasts, or simulations.

Our model is a fundamental re-envisioning of economic theory applied to estimating multi-regional, dynamic effects. It reflects advances in New Economic Geography, especially gravity theory (regional attraction) and trade flow (regional imports/exports), based on a new distance impedance database from Oak Ridge National Laboratories that enables calculating trade flow by commodity by road, rail, water, air, and proxy transport. The breakthrough in design is the commodity production linkage between the trade flow process and an entity-based data structure for the economy. Entities include industries, workers, governments, investors, etc., and commodities are the goods they use and make.

The upshot—users can build and run multiple online custom models on the fly for solid project analysis. These features make REDYN more flexible, complete, and accessible than any other modeling process—in a nutshell: *No sticker shock; better solutions.*

Because our model runs on the Internet for all 3,100+ US counties, it meets the need for multi-regional tools usable by state, regional, Federal, and consulting organizations who share policy or forecasting interests or economic impact interests in the same geographic areas. The model's fresh, efficient design and its Internet accessibility make it ideal for supporting long-term collaborative efforts as well as for doing individual studies.

The model also is ideal for studying effects of sequential regional inputs, or generating a schedule of responses from a large set of alternative inputs, across a very large number of counties. Repetitive changes across many regions may be better handled as an offline batch job following an analytic script rather than as an Internet project. However, the batch approach has an engagement element as follows: After a user calls us, we accept and review the user's study information, set up and run the script, then produce and deliver agreed brief script reports in hard copy or electronic format from the simulation results. Alternatively, users can subscribe online to their simulation results so they can create their own simulation-based script reports at will for open-ended multiple studies.

We offer model subscriptions to consultants, but we're not in the consulting business. We're happy to initiate or partner with consultants if an agency, company, or other group issues a request for proposals (RFP) to do a study involving economic modeling and consulting. However, we'd prefer that the consultants do the modeling and produce the study defined in the RFP, and mention our name and modeling process in the study.

Exhibit 2:

How the Regional Dynamics Economic Model Works:

The REDYN Model in a Nutshell – Source: Regional Dynamics, Inc.

How the Regional Dynamics Economic Model Works

The REDYN Model in a Nutshell

REDYN is a dynamic, nonlinear, endogenous, Input-Output (I-O), computable general equilibrium (CGE) economic and demographic forecasting and analysis engine based on the North American Industrial Classification System (NAICS). REDYN's online model-building edge excels at providing a uniquely complete and consistent Internet tool to configure and access plans, policies, events, and risks fully and very rapidly.

The REDYN model reflects advances in New Economic Geography (NEG) for gravity theory and trade flow to estimate all local and multi-regional trade flow effects by commodity by distance by transport mode by direction in response to any output or demand changes. It does not lock each industry into a straight-line industry transport cost within one implied universal transport distance, mode, and direction between county pairs. In addition, its multi-regional scope always includes the whole regionalized US economy in every forecast and simulation.

REDYN's breakthrough design links three elements into one core activity: its continuous make-and-use commodity transformation production function, its NEG trade flows, and its entity-based data structure for the economy (social accounting matrix). All industries and entities including labor both use and make one or more commodities (goods and services). All commodities use appropriate transport modes, or communications mode if non-material.

The REDYN model moves all commodities including labor both within counties and between all county pairs and the automatic rest-of-US area by five transport modes (road, rail, water, air, and estimated). It uses I-O transport demand and Cobb-Douglas step-wise adjustments (equal proportion changes, i.e., constant elasticity of substitution) to assign commodities to modes, and a detailed Oak Ridge National Laboratory impedance database to account for accessibility (impedance) by mode, distance, and travel direction by commodity (accounting for net elevation difference effects) between all origin-destination pairs.

Users can control access (impedance) either at a mode level, or at a commodity-by-mode level. The Cobb-Douglas shift of commodities toward transport mode(s) with increased accessibility (reduced impedance values) induces changes in delivered prices for all affected commodities including labor. The industries or entities producing or using the affected commodities then adjust their output and thus their need for inputs.

The price-driven output and input adjustment process also applies if a user models a non-transport change or policy, such as an impact, demand, cost, tax, or price scenario. These changes affect local and remote supply and demand for one or more commodities, and thus their delivered prices after they pass through the transportation system. To varying degrees, the process then affects delivered prices, outputs, and inputs for all commodities through the continuous commodity transformation production function applied by every industry and entity wherever located. Expressed over time and distance, this ongoing cycle is the essence of modern CGE-NEG modeling and forecasting defined by REDYN.

Operationally, REDYN's multi-processor Internet server carries active regions for over 3,100 counties, 700 industries, 820 occupations, hundreds of commodities, and a 50-year forecast in a 2-terabyte database. It offers much more power, flexibility, and multi-user access, including consultant and institutional collaboration, than desktop systems offer.

The REDYN model framework takes the traditional economic concept of the circular flow diagram absolutely seriously, and discards the artificial primacy given to the idea of factor inputs to production. The framework views the economy as a comprehensive, continuous process in which industries and entities convert input commodities into output commodities. For example, producers or industries clearly do this, as is seen in the classic I-O table structure based on real-world business behavior.

Labor too can be viewed as an "industry" or entity. It converts consumer goods and services into a wage bill, which is a market commodity behaviorally identical to any other. Similarly, remittance cohorts, defined as the unemployed as well as all individuals such as retired persons and others who receive government payments through transfers, can be seen as entities that convert consumer goods and services into transfer payments.

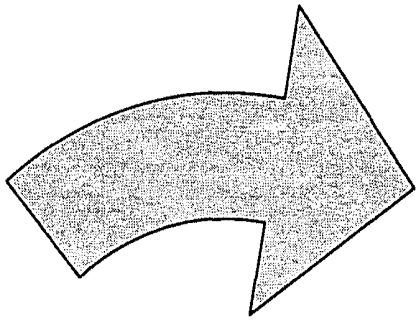
Likewise, governments convert purchases of commodities including industry goods and services and labor's wage bill into government goods and services that are "purchased" primarily through tax revenue. Finally, the model includes "investors" to produce financial capital, "speculators" to produce physical capital, and "land" to anchor each regional economy with its particular attributes so that the regions do not collapse together as would occur if all regions had the same basic labor, farm, water, mineral, and infrastructure resources when multiregional transport costs are considered.

The REDYN model can be visualized as regional entities using, making, and moving commodities in an organized circular process that captures supply (making goods and services), demand (using goods and services), and delivered price (costs for making and moving goods and services) to clear the supply and demand for all commodities in and across all regions.

The charts on the next five pages summarize the model's operation as follows…

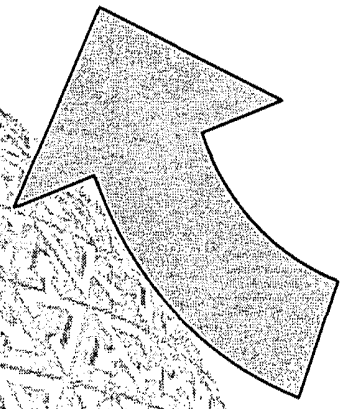
- Circular Flow Economic Entity Process
- Commodity Make Table by Entity
- Commodity Use Table by Entity
- Entity Production Function Form by Region
- Demographics and Migration
- Economic Model Schematic Summary
- Economic Model Production Function and Commodities by Entity
- Economic Model Prices and Trade Flow

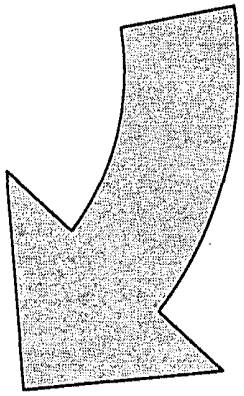
CIRCULAR FLOW ECONOMIC ENTITY PROCESS In & Between All Regions



USE Commodities:
Demand
(Delivered Price = ExWorks Price + Transport Cost)

MAKE Commodities:
Supply
(ExWorks Price, i.e., price at source of good or service)





MOVE Commodities:
Trade Flow
(Transport Cost by Commodity, Distance, Mode, and Direction for all Regional Pairs)
5 Modes: Road, Rail, Water, Air, Other

ENTITIES MAKE:	Producer Goods	Wage Bills	Transfr Pmts	Govt Goods	Fincl Cap (Div-Int-Rent)	Phys Cap (Resid, P&E)	Land
Producers	x						
Labor		x					
Remittance Cohorts			x				
Governments				x			
Financial Capital Providers (Investors)					x		
Physical Capital Makers (Speculators)						x	
Land							x

ENTITIES	Producers	Labor	Remits	Govts	Investors	Spec	Land
USE—							
Producer Goods&Svcs	x	x	x	x	x	x	
Labor (Wage Bill)	x			x		x	
Transfr Pmts/Taxes				x			
Govt Goods&Svcs	x	x	x	x	x	x	
Fincl Cap (Div-Int-Rent)						x	x
Phys Cap (Resid, P&E)	**P&E**	**Res**	**Res**	**P&E**	**Res**		
Land	x	x	x	x	x	x	

Entity PRODUCTION FUNCTION FORM by Region

Input Demanded					Output (Sales) Supplied			
Commodity	Qty	RPC	Dlvrd Price	Jobs	Commodity	Qty	ExWorks Price	Intl Pct
Land	x	**1.0**	x		Primary	x	x	x
Residential	x	x	x		2nd	x	x	x
Financial	x	x	x		3rd	x	x	x
Plant&Equip	x	x	x		4th	x	x	x
Wage Bill	x	x	x	x	Others/Misc	x	x	x
Goods&Svcs	x	x	x		Scrap	x	x	x

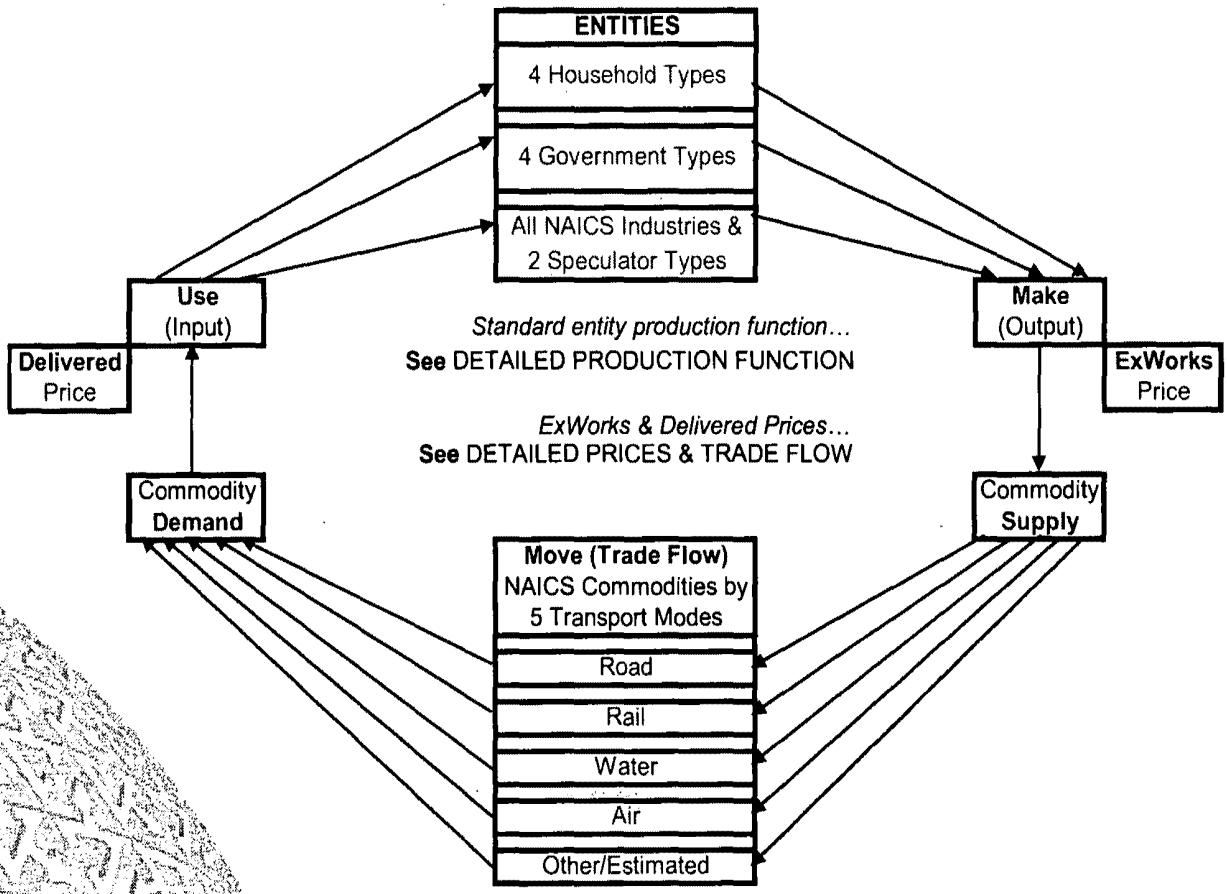
DEMOGRAPHICS: Cohort-survival estimation

- White, non-Hispanic
- Black, non-Hispanic
- Other, non-Hispanic
- Hispanic
- Male or Female
- Ages 0-1, 2-99 by year, 100+ years

MIGRATION: Induced by economic activity

- Intrinsic behavior of economic labor's wage bill commodity (historical relationships by region across wage bill, output, jobs, and people)
- Estimate wage bill and output changes, then scale to jobs and people (rational expectations notion)
- Subject to regional constants by cohort (controls for demographic composition)

REDYN Economic Model Schematic-SUMMARY
1/21/2006



REDYN Economic Model Schematic-DETAILED ENTITY PRODUCTION FUNCTION

1/21/2006

Standard Make & Use Production Function for All Entities

Entities ... Producers, Labor, Remittance Cohorts, Govts, Investors, Speculators

Standard Make & Use Production Function by Entity Group ...

Industries (By NAICS Code); **Speculators** (Capital Goods Makers: Residential, and Nonres Plant & Equip)

Use Commodites: Land, P&E (Indus only), Financial (Spec only), Labor, Goods&Svcs [Dlvrd Prices]

Make Commodities: Producer Indus (Primary, Others, Misc, Scrap); Spec (Res, P&E) [ExWorks Prices]

Households (Workers; Unemployed & Retired; and Savers)

Use Commodites: Land, Res, Goods&Svcs [Dlvrd Prices]

Make Commodities: Wage Bill, Proprietors Income, Transf Pmts, Div-Int-Rent [ExWorks Prices]

Govts (Fed Mil & Nonmil, and State & Local Educ & Noneduc)

Use Commodites: Land, Transf Pmts/Fees&Taxes, P&E, Labor, Goods&Svcs [Dlvrd Prices]

Make Commodities: Primary, Others, Misc, Scrap [ExWorks Prices]

Commodites

All NAICS Commodities ... Supplied & Demanded ...

Aggregated by Detailed NAICS Commodity Across All Entities by Region ...

Supplied Categories (Make By)	**Demanded Categories** (Use By)
Land (Fixed by Region)	Land (HH, Govts, Indus, Spec)
Residential (Speculators)	Residential Capital (HH)
Div-Int-Rent (Households)	Financial/D-I-R Capital (Spec)
Plant & Equip (Speculators)	Plant & Equip Capital (Govts, Indus)
Wage Bill & Prop Income (HH)	Labor (Govts, Indus, Spec)
Transf Pmt/Fee/Tax (HH/Indus/Spec)	Transf Pmts/Fees&Taxes (Govts)
Primary/Others/Misc/Scrap (Producers & Govts)	Goods&Svcs (HH, Govts, Indus, Spec)

REDYN Economic Model Schematic-DETAILED PRICES & TRADE FLOW

1/21/2006

Prices & Trade Flow ...

ExWorks Price by Commodity by Source (Supplying or Output) Region	+	**Transport Cost** by Commodity by Mode, by Distance, & by Direction Within & Between All Regions	=	**Delivered Price** by Commodity by Using (Demanding) Region

Details on Prices & Flows ...

Supplied at ExWorks Price specific in each output region based on delivered prices for the commods to each entity's production function in the region → **Transport each commodity** within & between all regions A, B, C, ... by demanded mode at a cost for mode, distance, & direction (elevation cost effect) → **Demanded at Delivered Price** from an output region to each specific demanding region (***Note***)

Note on Delivered Price

In any demanding region, the delivered price by commodity is the blend across the supplying output regions ranked by lowest delivered price to the demanding region until the total quantity demanded has been met for the demanding region.

Exhibit 3:

REDYN Model Data Sources and Baseline Estimation Process:

Where the REDYN Model Gets Data – Source: Regional Dynamics, Inc.

REDYN Model Data Sources and Baseline Estimation Process

Where the REDYN Model Gets Data

Regional Dynamics uses several sources to estimate county-level employment and output for its baseline database. The REDYN model applies the North American Industrial Classification System (NAICS) at the five-digit detail level (703 industries), and also uses NAICS to identify all the goods and services (over 180 commodities) consumed and produced by the detailed industries. NAICS is used by the US Government to classify and organize information about all the various industries making up the US economy, such as retail stores, automobile manufacturing, insurance firms, and so forth. NAICS reports five levels of detail. The two-digit level aggregates all activity into 24 broad economic industries, and the five-digit level identifies activity across 703 specific industries.

The primary data sources are the County Business Patterns (CBP) from the Bureau of the Census, and the Regional Economic Information System (REIS) from the Bureau of Economic Analysis (BEA). Wage Bill (payroll) data are derived from the same sources and with the same techniques as the employment data. The CBP reports the total annual payroll for each NAICS code up to the five-digit level of detail for the US as a whole and for every region, state, and county. However, total employment data and total payroll data are subject to data suppressions for privacy. Regional Dynamics developed a sophisticated row-and-column sum (RAS) analytic system to fill all data suppressions by using all information available in the CBP series and guaranteeing internal consistency with unsuppressed wage and employment data. All the furnished and estimated CBP wage bill and employment data are then totaled and scaled to match the wage bill and employment data reported in the BEA's REIS, which includes all county and state wage bill data at three-digit NAICS detail and employment data at two-digit NAICS detail.

The REIS directly provides wage bill and employment data for the government and agriculture sectors, and also disposable personal income data by county. The REIS county income data are used to allocate national consumption to counties from the BEA's National Income and Product Accounts (NIPA).

Annual Input-Output (IO) tables are constructed using BEA IO make-and-use tables, as well as biennial 10-year IO forecast tables from the Bureau of Labor Statistics (BLS). Make tables describe all the commodities made by each economic entity, and use tables describe all the commodities used by each economic entity. The very detailed BEA IO make-and-use tables are extended year-by-year to match the annual changes in make-and-use composition implied by the current 10-year BLS IO tables. This generates a detailed annual forecast series of national IO make-and-use tables.

Each county's wage bill by industry is used to allocate each industry's national output to counties from the NIPA, and then the regional output by industry is allocated to commodities based on the national IO make table proportions. This assumes that the commodities produced by an industry are truly joint in the production process, as dictated by a uniform production function for all firms in each industry based on competitive pressures to diffuse advantages quickly across all firms in an industry.

Exhibit 4:

The Regional Dynamics Economic Analysis Model:

What the REDYN Model Does – Source: Regional Dynamics, Inc.

The Regional Dynamics Economic Analysis Model

What the REDYN Model Does

Regional Dynamics offers REDYN, a fundamentally new, web-based, massively multi-regional, dynamic, nonlinear New Economic Geography analysis engine with a complete economic database and baseline forecast. After subscribing to the system, users input online changes by region and year: e.g., jobs, wages, output, income, intermediate demand, and final consumption, investment, and government demand. REDYN then estimates detailed, annual, gravity-based trade flows and impacts in all US counties and industries. The model is a live, online Internet service. It's also available to run batch mode jobs to process massively multi-regional tasks (3,100+ regions) for automated or scripted work.

The REDYN model applies a fresh I-O methodology based on very detailed make-and-use tables with social accounting matrix features for all entities, a comprehensive commodity production transformation function, and impedance-based commodity trade flows by five transport modes. Oak Ridge National Laboratories developed the impedance measures.

The model automatically includes an explicit extra region for all US counties outside any given simulation to identify the full US output and trade flow response. The model also automatically seeks the suppliers of suppliers to find the complete US supply chain response by region and industry in any simulation.

REDYN excels at offering a uniquely complete and consistent model-building edge that no other modeling process can replicate for configuring and assessing plans, events, and risks fully and rapidly across regions and years.

Here's how it works. At run time, users apply their subscribed resources as an online tool kit to build and run custom models at will. This design flexibility lets users quickly build models scaled correctly for any studies, event analysis, overlapping or alternative analytic perspectives, or backcast analysis.

The REDYN model estimates employment, output, wages, occupations, income, gross product, demand, self-supply, trade flow, etc. Within a user's subscription, the model generates year-by-year reports by county and year, for all subscribed counties, or for any aggregation into user-defined areas for each study. For easy regional comparison at no extra cost, each report focuses on one concept (jobs, output, wages, and so forth) arranged by region by year on a sheet in a spreadsheet book. Users then can apply full spreadsheet tools for sorting and charting. Online and phone support are included.

The model is available to all users across agency levels. Clients can offer access to other users through user-group web pages with discounts or rebates based on the size of the client's subscription. Clients subscribe to a regional area (one or more counties, states, or groups); to 703 industries (North American Industrial Classification System); and to an analytic type (I-O only, or equilibrium and I-O). The client sets the number and identity of its subscribing users; one user is free. Subsequently added users including consultants or staff can be managed by one or more additional users on an incremental fee basis.

Exhibit 5:

Feature Comparison – Major Commercial Economic Models

Source: Regional Dynamics, Inc.

RegionalDynamics
Synchronicity. Simplified.

Feature Comparison – Major Commercial Economic Models

Feature	REDYN	REMI	IMPLAN	RIMS	*Notes*
Access/Subscription	Internet/Yes	Desktop CD/No	Desktop CD/No	Desktop CD/No	1*
Process to Deliver Custom Study Models	Immediate at user run time, any time	Queue, batch, + mail or overnight	Batch + mail or overnight	Batch + mail or overnight	2*
# of Custom Area Study Models per User	Build any custom models as needed	One (1) model per client	Alternative single regions only	Alternative single regions only	3*
Fee for User-defined Custom Study Models	None within subscription	Non-trivial fees for more models	None, but 1 region only	None, but 1 region only	4*
Dynamic Forecast	Yes (50 years)	Yes (to 2050)	No	No	5
Nonlinear Forecast	Yes	Minimal	n/a	n/a	6
Active Multi-regions	3,100+	80+ maximum	None	None	7
Automatic MRUS	Yes	No	n/a	n/a	8*
Impedance Database	Yes	No	No	No	9*
# of Transportation Modes (Trade Flow)	5 (road/rail/air/ water/special)	None	None	None	10*
Last History Year Lag	Soon: 6-7 months	2+ years	2 years	90-180 days	11*
Industry Detail	NAICS 5 (703)	REMI 3 (169)	NAICS 2-5 (509)	NAICS (473)	12
Commodity Detail and Classification Type	NAICS /180+ non-agr commods	None	SIC /528 commods incl agr	None	13*
Std Occup Code Detail	820+ /SOC 6-digit	90+ /std; 820+ /fee	None	None	14
IO Tables	Make & Use	Industry only	Make & Use	Industry only	15
Integrated IO-SAM	Yes	No	Partial	No	16*
Wage Bill & Empl	CBP & REIS	CBP & REIS	CBP & REIS	REIS only	17
Suppression Fill for Wage Bill & Empl	NAICS 5-digit RAS process	NAICS 4-digit statistical process	Yes, but not exhaustive	n/a	18
Disposable Income incl Commuters	REIS direct & Res Adj/JTW/gravity	REIS directly & Res Adj/JTW	REIS directly & Res Adj/JTW	No data access	19*
County Consumption	REIS & NIPA	REIS & NIPA	REIS & NIPA	No data access	20*
County Output	Wages & NIPA	Wages & NIPA	Wages & NIPA	No data access	21*
County Output by Commodity	Output & detailed IO Make Table	None	Output & IO Make Table	None	22
Demographics/Migr	Yes/rational migr	Yes/adaptive migr	No	No	23*
Business Cycle	Yale—Fair-Parke	U. Mich.—RSQE	n/a	n/a	24
BEA IO Forecast	Yes	No	No	No	25*
Multi-regional Search for All Suppliers	Search process by region for full US	Search step only for client's regions	Search step only for one region	n/a	26*
Analytics	CGE and IO	CGE and IO	IO only	Multipliers only	27
Jobs+Wages+Output	Blended handling	Double count input	Double counts	Double counts	28
Backcasting	Plan 1998 in 2006	No	No	n/a	29*
Subcounty Regions	Plan for 2006	Yes (manual)	By ZIP Code	No	30
Production Function Includes All Supply, Demand, Trade Flow	Inclusive function for IO and CGE processing	Non-inclusive function needs post process equations	No endogenous gravity-based trade flow	n/a	31*
Displacement Effect	Allocated or Prop	Allocated only	No	No	32*
Induced Investment	Yes	Yes	No	n/a	33
Fiscal Effects	Yes (standalone)	Yes (integrated)	No	No	34
Display Data Results	Multi-regional	Region by region	One region	One region	35*
Consultant/Other User	Incremental fee	Non-trivial fees	Full price fee	No added fee	36*

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***/ Line Notes for Features:**

1-4: REDYN subscribers subscribe to a pool of regions from which to build custom run time models at will.

8: The REDYN model automatically creates and reports on an active extra region for the rest-of-US outside the region(s) being modeled. This allows results for the selected region(s) to reflect endogenous trade flow, supply chain, and other demand effects stemming from the whole multi-region US (**MRUS**) model.

9, 10, 13: REDYN's New Economic Geography (NEG) engine applies a complete database of impedance measures by transport mode developed by Oak Ridge National Laboratories. Unlike straight-line measures, impedance can differ between regions with the mode and with the direction of travel, and trade flows can be estimated by commodity by mode. ORNL's database also enables REDYN's equilibrium model to estimate economic effects from transportation network models, and to estimate freight system effects on the economy due to commodity volume changes or transport mode capacity changes in county transportation networks.

11: The REDYN model uses available CBP and REIS county values to allocate current US wage bill and employment data to populate counties with apportioned detail numbers. Initial data from 2001; soon 2005.

16: The REDYN commodity make-and-use Input-Output tables use a Social Accounting Matrix to capture every economic entity type. Entities include producers (industries), employed labor (occupations), remittance cohorts (unemployed labor, retirees), governments, investors, and speculators. Commodities include producer commodities, labor occupations, transfer payments, government goods, financial capital, and physical capital.

19-21: The impedance database (note 9 above) enables REDYN to separate the process for populating the database from processes for estimating a gravity model's effective distance parameters. REDYN can use gravity analysis on commuter Journey-to-Work to estimate occupations and income levels by residence.

23: Intrinsic rational expectations induce migration from economic activity subject to cohort regional constants.

25: The REDYN model extends the very detailed BEA IO make-and-use tables year-by-year to match the annual changes in make-and-use composition implied by the 10-year BLS IO tables. This generates a detailed annual forecast series of national IO make-and-use tables.

26: The REDYN model applies the detailed national IO use tables to estimate a complete US multi-regional supply response to indirect and induced demand, and to exogenous final demand, in a search cycle which looks for the suppliers of suppliers across all US industries by every US region until the process cuts off.

29: The REDYN model will use 2001-2002 county values to allocate 1998-2000 US NAICS data to counties.

31: The inclusive REDYN commodity transformation production function captures all production and NEG gravity relationships – there is no need for post-process adjustment equations. Detailed industries and other entities by region by year transform input commodities into output commodities using a robust, nonlinear, dynamic, parameterized, endogenous, iterative production function in a continuous process that fully includes intermediate and factor inputs, final demand, jobs and output, and endogenous gravity trade flows.

32: Displacement is sales crowding out; REDYN allows supply-source allocation or equal proportion crowding.

35: The REDYN report suite automatically includes a comparative regional display format as an embedded feature at no extra cost. Results are generated as sheets in a spreadsheet book with full sorting, charting, scaling, and pivot capabilities.

36: Subscribers can offer access to other users (e.g., mixed state/local agencies, partners, clients, etc.) through user-group web pages with discounts or rebates up to 50% based on the size of the master subscription—and subscribers and other users can add staff or consultants by one or more new users on an incremental fee basis.

Table of Exhibits

for Response to Notice of Intent to Terminate
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
15.	Bank's Advertisement Listing to Sell Property	Property remains available

Sperry Van Ness/R.M. Moore, LLC

Stephen Lee — (865) 384-6577

Land For Sale

Gatlinburg Commercial Acreage For Sale

Lots 1-6, N. Park Lane/Parkway, Gatlinburg, TN 37738

Photo Not Provided

Price:	$9,750,000
Lot Size:	7.47 AC
Total Lot Size:	7.47 AC
Property Type:	Land
Property Sub-type:	Retail (land)
Zoning Description:	C-2
Features:	
Electricity/Power	
Irrigation	
Water	

Last Updated 3 days ago
Listing ID 17823704

1 Lot Available

Lot 1		
	Price:	$9,750,000
	Lot Size:	7.47 AC
	Price/AC:	$1,305,220.92
	Lot Type:	Retail (land)
	APN / Parcel ID:	005-008
	Commission Split:	2%

Six bank-owned commercial tracts totaling 7.47 acres located on the Parkway in Gatlinburg ,TN. 5.65 acres are fee simple and 1.82 acres are leasehold.

Highlights

- Gatlinburg Commercial Acreage For Sale
- Six Bank-owned lots, totaling 7.47 acres
- Located on/near the Parkway (US 441) in Gatlinburg
- 5.65 acres are fee-simple; 1.82 acres are leasehold

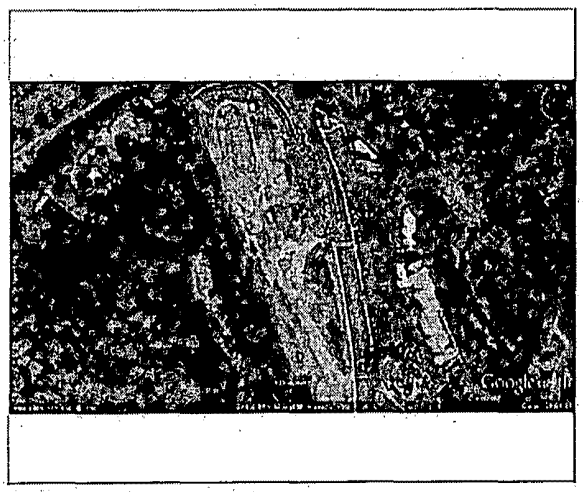
Description

Six bank-owned commercial tracts totaling 7.47 acres located on the Parkway in Gatlinburg ,TN. 5.65 acres are fee simple and 1.82 acres are leasehold.

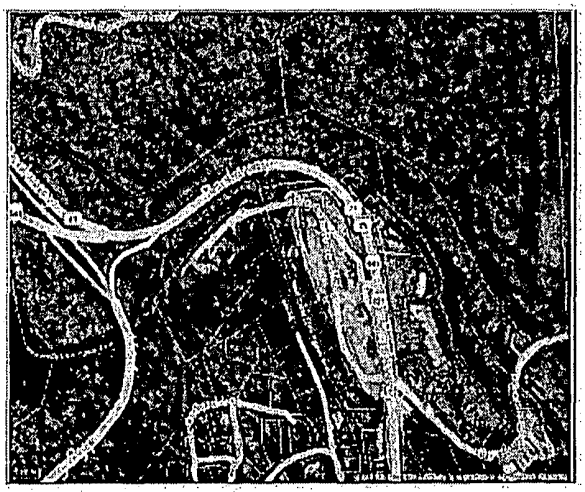
This property is located on the Parkway (US 441) in Gatlinburg ,TN, a quaint mountain town and popular tourist destination in East Tennessee for 11-13 million annual visitors. The tourist towns of Gatlinburg, Pigeon Forge, and Sevierville in Sevier County draw visitors to such attractions as the Great Smoky Mountains National Park, Ober Gatlinburg Ski Resort, Ripley's Aquarium of the Smokies, The Titanic Museum, Smoky Mountain Opry, Dollywood Theme Park, WonderWorks, and a wide variety of restaurants, music/dinner theaters, outlet shopping, unique and quaint craft shops, trout fishing, and hiking trails.

Map of Lots 1-6, N. Park Lane/Parkway, Gatlinburg, TN 37738

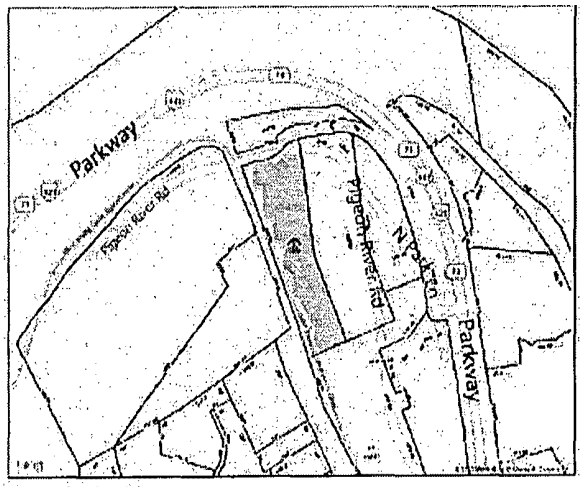
Additional Photos



Gatlinburg Commercial Tracts



Aerial View



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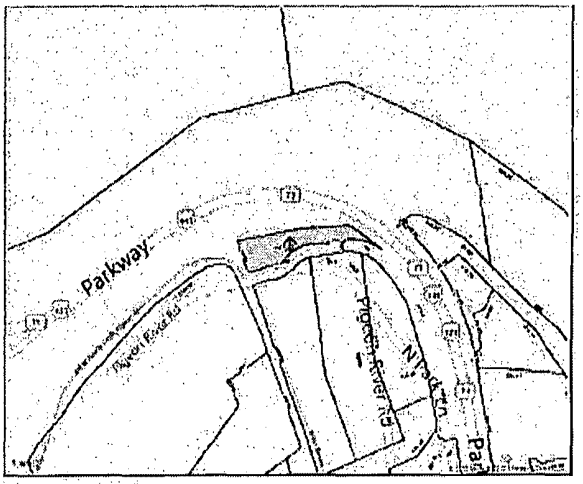

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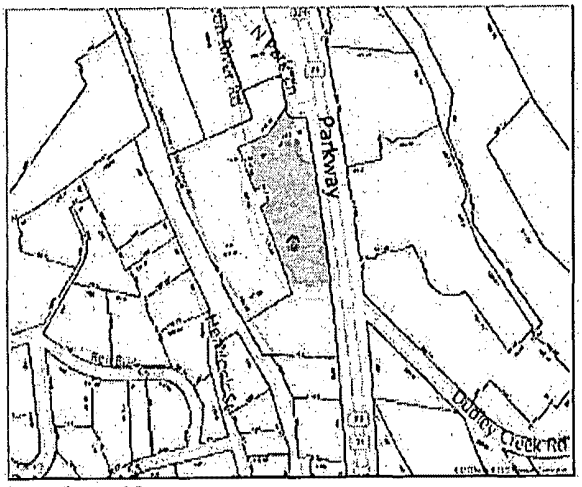

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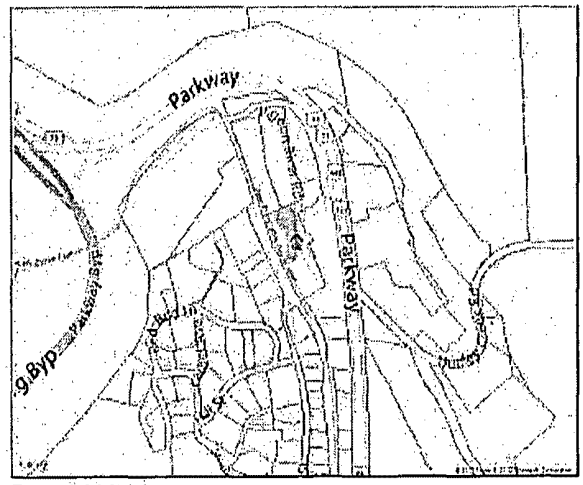

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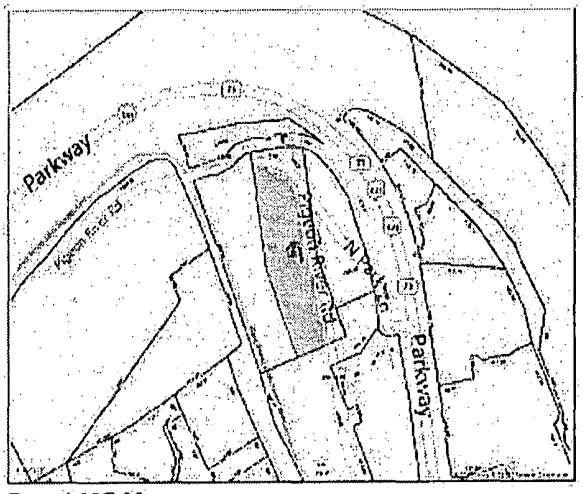

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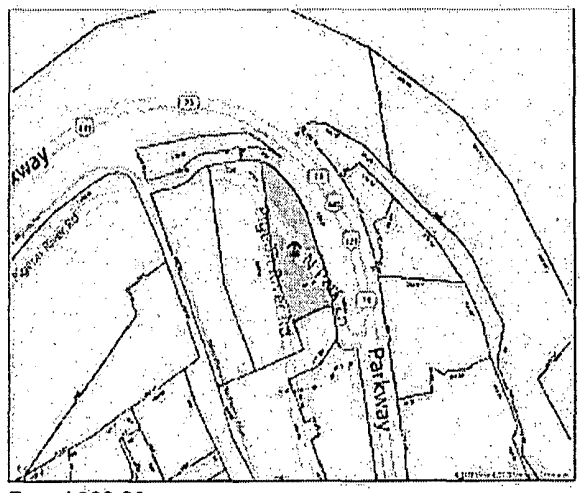

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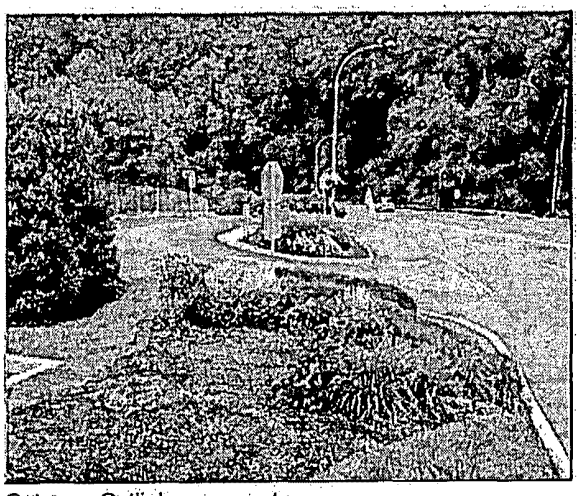
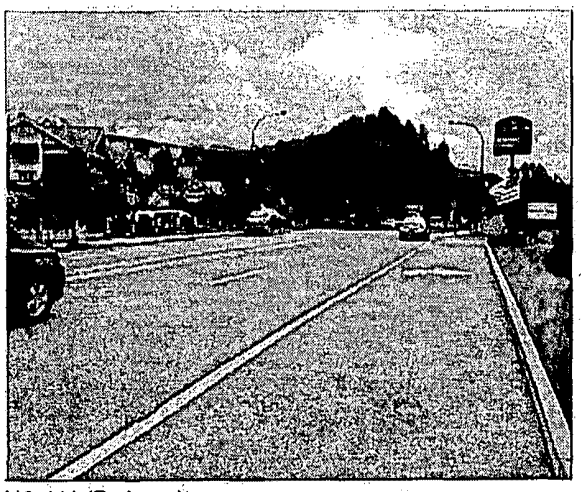
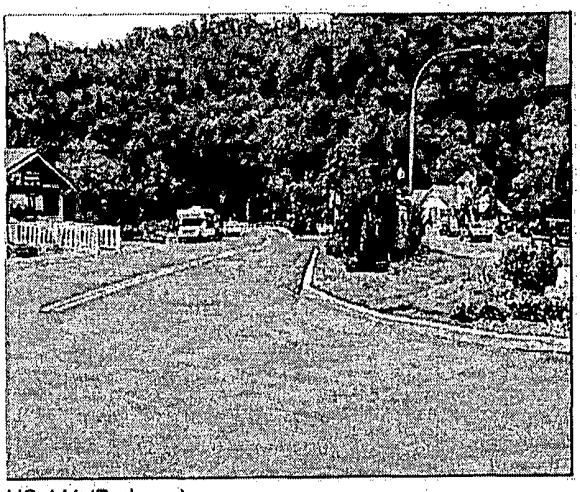
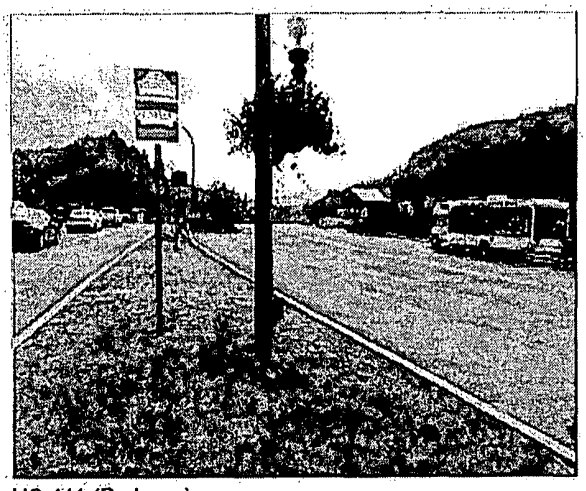

Gateway Gatlinburg property

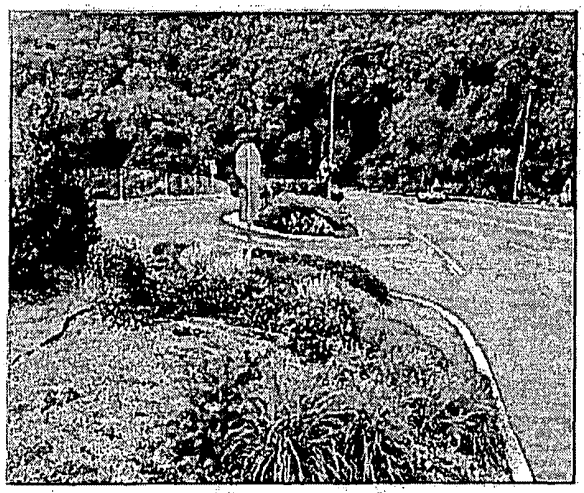

US 441 (Parkway)

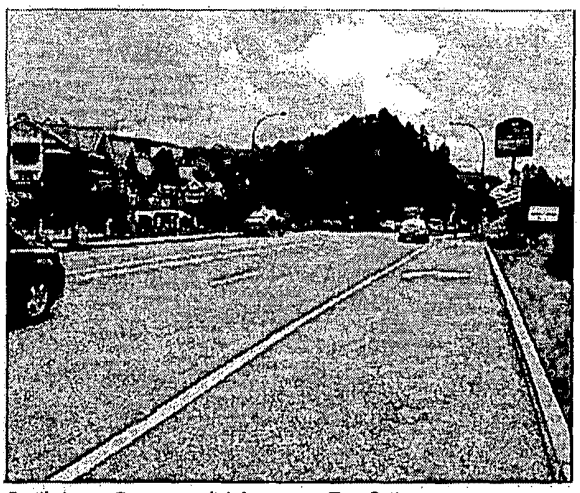

US 441 (Parkway)


US 441 (Parkway)

Gateway Gatlinburg property

Gatlinburg Commercial Acreage For Sale


Gatlinburg Commercial Acreage For Sale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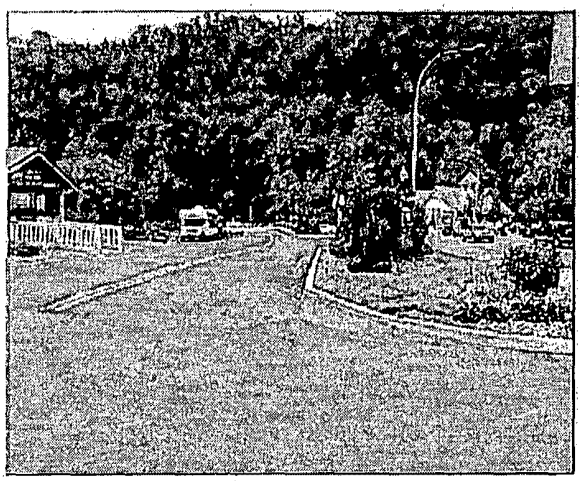
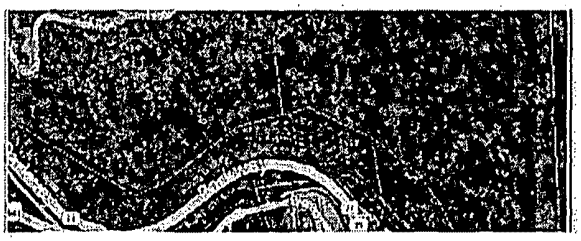

Gatlinburg Commercial Acreage For Sale

Gatlinburg Commercial Acreage For Sale



Gatlinburg Commercial Acreage For Sale

Gatlinburg Commercial Acreage For Sale

Table of Exhibits

for Response to Notice of Intent to Terminate

File No.: RCW1031910190

Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
16.	Henry & Wallace/Leucadia letter	H&W and Leucadia intend to purchase land and develop [redacted]

(b)(4)

henry and wallace, llc

USCIS

P.O. Box 10129

Laguna Niguel, CA 92607-1012

February 4, 2013

To Whom It May Concern,

The purpose of this letter is to outline our interest in a large waterpark project in Gatlinburg, TN. Leucadia National and Henry and Wallace, LLC are reviewing with the Tennessee Regional Center the potential for funding this program with EB-5 investors. We are negotiating with the bank which owns the property to try to reach an acceptable purchase structure. Assuming we can reach a satisfactory purchase agreement, we intend to press ahead with approvals and underwriting for the EB-5 investors, fund-raising with EB-5 investors, and initial schematic designs.

[redacted]

Sincerely,

(b)(4)

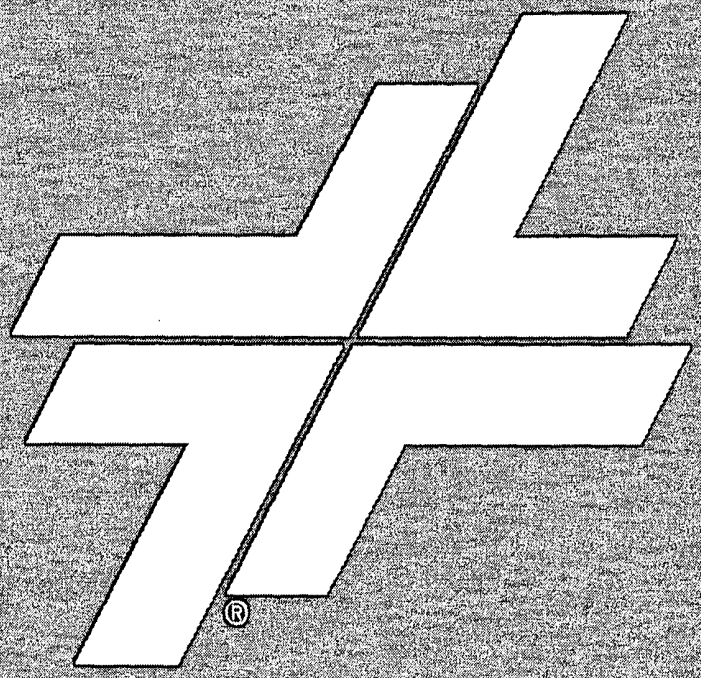
Brant Enderle
Henry and Wallace, LLC

Table of Exhibits

for Response to Notice of Intent to Terminate
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
17.	Leucadia 2011 Annual Report --shows $9.2 billion assets (including $2.5 billion cash and investments) and $1.5 billion annual revenues	New equity partner has clear ability to fund and manage project

LEUCADIA NATIONAL CORPORATION / ANNUAL REPORT 2011



Financial Highlights

	2011	2010	2009
Revenues and other income	**$ 1,570,768,000**	$ 1,320,004,000	$ 575,208,000
Net securities gains (losses)	**$ 641,476,000**	$ 179,494,000	$ (21,106,000)
Income (loss) from continuing operations before income taxes and income (losses) related to associated companies	**$ 680,988,000**	$ 369,003,000	$ (241,154,000)
Income tax provision (benefit)	**$ 270,253,000**	$ (1,139,318,000)	$ 7,108,000
Income (losses) related to associated companies, net of taxes	**$ (394,041,000)**	$ 380,766,000	$ 780,236,000
Income from continuing operations	**$ 16,694,000**	$ 1,889,087,000	$ 531,974,000
Income (loss) from discontinued operations, net of taxes	**$ 1,977,000**	$ (9,848,000)	$ 16,621,000
Gain on disposal of discontinued operations, net of taxes	**$ 6,285,000**	$ 60,997,000	$ -
Net income	**$ 24,956,000**	$ 1,940,236,000	$ 548,595,000
Net (income) loss attributable to the noncontrolling interest	**$ 275,000**	$ (924,000)	$ 1,685,000
Net income attributable to Leucadia National Corporation common shareholders	**$ 25,231,000**	$ 1,939,312,000	$ 550,280,000
Earnings (loss) per common share:			
Basic:			
Income from continuing operations	**$ .07**	$ 7.77	$ 2.21
Income (loss) from discontinued operations	**$ .01**	$ (.04)	$ .07
Gain on disposal of discontinued operations	**$ .02**	$ .24	$ -
Net income	**$ .10**	$ 7.97	$ 2.28
Diluted:			
Income from continuing operations	**$ .07**	$ 7.66	$ 2.18
Income (loss) from discontinued operations	**$ .01**	$ (.04)	$ .07
Gain on disposal of discontinued operations	**$ .02**	$ .23	$ -
Net income	**$ .10**	$ 7.85	$ 2.25
Total assets	**$ 9,263,189,000**	$ 9,350,298,000	$ 6,762,364,000
Cash and investments	**$ 2,545,500,000**	$ 4,538,571,000	$ 2,343,420,000
Common shareholders' equity	**$ 6,174,396,000**	$ 6,956,758,000	$ 4,361,647,000
Book value per common share	**$ 25.24**	$ 28.53	$ 17.93
Cash dividends per common share	**$ .25**	$ .25	$ -

Leucadia National Corporation Scorecard

	Book Value Per Share	Book Value % Change	% Change in S&P 500 with Dividends Included	Market Price Per Share	Market Price % Change	Shareholders' Equity	Net Income (Loss)	Return on Average Share-holders' Equity
(Dollars in thousands, except per share amounts)								
1978	($0.04)	NA	NA	$0.01	NA	($7,657)	($2,225)	NA
1979	0.11	NM	18.2%	0.07	600.0%	22,945	19,058	249.3%
1980	0.12	9.1%	32.3%	0.05	(28.6%)	24,917	1,879	7.9%
1981	0.14	16.7%	(5.0%)	0.11	120.0%	23,997	7,519	30.7%
1982	0.36	157.1%	21.4%	0.19	72.7%	61,178	36,866	86.6%
1983	0.43	19.4%	22.4%	0.28	47.4%	73,498	18,009	26.7%
1984	0.74	72.1%	6.1%	0.46	64.3%	126,097	60,891	61.0%
1985	0.83	12.2%	31.6%	0.56	21.7%	151,033	23,503	17.0%
1986	1.27	53.0%	18.6%	0.82	46.4%	214,587	78,151	42.7%
1987	1.12	(11.8%)	5.1%	0.47	(42.7%)	180,408	(18,144)	(9.2%)
1988	1.28	14.3%	16.6%	0.70	48.9%	206,912	21,333	11.0%
1989	1.64	28.1%	31.7%	1.04	48.6%	257,735	64,311	27.7%
1990	1.97	20.1%	(3.1%)	1.10	5.8%	268,567	47,340	18.0%
1991	2.65	34.5%	30.5%	1.79	62.7%	365,495	94,830	29.9%
1992	3.69	39.2%	7.6%	3.83	114.0%	618,161	130,607	26.6%
1993	5.43	47.2%	10.1%	3.97	3.7%	907,856	245,454	32.2%
1994	5.24	(3.5%)	1.3%	4.31	8.6%	881,815	70,836	7.9%
1995	6.16	17.6%	37.6%	4.84	12.3%	1,111,491	107,503	10.8%
1996	6.17	0.2%	23.0%	5.18	7.0%	1,118,107	48,677	4.4%
1997	9.73	57.7%	33.4%	6.68	29.0%	1,863,531	661,815	44.4%
1998	9.97	2.5%	28.6%	6.10	(8.7%)	1,853,159	54,343	2.9%
1999	6.59[b]	(33.9%)	21.0%	7.71	26.4%	1,121,988[b]	215,042	14.5%
2000	7.26	10.2%	(9.1%)	11.81	53.2%	1,204,241	116,008	10.0%
2001	7.21	(0.7%)	(11.9%)	9.62	(18.5%)	1,195,453	(7,508)	(0.6%)
2002	8.58	19.0%	(22.1%)	12.44	29.3%	1,534,525	161,623	11.8%
2003	10.05	17.1%	28.7%	15.37	23.6%	2,134,161	97,054	5.3%
2004	10.50	4.5%	10.9%	23.16	50.7%	2,258,653	145,500	6.6%
2005	16.95[c]	61.4%	4.9%	23.73	2.5%	3,661,914[c]	1,636,041	55.3%
2006	18.00	6.2%	15.8%	28.20	18.8%	3,893,275	189,399	5.0%
2007	25.03[d]	39.1%	5.5%	47.10	67.0%	5,570,492[d]	484,294	10.2%
2008	11.22[e]	(55.2%)	(37.0%)	19.80	(58.0%)	2,676,797[e]	(2,535,425)	(61.5%)
2009	17.93	59.8%	26.5%	23.79	20.2%	4,361,647	550,280	15.6%
2010	28.53[f]	59.1%	15.1%	29.18	22.7%	6,956,758[f]	1,939,312	34.3%
2011	25.24	(11.5%)	2.1%	22.74	(22.1%)	6,174,396	25,231	.4%
CAGR (1978-2011)[a]			8.1%	26.4%				
CAGR (1979-2011)[a]	18.5%		8.0%	19.8%		19.1%		

(a) A negative number cannot be compounded; therefore, we have used 1979.
(b) Reflects a reduction resulting from dividend payments in 1999 totaling $811.9 million or $4.53 per share. Leucadia's CAGRs do not reflect the benefit of annual dividends or the special 1999 dividend.
(c) Reflects the recognition of $1,135.1 million of the deferred tax asset or $5.26 per share.
(d) Reflects the recognition of $542.7 million of the deferred tax asset or $2.44 per share.
(e) Reflects the write-off of $1,672.1 million of the deferred tax asset or $7.01 per share.
(f) Reflects the recognition of $1,157.1 million of the deferred tax asset or $4.75 per share.

Letter from the Chairman and President

To Our Shareholders

Usually we begin our Letter to Shareholders with a recap of last year's earnings, but this year all business including Leucadia's plays second fiddle to the sad state of our body politic or more simply put the mess in Washington. It is true that unemployment is down and the economy is showing signs of a pickup, but the recovery is fragile and we think quite prone to relapse back into recession. The recovery seems more beholden to money printing by the Federal Reserve than to a growing strength in the underlying economy. It is ironic that the financial shenanigans[1] that begat the financial crisis in the first place are being treated and ostensibly cured by financial shenanigans of our own government. Our national debt has gone up two and a half times in twelve years and government expenditures are now consuming 25% of GDP, up from a more normal 20%. All of the above is not sustainable and when interest rates get back to normal we'll be the headline, not Greece. Without fixing our fiscal infrastructure high inflation seems inevitable. One of us loves GLD[2] the other farmland.

In the face of this compounding wall of debt further tax cuts seem as absurd as the dream of cutting in one year annual government spending by $500 billion. And any plan that doesn't attack entitlements is not a plan. One of us leans to the right and the other to the left, but we are sure we could agree on an imperfect compromise solution to our fiscal mess. Like children on the playground, no one gets their way all the time.

Democrats and Republicans in Washington remind us of the days of the Cold War when Mutual Assured Destruction[3] resulted in a stalemate between Russia and the U.S. In this new cold war between Democrats and Republicans we are the hostages to the stalemate. Last year we recommended the Simpson-Bowles Commission report as a start on a path to getting our economy back in balance. We do so again. And now to the numbers.

As you can see from the following chart, Leucadia's stock price and book value have recovered from the trough of the Great Recession, but the stock price has a way to go to get back to the frothiness before the deluge.

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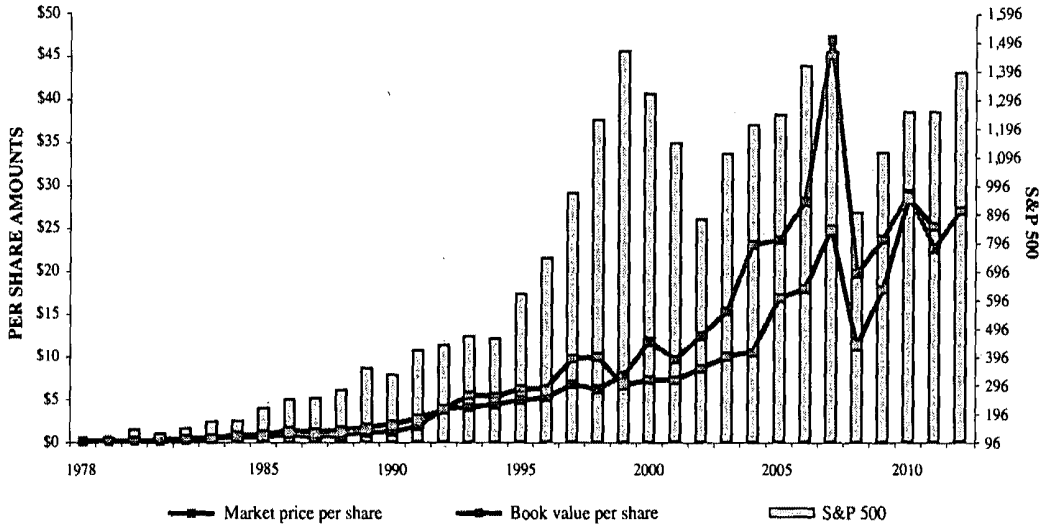
[1] Shenanigans from Merriam-Webster.com, "tricky or questionable practices or conduct."

[2] The ticker symbol for SPDR Gold Trust (ETF), an investment trust whose objective is to reflect the performance of gold bullion.

[3] For those too young to remember, Mutual Assured Destruction refers to the time when each of the U.S. and Russia deployed so many nuclear weapons that a victory through their use by either side was impossible, i.e., the stalemate.

1082

LEUCADIA NATIONAL CORPORATION
BOOK VALUE and MARKET PRICE PER SHARE
(With the S&P 500)[a]



(a) Amounts plotted are as of December 31st of each year, except for the final market price and S&P 500 which are as of March 14, 2012.

Nothing is ever simple. The table below reconciles Leucadia's net worth from the start of the year to its end and has many, sometimes confusing moving parts.

EXPLAINING SHAREHOLDERS' EQUITY
(In millions)

Shareholders' Equity at January 1, 2011	$ 6,956.8
Booked to P&L:	
Associated company income, mostly Jefferies	(612.4)
Corporate income and expense, net	648.9
Operations	32.1
Discontinued operations	10.6
Income taxes and other	(54.0)
Subtotal	25.2
Booked directly to Shareholders' Equity:	
Change in unrealized gains on available for sale securities, mostly Fortescue and Inmet	(1,168.9)
Dividends	(61.1)
Income taxes	430.3
Other, net	(7.9)
Subtotal	(807.6)
Total decrease to Shareholders' Equity	(782.4)
Shareholders' Equity at December 31, 2011	$ 6,174.4

Two of our holdings, Jefferies Group, Inc. and Mueller Industries, Inc., are accounted for in the P&L using the public market price of their stock, which is called the "fair value option."[4] In 2011, Jefferies' stock price had a brush with death causing most of the $612.4 million loss in "Associated company income" above. Since then Jefferies' stock has recovered nicely. "Corporate income and expense, net" includes a big gain of $628.2 million from the sale of Fortescue Metals Group Ltd stock and payments to us on our Fortescue royalty note. Certain of our assets, mostly Fortescue and Inmet Mining Corporation shares, are marked to market through an account in shareholders' equity called "Other comprehensive income" and when sold come out of that account and run through the P&L before returning back to shareholders' equity in a different account called "Retained earnings." So a Fortescue sale gain in the P&L does not increase equity since it also is a decrease in equity as part of the item "Change in unrealized gains on available for sale securities." Seems wacky to us, but that is how it is. Call our CFO, Joe Orlando, (212) 460-1932 for further explanation.

Thankfully the accounting Pharaohs have been silent and we can almost skip a discussion of the appearing, disappearing, reappearing "Deferred Tax Asset." The asset increased by $430.3 million, not because we have more net operating loss carryforwards, but because our unrealized gains went down. Whatever the number is we remind readers it is not cash, but rather future taxes we hope not to pay. We are keeping our fingers crossed that this accounting minutiae has been laid to rest, but we won't count on it.

In summary last year was a pretty good one. We harvested some gains on our Fortescue stock and we like our holdings of Jefferies, Inmet and Mueller and expect they will do well if the economy continues on its recovery. On the following pages we will get into the details of a new business and our investments and other businesses and at the end make a few more comments on the future outlook for both the economy and Leucadia.

National Beef

On December 30, 2011, we welcomed the newest addition to the Leucadia family of companies – National Beef Packing. We paid $867.9 million for 79% of the company. National Beef holds a 14% share of the U.S.-fed beef market and processes more than 3.7 million head of cattle per year – that translates into 5 billion pounds of live cattle! In National Beef's last fiscal year ended August 2011, it produced $6.8 billion of revenues and $273.4 million of operating cash flow.

The other members of the partnership that owns National Beef are the previous owners – U.S. Premium Beef ("USPB"), NBPCo Holdings ("NBPCo") and Tim Klein, National Beef's CEO. USPB is an organization comprised of cattle producers and is a major supplier of high quality cattle (mostly Angus) to National Beef and retains a 15% interest. Steve Hunt, CEO of USPB, will remain on National Beef's Board and we are grateful for his advice. NBPCo is

[4] In accordance with GAAP, the Company is allowed to choose to measure certain financial instruments at fair value (the "fair value option"). If the fair value option is elected for a particular financial instrument, the Company is required to report unrealized gains and losses in the P&L. The equity method of accounting is the other accounting method. With this method we record our share of the investees' results of operations in the Company's P&L. Electing the fair value option eliminates some of the uncertainty involved with impairment considerations, since quoted market prices for these investments provides a readily determinable fair value at each balance sheet date.

both a customer and a supplier to National Beef and retains a 5% ownership. Tim also invested alongside Leucadia and owns about 1% of National Beef.

National Beef has five primary operating areas:

- Beef Processing - This segment consists of 3 facilities: Dodge City, Kansas, Liberal, Kansas and Brawley, California. The Dodge City and Liberal plants each have the capacity to process 6,000 head of cattle per day. They are situated in the heart of beef cattle country and are among the largest and most efficient plants in the industry. The plant in Brawley can process 2,000 head of cattle per day and is one of the newest plants in the country. It is well situated to serve the major population centers in the Southwestern U.S. and key export markets.

- Case Ready - The case ready segment further processes and packages primal cuts (think 70 lb. chunks of beef) into shelf ready products for large retail customers. Case ready products allow retailers to eliminate in-house butchers and decrease the likelihood of food-borne illness. Upon delivery case ready products are placed directly on the retailer's shelf. National Beef operates two case ready facilities: one in Hummels Wharf, Pennsylvania and the other in Moultrie, Georgia. We believe we are at the beginning of an industry trend toward case ready and this is and will be a rare win-win-win – good for the consumers, the retailers and the owners of National Beef.

- Hide Tanning - The tannery is located in St. Joseph, Missouri and is in the process of becoming a state-of-the-art wet blue processing plant. The facility is halfway through a complete renovation and will soon have the ability to process 30,000 of our own hides per week. By the end of 2013, that production should double. The plant takes cattle hides and processes them to create high quality wet blue leather. Wet blue leather is then sold to finish leather tanneries that prepare the leather for use in products such as automotive interiors, handbags, shoes, furniture and accessories. We think this is a real growth opportunity.

- Kansas City Steak - National Beef owns 75% of the Kansas City Steak Company, with the founding family owning the other 25%. Kansas City Steak sells high quality portioned beef directly to consumers through QVC, online and via catalog sales. The company also sells directly to restaurant groups and through retail channels. If you aren't familiar with Kansas City Steak, please visit its website (www.kansascitysteaks.com) and order the best beef in the industry. We recommend the 16 ounce bone-in Kansas City strip – our personal testing has concluded that it goes very well with a bottle of one of our Napa Valley Cabernets, Sonoma Zinfandels or Oregon Pinots.

- Trucking - National Beef also owns a trucking business called National Carriers. National Carriers delivers refrigerated products for National Beef and a variety of other customers. It also transports live cattle from feed yards to National Beef processing plants.

National Beef's value-added products command premium prices and meet customer product specifications based on quality, trim, weight, size, breed and other factors. Value-added programs provide higher margins and improve customer acquisition and retention. National Beef's unique cattle supply relationship with USPB provides a solid foundation for its value-added programs.

As our faithful investors know well, we have long watched and commented on global commodity consumption patterns. We continue to believe that as citizens of historically poor countries get richer they will demand higher quality items – and more of them. We believe this thesis is applicable to global protein consumption. While protein production and consumption in the U.S. is a mature market and is not growing, global protein consumption is growing at an astounding rate. U.S. beef exports were up over 22% in 2011 vs. 2010. This is an impressive number, made even more so by the fact that the U.S. is not allowed to export beef directly to China – not yet, anyway.

For a variety of reasons, the U.S. grows the highest-quality beef cattle in the world, especially of the Angus variety. People across the globe have an ever-growing desire to consume high quality U.S. beef and we will do all that we can to make that possible.

There has been much ado in the press recently about Lean Finely Textured Beef ("LFTB") which is used to increase the proportion of lean (vs. fat) in ground beef. National Beef does not produce LFTB, but purchases and adds it to some of our ground beef products. We agree with the United States Department of Agriculture that it is a safe, nutritious and affordable product. At this time, we do not foresee the LFTB issue having a significant impact on National Beef's business.

This is a commodity industry with lots of moving parts not moving necessarily in the same direction and therefore we anticipate some periods of wild volatility. However, volatility is frequently the boon companion to profitability and as we have remarked for 33 years, we will stay focused on creating wealth over the long term for our shareholders while the pundits of Wall Street continue to squawk over quarterly earnings, p/e multiples and investor calls.

We would not have made this investment were it not for our belief that we have the best management team. Tim and his management team are widely regarded as the best operators in the industry and we have confidence that these seasoned beef executives will guide National Beef through the inevitable rough patches.

In October the number of people on the globe reached 7 billion and is expanding exponentially. Humans need protein, we have it!

Berkadia Commercial Mortgage LLC

Berkadia Commercial Mortgage, a 50/50 joint venture with Berkshire Hathaway, is one of the largest non-bank owned commercial mortgage servicers and commercial mortgage loan originators in the country. We compete with several large commercial mortgage banks and brokers. For a detailed description of the business, we refer you to our 2010 letter, for which this serves as an update.

1086

Berkadia was originally capitalized in December 2009 with $434.3 million of partners' equity, $217.2 million of which was ours. Through December 2011, we have received dividends totaling $84.6 million. Even better, both cash flow and dividends grew in 2011 over 2010.

The real estate financing market remains depressed with the commercial mortgage backed security market in prolonged intensive care, the primary reason that Berkadia's book of Mortgage Servicing Rights ("MSRs")[5] continues to shrink. From 2010 to 2011, the portfolio principal balance shrunk from $214 billion to $190 billion.

We are not alarmed by this contraction for three reasons. First, we expected it and priced the deal accordingly. Second, we restructured the company to hopefully become the lowest cost servicing provider in the industry. Finally, Berkadia's national network of originators are beginning to refuel the servicing engine, albeit slowly.

When Berkadia originates commercial loans for sale to investors, we typically retain the servicing rights. In 2011, Berkadia originated $5.2 billion of multifamily and commercial loans, up from $4.6 billion in 2010. The majority of these loans were multifamily loans sold to Fannie Mae, Freddie Mac, Ginnie Mae or the Federal Housing Administration, with Berkadia retaining the servicing rights. The more loans Berkadia can originate, the faster it will stabilize the servicing portfolio and the better the return on our investment.

Making money from a slowly melting ice cube is hard work and the success to date is a testament to the work of Hugh Frater and his team. When Hugh presented a budget for 2012 with an increase in both MSRs and dividends, we did not argue. Go team!

Inmet Mining Corporation

We remain Inmet's (TSX: IMN) largest individual shareholder with 11,042,413 shares representing just under 16% of the total outstanding shares. During last year Inmet announced and then terminated a merger of equals with Lundin Mining, completed a private placement with Temasek Holdings for C$500,000,000, progressed with basic engineering for its Cobre Panama project and successfully ramped up production at the Cobre Las Cruces project in Spain, which is now running at 80% to 90% of design capacity.

In addition, Inmet recently passed a major milestone with the receipt and approval of the Environmental and Social Impact Assessment by the government of Panama for its Cobre Panama project. This approval is a critical step for the development of Inmet's large copper-gold deposit in Panama. As announced last month, a Korean consortium exercised options to acquire a 20% interest in the Cobre Panama project. Because of the size, scope and cost associated with this mega project, Inmet may seek one or more additional partners.

Given what we see for long term copper supply and demand we remain bullish on copper. Though Inmet is financially robust with just over C$1.7 billion of cash and investments, virtually no debt and very strong cash flow, we think their consideration of additional partners is prudent.

[5] Berkadia is paid fees as a master, primary or special servicer of outstanding loans, for which it provides many functions related to the collection and administration of a loan or a pool of loans.

Fortescue Metals Group

In August 2006, we invested $400 million in Fortescue Metals Group (ASX: FMG). We received 264 million shares of Fortescue common stock and a $100 million 13-year unsecured note that receives 4% of the revenues from certain mine sites, net of government royalties. A year later we invested another $44.2 million for approximately 14 million additional shares. With our original equity infusion in hand, Fortescue managed to raise $2.1 billion of senior debt that was used to develop its first mine, 260 kilometers of railway and a port large enough to ship 40 million metric tonnes of iron ore per annum ("mtpa").

Fortescue shipped its first ore in May 2008 and has since expanded its infrastructure to mine, rail and ship 55 mtpa. In 2011, Fortescue shipped a total of 46.5 million metric tonnes for $6.2 billion in revenue and in the fourth quarter shipped ore at a run rate of 57.7 mtpa. Fortescue has announced plans to expand further to 155 mtpa, of which 90 mtpa will come from the mines tied to our note. We are optimistic that they will realize their expansion targets in the coming year. The credit for Fortescue's amazing success goes to its dynamic leader Andrew Forrest and his focused and energetic team.

In 2011, we sold 117.4 million shares of FMG for $732.2 million. We also earned $193 million (net of Australian withholding taxes) in royalty payments under the note. In the first quarter of 2012, we sold an additional 100 million shares for $506.5 million. Adding up dividends and stock sales and royalty payments, we have harvested to date $1.796 billion and we still own 30,586,000 shares of Fortescue with a market value at this writing of $186.4 million and there remains about seven years until the royalty note matures. With more yet to come, this has already been a succulent investment.

In August 2010, Fortescue informed us that it believes it has the right to issue additional royalty notes, thereby diluting our interest. We were not only surprised and dismayed to learn this, but profoundly disappointed and litigation resulted. To avoid agitating our Australian lawyers we will avoid commenting further on the matter and instead offer the following vetted paragraph from page 22 of our 10-K:

> "On September 1, 2010, the Company filed a Writ of Summons against Fortescue, FMG and Fortescue's then Chief Executive Officer in the Supreme Court of Western Australia. The Writ of Summons seeks, among other things, an injunction restraining the issuance of any additional notes identical to the FMG Note and damages. If the litigation is ultimately determined adversely to the Company and additional notes are issued, the Company's future cash flows from the FMG Note and future results of operations would be significantly and adversely affected to the extent of the dilution resulting from the issuance of such additional notes."

The lawsuit is working its way through the Australian court system. Should we win, Fortescue would be prohibited from issuing more royalty notes and we would expect to receive most of our costs paid for by the defendant. We believe we are in good hands with our Australian lawyers and look forward to prevailing.

Jefferies Group, Inc.

Jefferies (NYSE: JEF) is a full-service investment bank and institutional securities firm. Jefferies offers its customers capital markets executions, mergers and acquisitions, restructuring and other advisory services. They have 30 offices in 11 countries.

As of December 31, 2011, Leucadia owns 58,006,024 Jefferies common shares, approximately 29% of all shares outstanding, for a total investment of $980.1 million. At year end, Leucadia carried Jefferies on its books at fair value of $797.6 million. The undersigned are both members of its board of directors.

In early November, our investment in Jefferies almost disappeared! In the aftermath of the MF Global bankruptcy, Jefferies was falsely accused of having a similarly illiquid and risky balance sheet. This coincided with a panic in the European Sovereign Debt markets and opportunistic and we believe coordinated short sellers pounded the stock. Rich Handler, Brian Friedman and management responded swiftly with what we expected, honesty and transparency. The Bears were bloodied and beaten back. We are proud of our ownership and association with Jefferies and believe their response was their finest hour. Jefferies enjoys a great deal of good will in its middle market and we are grateful to its clients and customers who stood by them. We look forward to management continuing to serve clients and create value for shareholders.

Premier Entertainment

The Hard Rock Hotel & Casino is located in Biloxi, Mississippi and includes an eleven story hotel with 325 rooms and suites and an entertainment venue with capacity for approximately 2,000 persons. We acquired this property in the wake of Hurricane Katrina and are thankful another year has passed with no major hurricanes. Beginning again in June, we will be scanning the horizon for pending storms in the Gulf.

Another year, another record performance! Despite a small drop in gaming in Biloxi in 2011, Hard Rock's gaming revenues grew by 3% - representing an increase in market share from 12.1% to 12.5%. The revenue growth kept operating cash flows above $26 million for the second year in a row. We may see continued incremental growth from here, but any major performance improvements will come from either market growth or an expansion in the number of our hotel rooms, an evaluation of which is currently underway.

Each time we think they have reached their limits, Duncan McKenzie, Todd Raziano and their team produce a winning hand, dedicated to providing a superior customer experience – a challenging task that has no finish line.

If you are looking for a fantastic gaming vacation or find yourself in the Biloxi area, please visit the Hard Rock Hotel & Casino. You can find the entertainment schedule at www.hardrockbiloxi.com.

Keen Energy Services

In 2006, we met the owners of a small land-based oil and gas drilling operation based in Stillwater, Oklahoma. Many of their rigs were old, small and had limited application.

On a hunch that gas drilling activities would rise, these wildcatters ordered (without means to pay) 18 new, modern, high-horsepower rigs capable of directional drilling to find oil or shale gas. We smelled opportunity and jumped into the breach. A series of rig acquisitions and our partners' unforeseen liquidity problems culminated in 2009 with a buyout of our partners' remaining interests. We changed the name from Goober Drilling to Keen Energy Services.

When we acquired Keen in 2006, industry experts were decrying the end of natural gas supplies in the U.S. The smart money was chasing down means to import natural gas. Since that time, the "Shale Revolution" has turned the natural gas market upside down as a projected gas shortage has turned into a seemingly endless supply. This boom in supply has caused natural gas prices to plummet to record low levels, while the price of oil remains at stubbornly high levels. Time will tell whether shale gas is as plentiful as advertised.

Fortunately for our shareholders, Keen's rigs are equally suited to drilling for oil or gas. Keen management has adroitly followed the customers and money, transitioning their rigs from 36% drilling for oil in 2010 to 60% in 2011. During that period, total rig utilization improved from 56% to 75% and dayrates increased, with the end result of operating cash flows more than doubling from 2010.

While we enjoy the success of 2011, we ready ourselves for the inevitable downturn in the cycle. The immense operating leverage that comes through ownership of these fixed assets prints money in good times, but burns it in bad. As always, we appreciate the efforts and thoughtful diligence of Ed Jacob and Mardi de Verges in maneuvering Keen through the unpredictable waters of the oil and gas industry.

Crimson Wine Group

In our 2009 letter, we stated "...we have streamlined our operations...now we need more volume." And again last year, "We need more volume to make our goal of consistent, yearly cash flows a reality." We are happy to report that on May 31, 2011, we put our money where our mouths were with the acquisition of Seghesio Family Vineyards. Seghesio was established by Edoardo Seghesio in 1895 as California Bonded Winery #56 and was one of a few out of 3,000 wineries to survive Prohibition. During the following century Edoardo and his descendants collected 299 prime Zinfandel growing acres in the Alexander and Russian River Valleys of Sonoma County, California.

On several fronts, the addition of Seghesio is a game changer. With annual sales of over 100,000 9-liter equivalent cases, Seghesio increases the annual volume of our Crimson Wine Group by nearly 70%. This additional volume provides Crimson with the scale and market power to improve margins and bring cash to the bottom line. Seghesio's leading category Zinfandels perfectly complement Crimson's Pine Ridge, Archery Summit and Chamisal portfolios, offering customers a one-stop shop for premium American wines. In seven of the last 11 years, Seghesio has produced one of the Wine Spectator's top 100 wines, including

Seghesio's 2009 Home Ranch which was ranked #12 this year (95 points) and – sorry – is already sold out. The best way to ensure access to the 2010 vintages is to quickly join Seghesio's wine club at www.seghesio.com. Don't wait, do it now!

A special thanks to Pete, Ted and the rest of the Seghesio family for entrusting us with your jewel. We look forward to working with you on many vintages to come.

While we are certainly excited about our latest addition, Crimson's other wineries continue to grow. In 2011, Crimson sold 212,000 cases, including some from Seghesio for part of the year. Highlights from the other wineries include:

- Pine Ridge Vineyards (188 acres) in Napa Valley, California - While luxury-priced wines continue to sail into the headwind of a difficult economy, two non-estate brands produced by Pine Ridge are thriving. Demand continues to exceed our ability to produce Pine Ridge Chenin Blanc Viognier. Despite producing 26,000 more cases in 2011 than in 2010, we didn't have enough! The ForeFront brand was launched in 2009 as wines that "over deliver on quality at their price." ForeFront sales continued to grow in 2011.

- Archery Summit (120 acres) in Willamette Valley, Oregon - A bevy of 90+ scores from Wine Spectator and Wine Advocate were awarded to our 2009 vintages, including 93s for our Red Hills, Looney, Arcus and Estate vineyard wines. Most of these tasty wines are only available to members of the Archery Summit wine club.

- Chamisal Vineyards (97 acres) in Edna Valley, California - Since acquiring Chamisal in 2008, 1,000 new customers have joined the wine club. Boosted by critical praise, Chamisal's Stainless Chardonnay is experiencing significant growth.

Despite these positive prospects, we experienced a significant setback in our Washington vineyards. Mother Nature reminded us again of the risks involved in this business. In 2005, we purchased 611 acres in the Horse Heaven Hills of Washington's Columbia Valley. We chose this location because it is known to produce magnificent wine and importantly, our neighbors had not experienced a freeze event since 1973. In 2007, we planted 87 acres of vineyards that were thriving until November 24, 2010, when temperatures dipped to -7°F for ninety minutes. While we held out hope the vines could be saved, the prudent thing proved to be to prune them to ground and to essentially start over. We are told that the 2012 crop will be back to roughly 75% of a full crop ... unless there is another freeze.

Good management is essential to our success in the wine business. Fortunately, we have just that in the team led by Erle Martin and Pat DeLong.

We again remind you that Leucadia shareholders receive a 20% discount via the honor system at any of our four on-site tasting rooms and online at www.crimsonwineboutique.com (Coupon Code "Leucadia"). In person and online you will be able to find many delicious and acclaimed limited production wines unavailable through mass distribution channels. Or, even better, let us help you explore the portfolio by joining one of our wine clubs[6] – we can ship direct to 40

[6] If you are interested in joining call Mark Ferguson of Pine Ridge at (800) 575-9777, Rodolphe Louchart of Archery Summit at (800) 732-8822, Andrea Chan of Chamisal at (866) 808-9463 and Dave Messerli of Seghesio at (866) 734-4374.

states. As always we remind you that wine is food and fosters good times and memories with family and friends. Enjoy a glass (or two) with your loved ones soon.

Idaho Timber

When we acquired Idaho Timber in 2005, we knew that earnings would be directly correlated to the cycles of the U.S. housing market; however, we did not anticipate that the down cycle would be this severe or last this long. As the housing market lagged again in 2011, pre-tax earnings fell into negative territory, although operating cash flows were slightly positive.

Idaho Timber has three primary business lines: remanufacturing of dimension lumber, value-added processing of home center boards and related items for large retailers, and primary sawmill production of radius-edge, southern pine decking and other specialty products. Each of these business lines is dependent on general construction and home improvement. Profitability in the remanufacturing business is highly dependent on the spread between prices of low-grade and high-grade lumber, which has narrowed due to increased Asian consumption of low-grade lumber and lower overall lumber production. Weakness in the remanufacturing division drove the poor financial results in 2011.

Unlike many of its less fortunate peers, Idaho Timber has weathered the storm caused by the housing market. We recognize that this is not by chance, but due to the tireless efforts of our CEO, Ted Ellis, and his team.

We have often been successful with investments in out-of-favor businesses and industries which we hope to continue with Idaho Timber. In the meantime, we search for new business opportunities and additional acquisitions in this troubled industry.

Conwed Plastics

Conwed Plastics manufactures and markets lightweight plastic netting for a variety of purposes and is a market leader in the sale of products used in carpet cushion, turf reinforcement, erosion control and packaging. Conwed has manufacturing operations in Minneapolis, Minnesota; Athens, Georgia; Roanoke, Virginia; Chicago, Illinois; and Genk, Belgium, and its products are sold throughout the world. In 2011, Conwed ended its four year experiment in Guadalajara, Mexico, bringing the jobs back to the U.S. Every little bit helps!

As more than half of Conwed's business is exposed to the housing market, revenues in 2011 were relatively flat from 2010. Pre-tax earnings, however, declined by 33% as the price of polypropylene resin, the primary component of Conwed's products, rose dramatically and remained elevated throughout the year.

Having owned Conwed for 27 years and through several economic cycles, our attitude is that "This too shall pass." The Company has a well-earned reputation for producing high quality products in a niche market and it is a successful, durable investment. Over the years Leucadia has received a compounded return on invested capital of over 20%.

In 2011, Conwed brought on a new CEO but an old friend, Chris Hatzenbuhler. For the past 11 years, Chris had been Conwed's CFO. He has a deep knowledge of the business, a contagious passion for the products and a genuine concern for the employees. Chris is returning Conwed to its roots of focusing on customer-driven product innovation. If you should find yourself in need of an extruded and oriented polypropylene product, contact Chris at (612) 623-2511. He and his team will customize a solution for you!

Sangart

Sangart is developing a portfolio of biopharmaceutical products designed to enhance the oxygenation of oxygen deprived tissues through targeted oxygen delivery. We made our initial investment in 2003 and at December 31, 2011, we were in for $211.6 million. The cash invested is expensed as Sangart spends it on product development and clinical trials. At December 31, 2011, we owned approximately 96% of Sangart.

Sangart's primary product (MP4OX) is designed to deliver oxygen to tissues, specifically as a result of trauma-induced injuries. Thus far we have seen positive clinical results. In 2010, Sangart completed a Phase 2a trauma study involving 51 patients with results positive enough to induce us to fund the 2011 launch of a much more extensive Phase 2b study with approximately 360 patients. We anxiously await the results of this study, which should arrive near the end of 2012.

Sangart has also developed a companion product, MP4CO, for use in sickle cell patients. In addition to carrying oxygen (like MP4OX), MP4CO also delivers carbon monoxide in non-toxic levels which is intended to prevent inflammation and programmed cell death (apoptosis). In 2011, Sangart launched a Phase 1b sickle cell study, focused on safety.

We remain grateful for the diligence and determination of Sangart's CEO, Brian O'Callaghan, and his team of life science executives as they continue to drive the clinical trial process forward.

Garcadia

Garcadia is our joint venture with Garff Enterprises, Inc., a large Utah-based auto retailer. Together we purchase and turn around underperforming auto dealerships across the country. Leucadia provides the majority of the capital and some investing acumen and Garff manages the operations. Where possible, Leucadia purchases 100% of the underlying real estate and leases it back to the operation at a 10% net return. The partnership owns 17 dealerships in three geographic clusters: Des Moines, Iowa, Houston, Texas and Southern California. At December 31, 2011, our net investment in Garcadia was $127.4 million, including real estate.

The U.S. car business stayed on an upward trend in 2011. New auto sales were roughly 12.7 million units during the year – up 10% from 11.6 million in 2010. Garcadia exceeded the national numbers by 21% to 14,000 units. This volume growth, combined with operational improvements, yielded cash flow to Leucadia of $11.4 million in 2011, inclusive of roughly $4.6 million spent on capital improvements to the real estate and excluding acquisitions. Even during the worst part of the recession, Garcadia returned cash to its partners.

In 2011, we added three dealerships to the portfolio: a high volume Toyota store in Southern California, a distressed Hyundai franchise in Des Moines, Iowa and a Fiat dealership in

1093

Houston, Texas. The Toyota dealership is already on track and we expect the Hyundai store to provide a strong return. The Fiat story is still being written. The rollout of the Fiat brand in the U.S. has not been one of Sergio Marchionne's finer moments. Time will tell if he can turn it around. However, we find solace in the fact that if he does not succeed we will have a nice new building from which to sell used cars. We continue to look for opportunities to grow this investment.

Leucadia Energy – Gasification

Our gasification efforts continue to progress. The Lake Charles facility, located in Louisiana, has entered into two letters of intent and a contract with large credit worthy customers for the vast majority of the plant's output of methanol and industrial gases. These events allow us to actively seek strategic partners to fully fund the project.

Funding for this project will be covered in part by $1.561 billion of tax exempt bonds, a $260 million federal grant for carbon capture and sequestration plus a $128 million federal investment tax credit. We have significant engineering and early phase construction activities yet to accomplish, hopefully in 2012. Once we are ready there is a 36-month construction period.

We continue to make progress with our gasification projects in Indiana, Mississippi and Chicago. However, there is much work yet to be done and unlike the Lake Charles facility our ability to get these projects to the starting line is being slowed by the current low price of natural gas. While we have accomplished a great deal considerable challenges lie ahead.

Like all large multi-year capital intensive projects ours are vulnerable to many variables such as interest rates, inflation, financing, regulatory and permitting changes as well as yet unforeseen issues. Having said that we think there has hardly been a better time to commence such a project. Inflation is tame, interest rates are at an all-time low and labor costs are likely to remain stable. Hopefully, 2012 is the year that we break ground on our first project. Stay tuned for next year's letter.

Despite the challenges of the shale revolution, our EVP, Tom Mara perseveres. He has our thanks.

Oregon Liquefied Natural Gas

In January of 2007, Leucadia acquired a leasehold interest and certain permits to construct and operate an onshore liquefied natural gas ("LNG") receiving terminal located on the Skipanon Peninsula at the mouth of the Columbia River in Warrenton, Oregon. Due to the sudden expansion in North American natural gas supplies (see Keen above), we are now evaluating construction of a facility focused on LNG exports. We pride ourselves on being nimble!

Since 2007, we have been working with the Federal Energy Regulatory Commission ("FERC") and state and local authorities to permit the site for an onshore LNG terminal; a process that is agonizingly difficult and absurdly slow. How the politicians can expect to find solutions to our long term energy needs in the byzantine and illogical regulatory environment they have created is above our pay grade to understand. However, we persist and anticipate FERC will issue a Draft Environmental Impact Statement along with an updated Draft Biological Assessment in 2012.

The natural gas market continues to evolve and perhaps North America will become one of the world's largest producers. Worldwide demand for natural gas continues to grow due to increasing oil prices, stricter environmental regulations on coal and the response to the nuclear disaster in Japan. LNG has an important role to play within that market. It is taking longer and costing more than we originally planned, but we remain optimistic that there is a payday at the end of the road.

Real Estate

As of December 31, 2011, our net investment in the domestic real estate segment was $245.7 million. For the most part, we have placed our real estate development projects in the deep freeze, minimizing costs and waiting for the market to return. Below are the highlights of our scant activity over the past year.

- In January 2012, we closed on our commitment to purchase the former Panama City-Bay County International Airport. We negotiated a $4.6 million reduction in the purchase price, paying $51.9 million for the 708 acre parcel. We have secured entitlements and zoning for 3,200 residential units, 700,000 square feet of commercial space and 117 marina slips. We are in the process of securing permits for a first phase development that will be centered around a reuse of the former airport terminal building as a charter school. We won't commence development unless and until we think the market is ready.

- We own approximately 31.4% of the outstanding stock of HomeFed Corporation (NASD OTC: HOFD), which is engaged in the development of residential real estate in California. The undersigned own 7.7% and 9.4% of that company as well. Classified as an associated company investment, HomeFed is not part of the real estate segment, but it is an investment in real estate nonetheless.

- We own raw land and finished residential lots in Myrtle Beach. In January 2011, we (re)purchased the neighboring retail/commercial/residential lifestyle center and spent the rest of the year rehabilitating the project after its year stay in receivership. The repositioning and re-tenanting is expected to be a three to five year project. We believe the product is truly unique for the market and that - at our reset basis - we will get attractive returns. The residential land component of the project continues to absorb slowly, although 2012 began with a bang – 10 homes sold through the end of February.

- Our land developments in Maine remain mothballed.

- We own 15 acres of air rights above the train tracks behind Union Station in Washington, D.C. In April 2011, the rezoning of our property received final approval. The rezoning granted us the height allowances that we desired – in a city that restricts height, every foot counts. We continue to work with Amtrak and our other neighbors on project design and the construction and financing of the platform on which our project will be built.

The Future

We have read a lot about the ongoing deleveraging of America. In case you don't start and end your day with your nose in the Wall Street Journal, deleveraging is the newly rediscovered concept of paying your debts without reborrowing.

Bear Stearns and Lehman may have been the first fruits of the Great Recession, but excess leverage was the root. For the last twenty years, homeowners bought new houses and then refinanced them with ever bigger mortgages. That unsustainable scheme came to an end in 2008 and now everyone is paying the piper with lower home prices. During the same period, owners of shopping centers, apartment buildings and land speculators borrowed heavily to finance their never-ending appetites, with similar results. Low interest rates may have temporarily kept commercial properties out of foreclosure, but we expect many will end up there or in workout – hopefully with Berkadia. Junk bond borrowers have been helped by low interest rates, but a day of reckoning will come when rates go up faster than a company's growth prospects and cash flow.

Unlike residential and commercial real estate owners, Fortune 1000 companies did not over borrow and our big corporations are in good shape with some dividend yields higher than bond yields, an infrequent occurrence. However, even the strongest corporations are being very cautious in taking on new debt and making new investments which is a major reason for the poor employment numbers and slow growth in the GDP. Having gone through the trauma of 2008, corporate America is risk adverse. We are too.

The debt elephants in the room are national and state governments. Both in Europe and the U.S., governments are undergoing the same aches and pains of deleveraging as consumers and banks. The U.S. government is fortunate in that it has what Charles de Gaulle's finance minister, Valéry Giscard d'Estaing, called "the exorbitant privilege"[7] to print money. However, even that privilege has its limits and no doubt we will have to attack our debt problem sooner or later (we hope sooner). The Federal Reserve has said it will continue to suppress interest rates for the foreseeable future, postponing the pain for the overleveraged as well as postponing the inevitable witching hour when governments are forced to take the bitter medicine of raising taxes, cutting expenditures, or both.

We continue with the same lamentation as in previous years. There are hordes of private equity and hedge funds chasing low returns. While short term rates are very low, long term rates for non-investment grade borrowers such as Leucadia are quite high relative to expected returns. As a result, opportunities meeting our investment criteria are few and far between. We would prefer higher interest rates and less availability of money, making acquisitions more attractive. We employ leverage in a careful way and do not intend to fall into the traps of employing too much leverage or borrowing short term and investing long. We will leave that silliness to the hedge funds.

[7] From *Exorbitant Privilege: The Rise and Fall of the Dollar and the Future of the International Monetary System* by Barry Eichengreen.

Given the above, we have reduced Leucadia's leverage by calling $511.3 million of long term debt in 2012 and retiring other debt during the last three years in market transactions. With those steps, we have cut Leucadia's leverage by over 40%. Borrowing money at 7% without a clear path to make 15%+ is not attractive and we don't see many opportunities to make at least that return. This cautious approach was evident in the purchase of National Beef; although banks were beating down our door to lend us more money, we paid cash.

A world-wide recovery in the near future is not a foregone conclusion. Europe and the future of the Euro are far from settled. Growth in China is slowing and the risk of a "Chinese Spring" cannot be ruled out. Iran is a big problem. In an environment of slow growth at home and a dysfunctional government, we believe that less financial leverage is better. We expect many other companies and investors share this view. We emphasize that we are not pessimistic, just cautious. We are enthusiastic about the future of our broad array of operating businesses and investments and have our eyes open for additional acquisitions. Never fear, if a good deal comes along we will find a way.

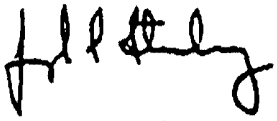
This is the 33rd letter that we have written to our shareholders and again want to point out that we would not be here but for the loyalty of our long time, hardworking and intelligent helpers. We are forever grateful!

We are saddened by the death, at age 55, of Curt Noland. Curt was HomeFed's Vice President in charge of real estate development and was with us for 15 years. HomeFed's success is in no small part the result of his planning and engineering skills. He was the best! We have expressed our deepest condolences to his wife and three sons.

We have been diligently working on the issues relating to management succession and will continue to explore opportunities. In addition, in March the Board of Directors elected Justin Wheeler as Chief Operating Officer. Justin has been with Leucadia since 2000 and for the past several years has led our Asset Management Group. He was intimately involved with our successful investment in AmeriCredit Corp. and was the prime mover behind our recent acquisition of National Beef. Though both of us immensely enjoy what we do, we recognize our responsibility to plan for the future and expect Justin to be part of that future.

Our Chairman has decided that he does not plan on requesting a renewal to his employment contract which ends almost coincident with his 75th birthday on July 17, 2015 (which is also the birthday of our President's youngest daughter – she gets great presents). Over the next few years there will undoubtedly be more developments on the succession front. We will keep you informed.

Ian M. Cumming
Chairman



Joseph S. Steinberg
President

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2011

or

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 1-5721

LEUCADIA NATIONAL CORPORATION

(Exact Name of Registrant as Specified in its Charter)

New York	**13-2615557**
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

315 Park Avenue South
New York, New York 10010
(212) 460-1900
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Shares, par value $1 per share	**New York Stock Exchange**
7-3/4% Senior Notes due August 15, 2013	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

None.
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statement incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒ Accelerated Filer ☐ Non-Accelerated Filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Aggregate market value of the voting stock of the registrant held by non-affiliates of the registrant at June 30, 2011 (computed by reference to the last reported closing sale price of the Common Shares on the New York Stock Exchange on such date): $6,776,967,000.

On February 16, 2012, the registrant had outstanding 244,582,588 Common Shares.

DOCUMENTS INCORPORATED BY REFERENCE:

Certain portions of the registrant's definitive proxy statement pursuant to Regulation 14A of the Securities Exchange Act of 1934 in connection with the 2012 annual meeting of shareholders of the registrant are incorporated by reference into Part III of this Report.

PART I

Item 1. Business.

THE COMPANY

The Company is a diversified holding company engaged through its consolidated subsidiaries in a variety of businesses, including beef processing, manufacturing, land based contract oil and gas drilling, gaming entertainment, real estate activities, medical product development and winery operations. The Company also has a significant investment in the common stock of Jefferies Group, Inc. ("Jefferies"), a full-service investment bank and Mueller Industries, Inc. ("Mueller"), a leading manufacturer of copper, brass, plastic, and aluminum products, both of which are accounted for at fair value. The Company owns equity interests in operating businesses which are accounted for under the equity method of accounting, including a broker-dealer engaged in making markets and trading of high yield and special situation securities and a commercial mortgage origination and servicing business. The Company concentrates on return on investment and cash flow to maximize long-term shareholder value. Additionally, the Company continuously evaluates the retention and disposition of its existing operations and investigates possible acquisitions of new businesses. Changes in the mix of the Company's businesses and investments should be expected.

Shareholders' equity has grown from a deficit of $7,657,000 at December 31, 1978 (prior to the acquisition of a controlling interest in the Company by the Company's Chairman and President), to a positive shareholders' equity of $6,174,396,000 at December 31, 2011, equal to a book value per common share of the Company (a "common share") of negative $.04 at December 31, 1978 and $25.24 at December 31, 2011. Shareholders' equity and book value per share amounts have been reduced by the $811,925,000 special cash dividend paid in 1999.

In December 2011, the Company acquired 78.9% of National Beef Packing Company, LLC ("National Beef") for aggregate net cash consideration of $867,869,000. National Beef processes, packages and delivers fresh and frozen beef and beef by-products for sale to customers in the U.S. and international markets.

The Company's manufacturing operations are conducted through Idaho Timber, LLC ("Idaho Timber") and Conwed Plastics, LLC ("Conwed Plastics"). Idaho Timber is headquartered in Boise, Idaho and primarily remanufactures dimension lumber and remanufactures, packages and/or produces other specialized wood products. Conwed Plastics manufactures and markets lightweight plastic netting used for a variety of purposes including, among other things, building and construction, erosion control, packaging, agricultural, carpet padding, filtration and consumer products.

The Company's land based contract oil and gas drilling operations are conducted by Keen Energy Services, LLC ("Keen"). Keen became a consolidated subsidiary when the Company acquired the remaining equity interests it did not previously own in November 2009.

The Company's gaming entertainment operations are conducted through Premier Entertainment Biloxi LLC ("Premier"), which is the owner of the Hard Rock Hotel & Casino Biloxi ("Hard Rock Biloxi"), located in Biloxi, Mississippi.

The Company's domestic real estate operations include a mixture of commercial properties, residential land development projects and other unimproved land.

The Company's medical product development operations are conducted through Sangart, Inc. ("Sangart"). Sangart is developing a product called MP4OX, which is a solution of cell-free hemoglobin administered intravenously to provide rapid oxygen delivery to oxygen deprived tissues.

The Company's winery operations consist of Pine Ridge Vineyards in Napa Valley, California, Archery Summit in the Willamette Valley of Oregon, Chamisal Vineyards in the Edna Valley of California, Seghesio Family Vineyards in the Alexander and Russian River Valleys of California and a vineyard development project in the Columbia Valley of Washington. The wineries primarily produce and sell wines in the premium, ultra premium and luxury segments of the premium table wine market.

1099

The Company owns approximately 28.2% of the outstanding common shares of Jefferies, a company listed on the New York Stock Exchange ("NYSE") (Symbol: JEF). Jefferies is a full-service global investment bank and institutional securities firm serving companies and their investors.

During 2011, the Company acquired approximately 27.3% of the outstanding common shares of Mueller, a company listed on the NYSE (Symbol: MLI), for aggregate cash consideration of $408,558,000. Mueller is a leading manufacturer of copper, brass, plastic, and aluminum products.

The Company owns an equity investment in Jefferies High Yield Holdings, LLC ("JHYH"). Through its wholly-owned subsidiary, JHYH makes markets in high yield and special situation securities and provides research coverage on these types of securities.

The Company owns a 50% equity interest in Berkadia Commercial Mortgage LLC ("Berkadia"), a joint venture with Berkshire Hathaway Inc. ("Berkshire Hathaway"). Berkadia is engaged in the commercial mortgage origination and servicing business.

In August 2006, pursuant to a subscription agreement with Fortescue Metals Group Ltd ("Fortescue") and its subsidiary, FMG Chichester Pty Ltd ("FMG"), the Company invested in Fortescue's Pilbara iron ore and infrastructure project in Western Australia. Fortescue is a publicly traded company on the Australian Stock Exchange (Symbol: FMG). At December 31, 2011, the Company owned 130,586,000 common shares of Fortescue; however, the Company sold 100,000,000 Fortescue common shares for net cash proceeds of $506,490,000 in January 2012. The Company also owns a $100,000,000 unsecured note of FMG that matures in August 2019 (the "FMG Note"); interest on the FMG Note is calculated as 4% of the revenue, net of government royalties, invoiced from the iron ore produced from two specified project areas. As further described below, the Company is currently engaged in litigation with Fortescue concerning Fortescue's assertion that it has the ability to dilute the interest payable to the Company by issuing additional notes identical to the Company's note.

The Company and certain of its subsidiaries have federal income tax net operating loss carryforwards ("NOLs") of approximately $4,738,150,000 at December 31, 2011. For more information see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

As used herein, the term "Company" refers to Leucadia National Corporation, a New York corporation organized in 1968, and its subsidiaries, except as the context otherwise may require.

Investor Information

The Company is subject to the informational requirements of the Securities Exchange Act of 1934 (the "Exchange Act"). Accordingly, the Company files periodic reports, proxy statements and other information with the Securities and Exchange Commission (the "SEC"). Such reports, proxy statements and other information may be obtained by visiting the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549 or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements and other information regarding the Company and other issuers that file electronically. Material filed by the Company can also be inspected at the offices of the NYSE, 20 Broad Street, New York, NY 10005, on which the Company's common shares are listed.

The Company's website address is www.leucadia.com. The Company makes available, without charge through its website, copies of its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after such reports are filed with or furnished to the SEC.

Cautionary Statement for Forward-Looking Information

Statements included in this Report may contain forward-looking statements. Such statements may relate, but are not limited, to projections of revenues, income or loss, development expenditures, plans for growth and future

operations, competition and regulation, as well as assumptions relating to the foregoing. Such forward-looking statements are made pursuant to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995.

Forward-looking statements are inherently subject to risks and uncertainties, many of which cannot be predicted or quantified. When used in this Report, the words "will," "could," "estimates," "expects," "anticipates," "believes," "plans," "intends" and variations of such words and similar expressions are intended to identify forward-looking statements that involve risks and uncertainties. Future events and actual results could differ materially from those set forth in, contemplated by or underlying the forward-looking statements.

Factors that could cause actual results to differ materially from any results projected, forecasted, estimated or budgeted or may materially and adversely affect the Company's actual results include, but are not limited to, those set forth in Item 1A. Risk Factors and elsewhere in this Report and in the Company's other public filings with the SEC.

Undue reliance should not be placed on these forward-looking statements, which are applicable only as of the date hereof. The Company undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances that arise after the date of this Report or to reflect the occurrence of unanticipated events.

Financial Information about Segments

The Company's reportable segments consist of the consolidated operating units identified above, which offer different products and services and are managed separately. Other operations primarily consist of the Company's wineries and energy projects.

Associated companies include equity interests in other entities that the Company accounts for under the equity method of accounting. Investments in associated companies that are accounted for under the equity method of accounting include HomeFed Corporation ("HomeFed"), a corporation engaged in real estate activities, Linkem S.p.A. ("Linkem"), a wireless broadband services provider in Italy, JHYH, Berkadia and Garcadia, a joint venture that owns automobile dealerships. Associated companies also include the Company's investments in Jefferies and Mueller which are accounted for at fair value rather than under the equity method of accounting.

Corporate assets primarily consist of the deferred tax asset, investments and cash and cash equivalents and corporate revenues primarily consist of investment and other income and securities gains and losses. Corporate assets include the Company's investment in Fortescue and in the common shares of Inmet Mining Corporation ("Inmet"), a Canadian-based global mining company. Corporate assets, revenues, overhead expenses and interest expense are not allocated to the operating units.

Conwed Plastics has a manufacturing and sales facility located in Belgium, National Beef has sales offices in and exports its products to various countries and the Company owns a small Caribbean-based telecommunications provider; these are the only foreign operations with non-U.S. revenue or assets that the Company consolidates. Unconsolidated non-U.S. based investments include the investments in Fortescue, Inmet and Linkem.

Certain information concerning the Company's segments is presented in the following table. Consolidated subsidiaries are reflected as of the date a majority controlling interest was acquired, which was November 2009 for Keen and December 30, 2011 for National Beef. Since National Beef's operating activities subsequent to the acquisition during 2011 were not significant they have not been included in the Company's 2011 consolidated statement of operations. Associated Companies are not considered to be a reportable segment, but are reflected in the table below under income (loss) from continuing operations before income taxes and identifiable assets employed.

	2011	2010	2009
		(In thousands)	
Revenues and other income (a):			
Manufacturing:			
Idaho Timber	$ 159,026	$ 172,908	$ 142,709
Conwed Plastics	85,961	87,073	82,094
Oil and Gas Drilling Services (b)	136,146	116,560	60,459
Gaming Entertainment	117,238	114,809	103,583
Domestic Real Estate	96,501	17,075	30,637
Medical Product Development	378	123	5,147
Other Operations (c)	69,038	67,119	51,764
Corporate (d)	906,480	744,337	98,815
Total consolidated revenues and other income	$1,570,768	$1,320,004	$ 575,208
Income (loss) from continuing operations before income taxes:			
Manufacturing:			
Idaho Timber	$ (3,787)	$ 547	$ (12,680)
Conwed Plastics	5,916	8,803	11,578
Oil and Gas Drilling Services (b)	3,533	(13,937)	46,738
Gaming Entertainment	12,616	(2,159)	2,379
Domestic Real Estate	80,919	(54,935)	(71,298)
Medical Product Development	(42,696)	(25,443)	(23,818)
Other Operations (c)	(24,374)	(17,487)	(26,434)
Income (loss) related to Associated Companies	(612,362)	375,021	805,803
Corporate (d)	648,861	473,614	(167,619)
Total consolidated income from continuing operations before income taxes	$ 68,626	$ 744,024	$ 564,649
Depreciation and amortization expenses:			
Manufacturing: (e)			
Idaho Timber	$ 5,299	$ 6,131	$ 8,631
Conwed Plastics	6,509	9,068	8,476
Oil and Gas Drilling Services	21,051	25,447	3,103
Gaming Entertainment	16,785	16,657	16,532
Domestic Real Estate	3,461	6,163	8,408
Medical Product Development	845	870	836
Other Operations (e)	9,922	7,183	8,125
Corporate	23,296	20,979	18,441
Total consolidated depreciation and amortization expenses	$ 87,168	$ 92,498	$ 72,552
Identifiable assets employed:			
Beef Processing	$1,786,855	$ –	$ –
Manufacturing:			
Idaho Timber	71,859	84,436	94,211
Conwed Plastics	56,539	60,822	67,940
Oil and Gas Drilling Services	224,563	237,212	257,086
Gaming Entertainment	243,888	253,221	266,951
Domestic Real Estate	254,885	255,027	311,571
Medical Product Development	27,893	16,950	26,702
Other Operations	226,306	167,535	158,326
Investments in Associated Companies	1,991,795	2,274,163	2,764,885
Corporate	4,378,606	6,000,932	2,652,422
Assets of discontinued operations	–	–	162,270
Total consolidated assets	$9,263,189	$9,350,298	$6,762,364

(a) Revenues and other income for each segment include amounts for services rendered and products sold, as well as segment reported amounts classified as investment and other income and net securities gains (losses) in the Company's consolidated statements of operations.

(b) Investment and other income for oil and gas drilling services includes a bargain purchase gain of $49,345,000 in 2009. For more information see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

(c) Other operations include pre-tax losses of $28,598,000, $16,076,000 and $25,324,000 for the years ended December 31, 2011, 2010 and 2009, respectively, for the investigation and evaluation of various energy related projects. There were no significant operating revenues or identifiable assets associated with these activities in any period; however, other income includes $5,366,000 and $11,143,000 in 2011 and 2010, respectively, with respect to government grants to reimburse the Company for certain of its prior expenditures, which were fully expensed as incurred.

(d) Net securities gains (losses) for Corporate aggregated $641,480,000, $179,494,000 and $(21,106,000) during 2011, 2010 and 2009, respectively. Corporate net securities gains (losses) are net of impairment charges of $3,586,000, $2,474,000 and $31,420,000 during 2011, 2010 and 2009, respectively. In 2011, security gains included gains of $628,197,000 from the sale of certain of the Company's common shares of Fortescue. In 2010, security gains include a gain of $66,200,000 from the sale of the Company's investment in Light and Power Holdings, Ltd. ("LPH"), the parent company of the principal electric utility in Barbados, and a gain of $94,918,000 from the sale of certain of the Company's common shares of Fortescue. Corporate investment and other income includes the gain on sale of the Company's remaining interest in the Cobre Las Cruces copper mining project ("Las Cruces") to Inmet of $383,369,000 in 2010.

(e) Includes amounts classified as cost of sales.

(f) For the years ended December 31, 2011, 2010 and 2009, interest expense was primarily comprised of Corporate; interest expense for other segments was not significant.

At December 31, 2011, the Company and its consolidated subsidiaries had 11,711 full-time employees.

BEEF PROCESSING

Business Description

The Company acquired 78.9% of National Beef for aggregate net cash consideration of $867,869,000 on December 30, 2011. National Beef, headquartered in Kansas City, Missouri, is one of the largest beef processing companies in the U.S., accounting for approximately 14% of the federally inspected steer and heifer slaughter during 2011, as reported by the United States Department of Agriculture ("USDA"). National Beef processes, packages and delivers fresh and frozen beef and beef by-products for sale to customers in the U.S. and international markets. National Beef's products include boxed beef, ground beef, hides, tallow, and other beef and beef by-products.

Beef production, from the birth of the animal through the delivery of beef products to the customer, is comprised of two primary segments, production and processing. The production segment raises cattle for slaughter and the processing segment slaughters cattle and packages beef for delivery to customers. The production segment bears the cost of feeding the cattle to the appropriate market weights and has direct financial exposure to the volatility in grain and other input costs. Beef processors like National Beef are primarily "spread" operators, earning margin between the selling price for their products and the cost of procuring and processing the cattle.

Approximately 90% of National Beef's revenues are generated from the sale of fresh meat either as a boxed beef product or a case-ready product. In addition, National Beef sells beef by-products to the variety meat, feed processing, fertilizer and pet food industries. National Beef also owns 75% of Kansas City Steak Company, LLC ("Kansas City Steak"), which sells portioned beef and other products to customers in the food service and retail channels as well as direct to consumers through the internet and direct mail.

National Beef operates a wet blue tanning facility that sells processed hides to tanners that produce finished leather for the automotive, luxury goods, apparel and furniture industries. Wet blue tanning refers to the first step in processing raw and brine-cured hides into tanned leather. National Beef also owns a refrigerated and livestock transportation company that provides transportation services for National Beef and third parties.

The seasonal demand for beef products is generally highest in the spring and summer months.

Sales and Marketing

The sales office for National Beef's domestic operations is responsible for selling and coordinating the movement of approximately 50 million pounds per week of boxed beef products to customers. National Beef markets its products to national and regional retailers, including supermarket chains, independent grocers, club stores, wholesalers and distributors, food service providers and distributors, further processors and the United States military. National Beef exports products to more than 30 countries; export sales currently represent approximately 12% of annual revenues. In 2011, Wal-Mart and its affiliate, Sam's Club, represented approximately 9% of National Beef's revenues, and its top 10 customers accounted for approximately 30% of revenues. Wal-Mart purchases a substantial portion of National Beef's case-ready products.

National Beef emphasizes the sale of higher-margin, value-added products, which include branded boxed beef, case-ready beef, portion control beef and further processed hides. National Beef believes its value-added products can command higher prices than commodity products because of National Beef's ability to consistently meet product specifications, based on quality, trim, weight, size, breed or other factors, tailored to the needs of its customers. In addition to the value-added brands that National Beef owns, National Beef licenses the use of Certified Angus Beef®, a registered trademark of Certified Angus Beef LLC, and Certified Hereford Beef®, a registered trademark of Certified Hereford Beef LLC.

Raw Materials and Procurement

The primary raw material for the processing plants is live cattle. The domestic beef industry is characterized by cattle prices that change daily based on seasonal consumption patterns, overall supply and demand for beef and other proteins, cattle inventory levels, weather and other factors.

National Beef has entered into a cattle supply agreement with U.S. Premium Beef, LLC ("USPB"), the current owner of a 15% interest in National Beef that sold a substantial portion of its ownership interest to the Company. National Beef has agreed to purchase through USPB from the members of USPB 735,385 head of cattle per year (subject to adjustment), based on pricing grids furnished by National Beef to the members of USPB. National Beef believes the pricing grids are based on terms that could be obtained from an unaffiliated party. The cattle supply agreement is for an initial five year term, with automatic one year extensions on each annual anniversary date of the Company's acquisition of National Beef, unless either party provides a notice not to extend sixty days prior to the annual anniversary date. During its most recent fiscal year, National Beef purchased approximately 20% of the total cattle it processed from USPB members pursuant to a previous cattle supply agreement. National Beef also purchased additional cattle from certain USPB members outside of the cattle supply agreement.

Cattle are also purchased through cash bids and other arrangements from cattle producers in primary and secondary markets. National Beef purchases cattle from nearly 1,000 suppliers annually.

Processing Facilities

National Beef owns three beef processing facilities located in Liberal, Kansas, Dodge City, Kansas, and Brawley, California. The Liberal and Dodge City facilities can each process approximately 6,000 cattle per day, and the Brawley facility approximately 2,000 cattle per day. National Beef owns case-ready facilities in Hummels Wharf, Pennsylvania (approximately 79,000 square feet) and Moultrie, Georgia (approximately 114,000 square feet), and

the wet blue tanning facility in St. Joseph, Missouri (approximately 221,000 square feet). The Kansas City Steak processing facility is located in Kansas City, Kansas (approximately 63,000 square feet).

Competition

The beef processing industry is highly competitive. Competition exists both in the purchase of live cattle, as well as in the sale of beef products. Beef products compete with other protein sources, including pork and poultry, but National Beef's principal competition comes from other beef processors. National Beef believes the principal competitive factors in the beef processing industry are price, quality, food safety, customer service, product distribution, technological innovations (such as food safety interventions and packaging technologies) and brand loyalty. Some of National Beef's competitors have substantially larger beef operations, greater financial and other resources and wider brand recognition for their products.

Regulation and Environmental

National Beef's operations are subject to extensive regulation by the USDA including its Food Safety and Inspection Service ("FSIS") and its Grain Inspection, Packers and Stockyards Administration ("GIPSA"), the Food and Drug Administration ("FDA"), the U.S. Environmental Protection Agency ("EPA") and other state, local and foreign authorities regarding the processing, packaging, storage, safety, distribution, advertising and labeling of its products.

National Beef's domestic operations are subject to the Packers and Stockyards Act of 1921 ("PSA"). Among other things, this statute generally requires National Beef to make full payment for livestock purchases not later than the close of business the day after the purchase and transfer of possession or determination of the purchase price. Under the PSA, National Beef must hold in trust for the benefit of unpaid livestock suppliers all livestock purchased until the sellers have received full payment. At December 31, 2011, National Beef has obtained from an insurance company a surety bond in the amount of $40,900,000 to satisfy these requirements.

The Dodge City and Liberal facilities are subject to Title V permitting pursuant to the federal Clean Air Act and the Kansas Air Quality Act. The Liberal permit expired on January 25, 2010, but has been administratively extended pending renewal by the Kansas Department of Health and Environment. The Brawley and St. Joseph facilities are subject to secondary air permits which are in place. The Dodge City, Liberal, Hummels Wharf, Moultrie and Brawley facilities are subject to Clean Air Act Risk Management Plan requirements relating to the use of ammonia as a refrigerant.

All of National Beef's plants are indirect dischargers of wastewater to publicly owned treatment works and are subject to requirements under the federal Clean Water Act, state and municipal laws, as well as agreements or permits with municipal or county authorities. Upon renewal of these agreements and permits, National Beef is from time to time required to make capital expenditures to upgrade or expand wastewater treatment facilities to address new and more stringent discharge requirements imposed at the time of renewal. Storm water discharges from National Beef's plants are also regulated by state and local authorities.

All of National Beef's facilities generate solid wastestreams including small quantities of hazardous wastes. National Beef is subject to laws that provide for strict, and in certain circumstances joint and several, liability for remediation of hazardous substances at contaminated sites; however, National Beef has not received any demands that it has any liability at sites under the Comprehensive Environmental Response, Compensation and Liability Act ("Superfund") or state counterparts. All plants are subject to community right to know reporting requirements under the Superfund Amendments and Reauthorization Act of 1986, which requires yearly filings as to the substances used on facility premises.

Employees

National Beef has approximately 9,400 employees, of which approximately 4,000 are currently represented by collective bargaining agreements. Approximately 2,800 employees at the Liberal plant are represented by the United

Food and Commercial Workers International Union under a collective bargaining agreement scheduled to expire in December 2012. Approximately 1,100 employees at the Brawley plant are jointly represented by the United Food and Commercial Workers International Union and the Teamsters International Union under a collective bargaining agreement scheduled to expire in December 2013. Approximately 100 employees at the St. Joseph plant are represented by the United Cereal Workers of the United Food and Commercial Workers International Union under a collective bargaining agreement scheduled to expire in May 2014.

The employees at the Dodge City plant voted in favor of union representation by the United Food and Commercial Workers International Union in November 2011. The union has been certified as the representative of a bargaining unit of approximately 2,600 employees in production and maintenance, shipping and receiving, grounds keeping and the warehouse.

MANUFACTURING

Idaho Timber

Business Description

Idaho Timber, which was acquired in May 2005, is headquartered in Boise, Idaho and is engaged in the manufacture and/or distribution of various wood products. Idaho Timber's principal product lines include remanufacturing dimension lumber; remanufacturing, bundling and bar coding of home center boards for large retailers; and production of 5/4" radius-edge, pine decking. The net book value of the Company's investment in Idaho Timber was $64,725,000 at December 31, 2011.

Remanufactured dimension lumber is Idaho Timber's largest product line. Dimension lumber is used for general construction and home improvement, remodeling and repair projects, the demand for which is normally a function of housing starts and home size. All dimension lumber is assigned a quality grade, based on the imperfections in the wood, and higher-grade lumber is sold at a higher price than lower-grade lumber. Idaho Timber purchases low-grade dimension lumber from sawmills located in North America and Europe and upgrades it into higher-grade dimension lumber products. The remanufacturing process includes ripping, trimming and planing lumber to reduce imperfections and produce a variety of lumber sizes. These products are produced at plants located in Florida, North Carolina, Texas, Idaho and New Mexico.

Home center board products are principally sold to large home improvement retailers. Idaho Timber purchases high-grade boards from sawmills, performs minor re-work on those boards to upgrade the quality, and then packages and bar codes those boards according to customer specifications. Idaho Timber also operates a sawmill in Arkansas to produce its 5/4" radius-edge, pine decking products.

Idaho Timber owns and operates seven plants, one sawmill that principally produces decking products and one sawmill that produces split-rail fencing. These nine facilities in the aggregate have approximately 748,000 square feet of manufacturing and office space, covering approximately 154 acres. One plant is principally dedicated to home center board products and the remaining plants principally produce remanufactured dimension lumber products.

Sales and Marketing

Idaho Timber primarily markets to local, regional and national lumber retailers for its dimension lumber products, home improvement centers for its home center board products and decking treaters for its sawmill product, and other resellers of home construction materials. For dimension lumber products, sales are primarily generated at each of the plants, with a dedicated sales force located in the same geographic region as the customers the plant serves. Board and decking products are sold and managed centrally. Sales of home center board products are heavily dependent on national home center chains. Idaho Timber's sales are somewhat concentrated in regions where its facilities are located, with the largest being Florida, 15%; North Carolina, 14%; and Texas, 14%.

Competition

Idaho Timber sells commodity products, and operates in an industry that is very competitive and currently suffering from continuing lack of demand due to limited housing starts and remodeling activity. Idaho Timber competes against domestic and foreign sawmills and intermediate distributors for its dimension lumber and decking products. In some cases, Idaho Timber competes on a limited basis with the same sawmills that are a source of supply of low-grade dimension lumber. Idaho Timber also competes for raw material purchases needed for its remanufactured dimension lumber and home center board products. A recent increase in off-shore demand for low-grade lumber used in its remanufacturing facilities has further constrained available supply.

Government Regulation

Lumber and decking are identified at Idaho Timber facilities with a grade stamp that shows the grade, moisture content, mill number, species and grading agency. All lumber is graded in compliance with the National Grading Rule for Dimension Lumber, which is published by the U.S. Department of Commerce. Idaho Timber facilities are subject to regular inspection by agencies approved by the American Lumber Standards Committee. Idaho Timber believes that its procedure for grading lumber is highly accurate; however, Idaho Timber could be exposed to product liability claims if it can be demonstrated its products are inappropriately rated.

Plastics Manufacturing

Business Description

Through Conwed Plastics, which was acquired in March 1985, the Company manufactures and markets lightweight plastic netting used for a variety of purposes including, among other things, building and construction, erosion control, packaging, agricultural, carpet padding, filtration and consumer products. These products are primarily used for containment purposes, reinforcement of other products, packaging for produce and meats, various types of filtration and erosion prevention. The net book value of the Company's investment in Conwed Plastics was $46,270,000 at December 31, 2011.

Certain products of Conwed Plastics are proprietary, protected by patents and/or trade secrets. The Company holds patents on certain improvements to the basic manufacturing processes it uses and on applications thereof. The Company believes that the expiration of these patents, individually or in the aggregate, is unlikely to have a significant effect on its operations.

Sales and Marketing

Products are marketed both domestically and internationally, with approximately 24% of 2011 revenues generated by customers from Europe, Latin America, Japan and Australia. Products are sold primarily through an employee sales force, located in the U.S. and Europe. Conwed Plastics emphasizes development of new products and new applications of existing products to grow its revenues. New product development focuses on market niches where proprietary technology and expertise can lead to sustainable competitive economic advantages. Approximately half of Conwed Plastics' revenues are generated on a make to order basis.

Competition

Conwed Plastics is subject to domestic and international competition, generally on the basis of price, service and quality. Conwed Plastics has 3 to 5 competitors in most of its market segments but the size and type of its competition varies by market segment. Additionally, certain products are dependent on cyclical industries, including the construction industry. The cost of the principal raw material used in its products, polypropylene, has increased by approximately 20% over the last three years, a continuing trend that started in 2002. The price of polypropylene has historically fluctuated with the price of oil and natural gas but growing economies in China and India have resulted in increased demand for raw materials and raised prices globally.

OIL AND GAS DRILLING SERVICES

Business Description

Keen is a land based contract oil and gas drilling company based in Stillwater, Oklahoma that provides drilling services to independent oil and natural gas exploration and production companies in the Mid-Continent Region of the U.S. Keen currently operates drilling rigs in Oklahoma, Texas, Arkansas and Louisiana. Keen became a consolidated subsidiary in November 2009; the net book value of the Company's investment in Keen was $210,194,000 at December 31, 2011.

Keen, which has been in business since 1991, typically generates revenues through drilling contracts based on daily rates (daywork contracts), footage (charged by depth of the well) or based on a turnkey contract (fixed price to drill a well). In 2011, all drilling services were performed pursuant to daywork contracts. Keen supplies the drilling rig, all ancillary equipment and drilling personnel; all of Keen's rigs are capable of drilling horizontal and directional wells. Once Keen has drilled a well for a customer, the drilling rig will be moved off of the well and another service provider will use a service rig (a smaller rig) that is built for completions, which brings the well into production. Keen has 26 drilling rigs in its fleet that have rated maximum depth capabilities ranging from 12,000 feet to 22,000 feet. Keen also owns and operates a fleet of trucks, trailers and other construction equipment primarily used to take down, rig up and transport rigs between locations and to prepare the locations for drilling operations.

Keen's revenue volume and profitability are significantly affected by the actual and anticipated price of natural gas and oil, levels of natural gas and oil in storage and the supply of drilling rigs available in the marketplace. The exploration and production industry is cyclical and the level of exploration and production activity has historically been very volatile. During periods of lower levels of drilling activity, price competition for drilling services tends to increase, which may result in reduced revenues and profitability; conversely, during periods of increased drilling activity, drilling rigs are in demand often resulting in higher prices and contractual commitments from customers to obtain exclusive use of a particular rig for a longer term.

Sales and Marketing

Keen markets its drilling rigs to a number of independent oil and gas companies. Most of Keen's contracts are with established customers on a competitive bid or negotiated basis and may cover one well, a multi-well project or are entered into for a specified period of time. At December 31, 2011, Keen has 6 drilling rigs under contract for a remaining term of more than 1 year, 14 rigs are operating under term contracts that will expire within the next 12 months, 2 are under well-to-well contracts with specific customers, and 4 are not currently under contract.

Keen's business is fairly concentrated with its top eight customers accounting for over 77% of 2011 drilling revenues. Two customers accounted for 34% of 2011 drilling revenues and six other customers each exceeded 5% of 2011 drilling revenues.

Competition

Customers award contracts to contract drillers based on factors such as price, rig availability, quality of service, proximity to the well site, experience with the specific geological formation, condition and type of equipment, reputation, safety of operations and customer relationships. Contracts for drilling services may be awarded based solely on price. Although contract drilling companies generally compete on a regional basis, drilling rigs can be moved from one market to another in response to market conditions which can have the effect of increasing competition.

GAMING ENTERTAINMENT

Business Description

Premier owns the Hard Rock Hotel & Casino Biloxi, located in Biloxi, Mississippi, which opened to the public on June 30, 2007. Acquired in 2006, the Company owns all of Premier's common units; including outstanding loans the net book value of the Company's investment in Premier was $227,028,000 at December 31, 2011.

The Hard Rock Hotel & Casino is located on a 10 acre site on the Mississippi Gulf Coast and has approximately 1,305 slot machines, 52 table games, six live poker tables, five restaurants (including a Hard Rock Café and Ruth's Chris Steakhouse), a full service spa, an outdoor pool and deck, retail space, an eleven-story hotel with 325 rooms and suites and a Hard Rock Live! entertainment venue with a capacity of approximately 2,000 persons. The Company is investigating a hotel expansion which would add 154 rooms at an estimated cost of $30,000,000. If the Company decides to go forward, construction could begin in the second quarter of 2012.

Premier's marketing strategy is to position the resort as a full service gaming, boutique hotel and entertainment resort catering to the Mississippi Gulf Coast marketplace and the southern region of the U.S. The Mississippi Gulf Coast region is located along the Interstate 10 corridor and is within a ninety minute drive from the New Orleans metropolitan area, Mobile, Alabama and the Florida panhandle. Premier's primary means of marketing utilizes its database of customers for direct mail campaigns and promotional giveaways designed to reward customers and generate loyalty and repeat visits. In addition, Premier benefits from the "Hard Rock" brand name which appeals to a broad range of customers.

The Hard Rock Biloxi's casino is constructed over water on concrete pilings; however, the threat of hurricanes is a risk to the facility. Premier's current insurance policy provides up to $242,000,000 in coverage for damage to real and personal property including business interruption coverage. The coverage is provided by a panel of U.S., Bermuda and London based insurers and is comprised of a $50,000,000 primary layer and three excess layers. The coverage is syndicated through several insurance carriers, each with an A.M. Best Rating of A- (Excellent) or better. Although the insurance policy is an all risk policy, any loss resulting from a weather catastrophe occurrence, which is defined to include damage caused by a named storm, is sublimited to $100,000,000 with a deductible of $5,000,000.

Competition

Premier faces significant competition primarily from ten other gaming operations in the Mississippi Gulf Coast gaming market and secondarily from gaming operations in Baton Rouge and New Orleans, Louisiana as well as from a Native American casino in Atmore, Alabama. Other competition comes from gaming operations in Lake Charles, Bossier City and Shreveport, Louisiana; Tunica and Philadelphia, Mississippi; Tampa and Hollywood, Florida and other states. Such competition may increase if gaming operations grow in these markets or if legalized gaming expands to nearby states. Many of Premier's competitors are larger and have greater marketing and financial resources.

Government Regulation

The gaming industry in Mississippi is highly regulated. Premier, its ownership and management are subject to findings of suitability reviews by the Mississippi Gaming Commission. In addition, the laws, rules and regulations of state and local governments in Mississippi require Premier to hold various licenses, registrations and permits and to obtain various approvals for a variety of matters. In order to continue operating, Premier must remain in compliance with all laws, rules and regulations and pay gaming taxes on its gross gaming revenues. Failure to maintain such approvals or obtain renewals when due, or failure to comply with new laws or regulations or changes to existing laws and regulations would have an adverse effect on Premier's business. Premier believes it is in compliance with all governmental rules and regulations.

DOMESTIC REAL ESTATE

At December 31, 2011, the Company's net investment in the domestic real estate segment was $245,700,000. The real estate operations include a mixture of commercial properties, residential land development projects and other unimproved land. Certain of the Company's real estate investments and the real estate carrying values as of December 31, 2011 include: a large scale mixed-use development project with various residential, retail and commercial space located in Myrtle Beach, South Carolina ($33,787,000); approximately 73 acres of land used by Garcadia, the automobile dealership joint venture ($55,360,000); approximately 76 acres of land located on the island of Islesboro, Maine (approved for 13 residential waterfront lots) and 45 fully developed residential lots on approximately 120 acres of land located in Rockport, Maine on Penobscot Bay, ($46,146,000 in the aggregate); and a 15 acre, unentitled air rights parcel above the train tracks behind Union Station in Washington, D.C. ($11,543,000). None of these projects is secured by any indebtedness.

The Company had previously entered into an agreement with the Panama City-Bay County Airport and Industrial District of Panama City, Florida to purchase approximately 708 acres of land which used to be the Panama City-Bay County International Airport. The Company had placed $56,500,000 into escrow; the purchase price was subsequently adjusted to $51,870,000, the excess funds were returned and the transaction closed in February 2012. The Company intends to develop the property into a mixed use community with residential, retail, commercial, educational and office sites. The project is fully entitled and zoned for 3,200 residential units and 700,000 square feet of commercial space and includes a permitted marina with 117 slips. Development of the property is subject to completion of project design and obtaining required development and construction permits, the timing of which is uncertain.

The Company owns approximately 31.4% of the outstanding common stock of HomeFed. In addition, as a result of a 1998 distribution to all of the Company's shareholders, approximately 7.7% and 9.4% of HomeFed is owned by the Company's Chairman and President, respectively. HomeFed is currently engaged, directly and through subsidiaries, in the investment in and development of residential real estate projects in California. The Company accounts for its investment in HomeFed under the equity method of accounting. At December 31, 2011, its investment had a carrying value of $47,493,000, which is included in investments in associated companies. HomeFed is a public company traded on the NASD OTC Bulletin Board (Symbol: HOFD). Detailed financial and other information about HomeFed may be found on its website (www.homefedcorporation.com).

Residential property sales volume, prices and new building starts have declined significantly in many U.S. markets, including markets in which the Company has real estate projects. The slowdown in residential sales has been exacerbated by the turmoil in the mortgage lending and credit markets, which has resulted in stricter lending standards and reduced liquidity for prospective home buyers. The Company is not actively soliciting bids for developed and undeveloped lots in Maine, and has deferred its development plans for certain other projects as well. The Company intends to wait for market conditions to improve before marketing certain of its projects for sale.

The real estate development industry is subject to substantial environmental, building, construction, zoning and real estate regulations that are imposed by various federal, state and local authorities. In order to develop its properties, the Company must obtain the approval of numerous governmental agencies regarding such matters as permitted land uses, density, the installation of utility services (such as water, sewer, gas, electric, telephone and cable television) and the dedication of acreage for various community purposes. Furthermore, changes in prevailing local circumstances or applicable laws may require additional approvals or modifications of approvals previously obtained. Delays in obtaining required approvals and authorizations could adversely affect the profitability of the Company's projects.

MEDICAL PRODUCT DEVELOPMENT

Business Description

At December 31, 2011, the Company owned approximately 96% of Sangart, a development stage biopharmaceutical company principally engaged in developing medicines designed to enhance the oxygenation of oxygen deprived tissues through targeted oxygen delivery. The Company has invested an aggregate of $211,648,000 in Sangart,

principally to help fund Sangart's ongoing product development activities and overhead costs. Sangart became a consolidated subsidiary in 2005; the net book value of the Company's investment in Sangart was $16,356,000 at December 31, 2011.

In 2002, Sangart commenced human clinical trials of MP4OX, a solution of cell-free hemoglobin administered intravenously to provide rapid oxygen delivery to ischemic (oxygen deprived) tissues. The basis for Sangart's technology is the result of more than 20 years of research in the understanding of how hemoglobin (the oxygen carrier in red blood cells) functions outside of red blood cells in a cell-free environment and how it can be used in conjunction with normal red blood cells to enhance oxygen delivery to organ tissue. MP4 products are made from purified human hemoglobin that is extracted from fully screened and tested outdated human blood obtained from accredited blood centers, which is then bound to polyethylene glycol molecules using Sangart's proprietary processes. Sangart's manufacturing process is able to generate approximately four units of MP4OX using a single unit of blood. Sangart owns or exclusively licenses eighteen U.S. patents and has more than thirty applications pending worldwide covering product composition, manufacturing or methods of use. Patents applicable to the MP4 technology do not begin to expire until 2017.

During 2010, Sangart completed a Phase 2 proof of concept clinical trial of MP4OX in trauma patients in Europe and South Africa. Study results were considered to be successful and supported the conduct of a larger Phase 2 clinical study in trauma patients, which commenced in the second quarter of 2011. If this larger Phase 2 study were to be successful, Sangart would have to conduct Phase 3 clinical studies in trauma patients. Completing these studies will take several years at substantial cost, and until they are successfully completed, if ever, Sangart will not be able to request marketing approval and generate revenues from sales in the trauma market. Sangart also recently commenced a Phase 1b clinical study involving its MP4CO product to treat sickle cell disease patients. If this Phase 1b study were to be successful, Sangart would have to conduct Phase 2 and Phase 3 clinical studies in sickle cell disease patients, at substantial cost, prior to requesting marketing approval for the product.

In addition to obtaining requisite regulatory approvals for the manufacture and sale of MP4 products, including approval of a manufacturing facility which has yet to be built, Sangart would have to create sales, marketing and distribution capabilities prior to any commercial launch, either directly or in partnership with a service provider. In recent years, substantially all of the funding needed for MP4 development has come from the Company, and the Company expects to provide Sangart with sufficient capital to fund its activities during 2012. Thereafter, significant additional funding will be needed prior to regulatory approval and commercial launch; the source of such funding has not as yet been determined.

Any successful commercialization of MP4 products will depend on an adequate supply of raw materials, principally human red blood cells and polyethylene glycol, at an acceptable quality, quantity and price. Sangart has contracted for a supply of human red blood cells that is expected to be sufficient to produce MP4 at volumes needed for a commercial launch; however, if the product is successful additional sources of red blood cells will be needed to support sales growth. Commitments for quantities of polyethylene glycol to support a commercial launch have not yet been secured.

Government Regulation

As a product intended for medical use, clinical trials, marketing approval, manufacturing and distribution of MP4 is highly regulated. An application for marketing approval may only be made after the safety and effectiveness of the product has been demonstrated, including through human clinical trial data. In the U.S., the FDA regulates medical products, including the category known as "biologics", which includes MP4 products. The Federal Food, Drug and Cosmetic Act and the Public Health Service Act govern the testing, manufacture, safety, effectiveness, labeling, storage, record keeping, approval, advertising and promotion of MP4 products.

In Europe, each country has its own agency that regulates clinical trials. However, the Committee for Medicinal Products for Human Use ("CHMP"), which is administered by the European Medicines Agency, is an EU-wide regulatory body. Following completion of clinical trials, marketing approval can be granted either by a centralized application through CHMP, or on a decentralized basis by one or more selected countries.

OTHER OPERATIONS

Wineries

The Company's winery operations are managed under the umbrella name, Crimson Wine Group ("Crimson"). Crimson is engaged in the production and sale of premium, ultra premium and luxury wines (i.e., wines that retail for $10 to $14, $14 to $25 and over $25 per 750ml bottle, respectively). Crimson is headquartered in Napa, California and owns four wineries: Pine Ridge Vineyards, Archery Summit, Chamisal Vineyards and Seghesio Family Vineyards. Pine Ridge was acquired in 1991 and has been conducting operations since 1978, the Company started Archery Summit in 1993, Chamisal Vineyards was acquired during 2008 and has been conducting operations since 1973, and Seghesio Family Vineyards was acquired in 2011 and has been conducting operations since 1895. Crimson controls approximately 188 acres of vineyards in the Napa Valley, California, 120 acres of vineyards in the Willamette Valley, Oregon, 97 acres of vineyards in the Edna Valley, California, 231 acres in the Alexander Valley, California and 68 acres in the Russian River Valley, California, substantially all of which are owned and producing grapes. Additionally, in 2005 and 2006, the Company acquired an aggregate of 611 acres of land in the Horse Heaven Hills of Washington's Columbia Valley, of which approximately 87 acres have been developed into producing vineyards. At December 31, 2011, the net book value of the Company's aggregate investment in Crimson was $177,096,000.

During 2011, Crimson sold approximately 212,000 9-liter equivalent cases of wine generating revenues of $36,864,000. Crimson's wines are primarily sold to distributors, who then sell to retailers and restaurants. Consolidation at the distributor and retail level has increased which has added competitive pressure to increase marketing and sales spending and constrain pricing. As permitted under federal and local regulations, Crimson has also been placing increasing emphasis on direct sales to consumers, which they are able to do through the internet, wine clubs and at the wineries' tasting rooms. During 2011, direct sales to consumers represented 15% of case sales and 39% of wine revenues. Seghesio Family Vineyards has historically sold approximately 19% of its production to international markets, which Crimson expects to continue and expand with the export of products from its other wineries.

Crimson's wines compete with small and large producers in the U.S., as well as with imported wines, and the ultimate consumer has many choices. Demand for wine in the premium, ultra premium and luxury market segments can rise and fall with general economic conditions, and is also significantly affected by grape supply. The demand for Crimson's products is also affected by the ratings given the wines in industry and consumer publications. In the current economic climate, consumer demand has shifted away from the higher-priced luxury segment to wines in the lower-priced premium and ultra premium categories. Crimson's production, sales and distribution activities are subject to regulation by agencies of both federal and state governments.

Energy Projects

During the past few years, the Company has been incurring costs to investigate and evaluate the development of a number of large scale domestic energy projects. These projects plan to use gasification technology to convert different types of low grade fossil fuels into clean energy products. The Company has also invested in certain energy projects that do not plan to use gasification technologies. The Company has expensed costs to investigate, evaluate and obtain various permits and approvals for its various energy projects of $33,964,000, $27,220,000 and $25,343,000 during the years ended December 31, 2011, 2010 and 2009, respectively.

Although there are a number of large scale projects the Company is currently investigating, the Company is not obligated to develop any of the projects, and no assurance can be given that the Company will be successful in fully developing any of these projects. Any project that the Company might develop would likely require a significant equity investment, which the Company presently does not intend to fund by itself, the acquisition of substantial non-recourse borrowings to build the projects (total development costs for these types of projects range from $2.5 billion to $3.5 billion), the procurement of purchase commitments for long-term supplies of feedstock, long-term commitments from purchasers of the output, various permits and regulatory approvals and significant technological and engineering expertise to implement. The investigation, evaluation and financing of these large scale projects will take years to complete.

The Company is currently evaluating the development of a gasification project which would be built in Louisiana by the Company's wholly-owned subsidiary, Lake Charles Cogeneration LLC ("LCC"), for an estimated total cost of between $2,300,000,000 and $2,600,000,000. LCC has been awarded $1,561,000,000 in tax exempt bonds to support the development of the project, which would be issued by the Lake Charles Harbor and Terminal District of Lake Charles, Louisiana, $128,000,000 of investment tax credits and received a $260,000,000 federal government grant for carbon capture and sequestration. Receipt of these awards and grants are contingent upon satisfaction of numerous regulatory and other conditions. The Company is not obligated to make equity contributions to LCC until it completes its investigation, the project is approved by the Company's Board of Directors and significant financing has been obtained from third parties which has not been arranged. The Lake Charles Cogeneration project is a new chemical manufacturing facility that plans to use proven quench gasification technology to produce various products from petroleum coke, a low grade solid fuel source. LCC is evaluating the primary product options to be produced by the Lake Charles Cogeneration project, including methanol and hydrogen, and has signed two letters of intent for the majority of its production. LCC has also entered into a 20-year contract for the sale of its entire carbon dioxide by-product stream which would be used for enhanced oil recovery.

In July 2009, two of the Company's other prospective gasification projects, one in Indiana and the other in Mississippi, were selected by the U.S. Department of Energy ("DOE") to proceed to detailed due diligence and negotiations of terms and conditions necessary for the DOE to issue conditional commitments for loan guarantees aggregating up to $3,600,000,000. While these commitments represent important milestones in the selection process, the guarantees are subject to detailed and extensive due diligence by the DOE and no assurance can be given that a loan guaranty for either project will ultimately be given.

A subsidiary of the Company acquired a leasehold interest and certain permits to construct and operate an onshore liquefied natural gas ("LNG") terminal and associated facilities in Warrenton, Oregon. The project would include construction of an offshore dock and berth and onshore facilities to store up to 480,000 cubic meters of LNG. The current plan includes construction of an approximate 121 mile long natural gas pipeline to connect to the U.S. natural gas transmission grid. Due to the recent increases in U.S. natural gas production, LNG receiving and storage facilities now only play a role in niche markets, where insufficient pipeline infrastructure can create short-term shortages, and the Company is evaluating whether a facility focused on LNG exports would provide better returns. Numerous regulatory permits and approvals and acquisitions of rights of way for the pipeline will be required before project construction can commence; construction of the terminal and associated facilities could potentially begin early in 2014. Completion of the project is also subject to obtaining significant financing from third parties, which has not been arranged.

OTHER INVESTMENTS

Berkadia

Berkadia, a joint venture between Berkshire Hathaway and the Company, acquired a commercial mortgage origination and servicing business in December 2009. The Company and Berkshire Hathaway each have a 50% equity interest in Berkadia, and each party contributed $217,169,000 of equity capital to fund the acquisition. At December 31, 2011, the net book value of the Company's investment in Berkadia was $193,496,000.

Berkadia is a servicer of commercial real estate loans in the U.S., performing primary, master and special servicing functions for U.S. government agency programs, commercial mortgage-backed securities transactions ("CMBS"), banks, insurance companies and other financial institutions. Berkadia is an approved servicer of loans for Fannie Mae, Freddie Mac, Ginnie Mae and the FHA. As of December 31, 2011, Berkadia serviced approximately 25,000 loans with an unpaid principal balance of $190 billion.

A primary servicer of a loan is the primary contact with the borrower and is generally responsible for carrying out all cash management functions relating to the loan, including providing monthly billing statements to the borrower and collecting and applying payments on the loan; administering reserve and escrow funds for repairs, tenant improvements, taxes and insurance; obtaining and analyzing operating and financial statements of the borrower and performing periodic property inspections; preparing and providing periodic reports and remittances to the master servicer or other designated persons; administering lien filings; and other specified functions.

A master servicer is responsible for administration of a pool of loans that is transferred to a trust or other special purpose entity in connection with a securitization transaction pursuant to a pooling and servicing agreement. While some master servicer functions may be sub-contracted and performed by a primary servicer, as a master servicer Berkadia is ultimately responsible for the performance of any functions that have been sub-contracted to a primary servicer. Master servicers are generally required to advance funds to cover any delinquent payments on the securitized loans and any taxes and insurance premiums not paid by borrowers or covered by borrowers' escrow funds, provided that the servicer determines that the advances will be recoverable from loan payments or liquidation proceeds in the future. These "servicing advances," along with accrued interest, are treated as having priority over the rights of other investors in the securitization.

A special servicer is a specialist in dealing with defaulted loans and is usually selected by the holder of the subordinated interest in a securitization vehicle. Typically, a loan may be transferred from the master servicer to a special servicer if it is more than 60 days delinquent, a borrower files for bankruptcy or the master servicer determines a default is imminent. Once a loan is transferred to special servicing, asset managers take steps to bring the account to a performing status or exercise other remedies, including loan modification, foreclosure, a negotiated pay-off or a sale of the loan. Special servicers are generally paid higher monthly servicing fees and resolution fees in connection with the loans that they service.

As a servicer, Berkadia is frequently responsible for managing, on behalf of its investors, the balances that are maintained in custodial accounts for the purposes of collecting and distributing principal and interest and for funding repairs, tenant improvements, taxes and insurance related to the mortgaged properties it services. Berkadia derives certain economic benefits from investing these custodial accounts. Such balances totaled in excess of $4 billion as of December 31, 2011.

Berkadia originates commercial real estate loans for Fannie Mae, Freddie Mac, Ginnie Mae and the FHA using their underwriting guidelines, and will typically sell the loan shortly after it is funded. Provided Berkadia adheres to their guidelines, these government related entities must purchase the loan at the face amount plus accrued interest; Berkadia retains the mortgage servicing rights. In addition, as a condition to Fannie Mae's delegation of responsibility for underwriting, originating and servicing of loans, Berkadia assumes a limited first-dollar and shared loss position throughout the term of each loan sold to Fannie Mae.

During 2011, Berkadia commenced originating commercial mortgage loans which are not part of the government agency programs. Berkadia has a portfolio of loans that provide interim financing to borrowers who intend to refinance the loan with longer-term loans from an eligible government agency or other third party ("Bridge loans"). Berkadia may also from time to time originate loans intended to be conveyed into CMBS transactions sponsored by third parties ("CMBS loans"). Bridge loans are typically floating rate loans with 2 to 3 year maturities; CMBS loans are typically 10 year fixed rate loans that Berkadia intends to hold for 3 to 6 months pending sale to a securitization vehicle. At December 31, 2011, $310,000,000 of such loans were outstanding, substantially all of which were Bridge loans.

Berkadia is required under its servicing agreements to maintain certain minimum servicer ratings or qualifications from the rating agencies. A downgrade below a certain level may give rise to the right of a customer or trustee of a securitized transaction to terminate Berkadia as servicer. Berkadia currently maintains approvals or ratings from Moody's Investors Service, Fitch Ratings, Standard & Poor's and Dominion Bond Rating Services. These ratings currently exceed the minimum ratings required by the related servicing agreements. Ratings issued by the rating agencies can be withdrawn or lowered at any time. In addition, Fannie Mae and Freddie Mac retain broad discretion to terminate Berkadia as a seller/servicer without cause upon notice.

Jefferies

The Company owns 58,006,024 Jefferies common shares (approximately 28.2% of the Jefferies outstanding common shares) for a total investment of $980,109,000. The Company's investment in Jefferies is classified as an investment in an associated company and is carried at fair value, which was $797,583,000 at December 31, 2011. Jefferies has entered into a registration rights agreement covering all of the Jefferies common stock owned by the Company.

Jefferies is a full-service global investment bank and institutional securities firm serving companies and their investors. Detailed financial and other information about Jefferies may be found on its website (www.jefferies.com).

In accordance with accounting principles generally accepted in the United States ("GAAP"), the Company is permitted to choose to measure many financial instruments and certain other items at fair value (the "fair value option"), and to report unrealized gains and losses on items for which the fair value option is elected in earnings. The Company elected the fair value option to account for its investment in Jefferies rather than the equity method of accounting. Income (losses) related to associated companies includes unrealized gains (losses) resulting from changes in the fair value of Jefferies of $(684,397,000), $143,298,000 and $469,820,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

Mueller

During 2011, the Company acquired 10,422,859 common shares of Mueller, representing approximately 27.3% of the outstanding common shares of Mueller, for aggregate cash consideration of $408,558,000. Mueller is a leading manufacturer of copper, brass, plastic, and aluminum products. Detailed financial and other information about Mueller may be found on its website (www.muellerindustries.com). In September 2011, the Company entered into a standstill agreement with Mueller for the two year period ending September 1, 2013, pursuant to which, among other things, subject to certain provisions the Company has agreed not to sell its shares if the buyer would own more than 4.9% of the outstanding shares, and not to increase its ownership interest to more than 27.5% of the outstanding Mueller common shares. In addition, the Company has the right to nominate two directors to the board of directors of Mueller and Mueller has agreed to give the Company registration rights covering all of the Mueller shares of common stock owned by the Company.

The Company elected the fair value option to account for its investment in Mueller rather than the equity method of accounting. Income (losses) related to associated companies includes unrealized losses resulting from changes in the fair value of Mueller of $8,112,000 for the year ended December 31, 2011. At December 31, 2011, the Company's investment in Mueller was $400,446,000.

JHYH

During 2007, the Company and Jefferies formed JHYH and each initially committed to invest $600,000,000. The Company invested $350,000,000 during 2007; any request for additional capital contributions from the Company requires the consent of the Company's designees to the Jefferies board. The Company does not anticipate making additional capital contributions. JHYH owns Jefferies High Yield Trading, LLC ("JHYT"), a registered broker-dealer that is engaged in the secondary sales and trading of high yield securities and special situation securities, including bank debt, post-reorganization equity, public and private equity, equity derivatives, credit default swaps and other financial instruments. JHYT makes markets in high yield and distressed securities and provides research coverage on these types of securities. JHYT does not invest or make markets in sub-prime residential mortgage securities.

Jefferies and the Company each have the right to nominate two of a total of four directors to JHYH's board, and each own 50% of the voting securities. The organizational documents also permit passive investors to invest up to $800,000,000 in JHYH. Jefferies also received additional JHYH securities entitling it to 20% of the profits. The voting and non-voting interests are entitled to a pro rata share of the balance of the profits of JHYH, and are mandatorily redeemable in 2013, with a mutual option to extend up to three additional one-year periods. For the years ended December 31, 2011, 2010 and 2009, the Company recorded pre-tax income from this investment of $11,211,000, $20,053,000 and $37,249,000, respectively, under the equity method of accounting; at December 31, 2011, the Company's investment in JHYH was $323,262,000.

Linkem

During 2011, the Company acquired approximately 37% of the common shares of Linkem, a wireless broadband services provider in Italy, for aggregate cash consideration of $88,575,000. Linkem was established in 2001 to provide wireless broadband services to Italian consumers and in 2003 became the first national airport WiFi operator in Italy. Subsequently, Linkem expanded its wireless networks to provide WiFi services over wider coverage areas.

In 2008, Linkem acquired wireless spectrum licenses in the 3.5GHz band and launched Italy's first commercial 4G wireless service. Linkem's 4G service offers a variety of lower-cost options for broadband services on customer premises. Unlike the U.S. and most of Western Europe, Italy does not have a national cable television system; as a result, Italy's broadband penetration rate is among the lowest in Europe, and substantially all broadband services are provided using legacy copper telephone lines.

Linkem's wireless spectrum licenses can provide geographic coverage to all of Italy. Linkem has signed agreements with several large telecommunication companies for the use of their infrastructure, providing Linkem access to approximately 16,000 wireless towers throughout Italy. At December 31, 2011, Linkem's network includes over 600 wireless towers that can reach approximately 9 million people; Linkem has over 33,000 subscribers for its services. Linkem plans to increase its network coverage across Italy over the next few years as it adds subscribers; expansion and customer acquisition costs are expected to result in operating losses over the next few years. The Company accounts for Linkem under the equity method of accounting and at December 31, 2011, the net book value of the Company's investment was $86,332,000.

Garcadia

Garcadia is a joint venture between the Company and Garff Enterprises, Inc. ("Garff") pursuant to which Garcadia has acquired various automobile dealerships. The Garcadia joint venture agreement specifies that the Company and Garff shall have equal board representation and equal votes on all matters affecting Garcadia, and that all cash flows from Garcadia will be allocated 65% to the Company and 35% to Garff, with the exception of one dealership from which the Company receives 83% of all cash flows. Garcadia's strategy is to acquire automobile dealerships in secondary market locations meeting its specified return criteria. At December 31, 2011, Garcadia owned 17 dealerships comprised of domestic and foreign automobile makers. The Company has received cash distributions of fees and earnings aggregating $10,382,000, $8,778,000 and $6,137,000 for the years ended December 31, 2011, 2010 and 2009, respectively. In addition, the Company owns the land for certain dealerships and leases it to the dealerships for rent aggregating $5,654,000, $5,062,000 and $4,971,000 for the years ended December 31, 2011, 2010 and 2009, respectively. At December 31, 2011, the Company's investment in Garcadia (excluding the land) was classified as an investment in associated company with a carrying value of $72,303,000.

Fortescue

During 2006 and 2007, the Company invested an aggregate of $452,247,000 in Fortescue's Pilbara iron ore and infrastructure project in Western Australia, including expenses. In exchange for its cash investment, the Company received 277,986,000 common shares of Fortescue, and a $100,000,000 unsecured note of FMG that matures in August 2019. During 2010 and 2011, the Company sold an aggregate of 147,400,000 common shares of Fortescue for net cash proceeds of $853,715,000, which resulted in the recognition of net securities gains of $723,115,000, reducing its interest in Fortescue to 130,586,000 common shares. The Company's investment in the Fortescue common shares is classified as a non-current available for sale investment and carried at market value as of each balance sheet date. At December 31, 2011, the market value of the Fortescue common shares was $569,256,000. In January 2012, the Company sold 100,000,000 Fortescue common shares for net cash proceeds of $506,490,000.

Interest on the FMG Note is calculated as 4% of the revenue, net of government royalties, invoiced from the iron ore produced from the project's Cloud Break and Christmas Creek areas, payable semi-annually within 30 days of June 30th and December 31st of each year. The Company recorded interest income before withholding taxes on the FMG Note of $214,455,000, $149,257,000 and $66,079,000 for the years ended December 31, 2011, 2010 and 2009, respectively. The ultimate value of the FMG Note will depend on the volume of iron ore shipped and iron ore

prices over the remaining term of the FMG Note, which can fluctuate widely, as well as the outcome of the litigation described below.

In August 2010, the Company was advised that Fortescue is asserting that FMG is entitled to issue additional notes identical to the FMG Note in an unlimited amount. Fortescue further claims that any interest to be paid on additional notes can dilute, on a pro rata basis, the Company's entitlement to the stated interest of 4% of net revenue. The Company does not believe that FMG has the right to issue additional notes which affect the Company's interest or that the interpretation by Fortescue of the terms of the FMG Note, as currently claimed by Fortescue, reflects the agreement between the parties.

On September 1, 2010, the Company filed a Writ of Summons against Fortescue, FMG and Fortescue's then Chief Executive Officer in the Supreme Court of Western Australia. The Writ of Summons seeks, among other things, an injunction restraining the issuance of any additional notes identical to the FMG Note and damages. If the litigation is ultimately determined adversely to the Company and additional notes are issued, the Company's future cash flows from the FMG Note and future results of operations would be significantly and adversely affected to the extent of the dilution resulting from the issuance of such additional notes.

The project information presented in the paragraphs below was obtained from Fortescue's website, (www.fmgl.com.au), which contains substantial additional information about Fortescue, its operating activities and the project. Fortescue shipped its first iron ore in May 2008 and for the year ending December 31, 2011, Fortescue's total revenue from iron ore sales was $6,189,560,000.

Fortescue announced reserve estimates for the Cloud Break and Christmas Creek areas, which are net of mine depletion and ore recovery, include 38 million metric tons of proved iron ore reserves and 1.51 billion metric tons of probable iron ore reserves, in accordance with the Australasian Joint Ore Reserves Committee code. This reserve estimate is solely for these two areas, which cover an area of approximately 770 square kilometers. Fortescue has additional tenements in the Pilbara region of Western Australia and has since announced reserve estimates for some of its other tenements. Mining revenues derived from tenements other than Cloud Break and Christmas Creek do not increase the interest payable to the Company on the FMG Note.

In 2011, Fortescue completed an expansion of its Cloud Break and Christmas Creek operations which will enable it to produce 55 million metric tons per annum. In 2010, Fortescue announced a further expansion to increase its mining plan to 155 million metric tons per annum, of which 90 million metric tons per annum would come from Cloud Break and Christmas Creek. For the year ended December 31, 2011, Fortescue sold 46.5 million metric tons of iron ore, entirely from Cloud Break and Christmas Creek. Fortescue, along with the other major iron ore producers, charges its customers prices based on an index pricing regime that reflects recent iron ore spot prices.

In addition to the Company's investment and equity investments from other parties, Fortescue initially raised $2,051,000,000 of senior secured debt to fund the construction of its infrastructure, which included a 260 kilometer railroad, port and related port infrastructure at Port Hedland, Australia, as well as a crushing and screening plant, access roads and other infrastructure at the mine site. Subsequently, Fortescue raised additional debt to fund expansion activities. At December 31, 2011, Fortescue had $5,000,000,000 of senior unsecured notes outstanding.

Inmet

Inmet is a Canadian-based global mining company traded on the Toronto Stock Exchange (Symbol: IMN). In August 2005, the Company sold to Inmet a 70% interest in Cobre Las Cruces, a Spanish company that holds the exploration and mineral rights to the Las Cruces copper deposit in the Pyrite Belt of Spain, in exchange for 5,600,000 common shares of Inmet. In November 2010, the Company sold to Inmet its remaining 30% equity interest in and subordinated sponsor loans to Las Cruces for aggregate consideration of $576,000,000. The purchase price was comprised of $150,000,000 of cash and 5,442,413 newly issued common shares of Inmet; the Company reported a gain on the sale of $383,369,000 in investment and other income. At December 31, 2011, the Company owns a total of 11,042,413 Inmet common shares which are reflected on the Company's consolidated balance sheet at market value of $708,193,000 (approximately 15.9% of Inmet's outstanding common shares). The Inmet shares have registration

rights and may be sold in accordance with applicable securities laws. Detailed financial and other information about Inmet may be found on its website (www.inmetmining.com).

Other

The Company beneficially owns equity interests representing more than 5% of the outstanding capital stock of each of the following domestic public companies at February 16, 2012 (determined in accordance with Rule 13d-3 of the Securities Exchange Act of 1934): Jefferies (28.2%), Mueller (27.3%), HomeFed (31.4%) and INTL FCStone Inc. (8.5%). In addition to the Company's equity interests in Fortescue and Inmet discussed above, the Company also owns a 7.0% equity interest in JZ Capital Partners Limited, a British company traded on the London Stock Exchange.

Item 1A. Risk Factors.

Our business is subject to a number of risks. You should carefully consider the following risk factors, together with all of the other information included or incorporated by reference in this Report, before you decide whether to purchase our common stock. The risks set out below are not the only risks we face. If any of the following risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Future acquisitions and dispositions of our operations and investments are possible, changing the components of our assets and liabilities, and if unsuccessful could reduce the value of our common shares. Any future acquisitions or dispositions may result in significant changes in the composition of our assets and liabilities. Consequently, our financial condition, results of operations and the trading price of our common shares may be affected by factors different from those affecting our financial condition, results of operations and trading price at the present time.

We are dependent on certain key personnel. We are dependent on the services of Ian M. Cumming and Joseph S. Steinberg, our Chairman of the Board and President, respectively. Messrs. Cumming's and Steinberg's employment agreements with us expire June 30, 2015. These individuals are also significant shareholders of our Company. As of February 16, 2012, Messrs. Cumming and Steinberg and trusts for the benefit of their respective families (excluding certain private charitable foundations) beneficially owned approximately 9.0% and 10.0% of our outstanding common shares, respectively. Accordingly, Messrs. Cumming and Steinberg exert significant influence over all matters requiring approval by our shareholders, including the election or removal of directors and the approval of mergers or other business combination transactions.

We operate in a variety of industries and market sectors, all of which are very competitive and susceptible to economic downturns and have been adversely affected by recent economic conditions. The Company operates in industries that sell commodity products and services, including beef processing, manufacturing and oil and gas drilling services, all of which are very competitive with product pricing often being the most significant factor to customers. Certain industries have seen a consolidation of the customer base, which tends to increase competition and pricing pressure. In addition, starting in 2008, the recession and general economic conditions have adversely affected operating results in the manufacturing, oil and gas drilling services, gaming entertainment and domestic real estate segments, which is likely to continue until the economy recovers. The performance of these business units during this period has resulted in a lower valuation for these businesses, and a worsening of general economic or market conditions could result in a further deterioration in the values of our businesses or investments.

The prices and availability of key raw materials affects the profitability of our beef processing and manufacturing operations, and also impacts Sangart's ability to conduct its clinical trials. The supply and market price of cattle purchased by National Beef are dependent upon a variety of factors over which National Beef has little or no control, including fluctuations in the size of herds maintained by producers, the relative cost of feed and energy, weather and livestock diseases. Sangart has access to sufficient raw materials to conduct its clinical trials; however, it has not secured commitments for sufficient raw materials for a commercial launch, which would also require additional investments in manufacturing capacity. The cost of polypropylene, the principal raw material

used by Conwed Plastics, has increased by approximately 20% over the last three years, a continuing trend that started in 2002. The price of polypropylene has historically fluctuated with the price of oil and natural gas but growing economies in China and India have resulted in increased demand and impacted prices. Although the Company's operating subsidiaries are not currently experiencing any shortage of raw materials, if the subsidiaries experience shortages, revenues and profitability could decline.

Outbreaks of disease affecting livestock can adversely affect the supply of cattle and the demand for National Beef's products. National Beef is subject to risks relating to animal health and disease control. An outbreak of disease affecting livestock (such as foot-and-mouth disease or bovine spongiform encephalopathy ("BSE"), commonly referred to as mad cow disease) could result in restrictions on sales of products, restrictions on purchases of livestock from suppliers or widespread destruction of cattle. The discovery of BSE in the past caused certain countries to restrict or prohibit the importation of beef products. Outbreaks of diseases, or the perception by the public that an outbreak has occurred, or other concerns regarding diseases, can lead to inadequate supply, cancellation of orders by customers and create adverse publicity, any of which can have a significant negative impact on consumer demand and, as a result, on the Company's consolidated financial position, cash flows and results of operations.

If National Beef's products or products made by others using its products become contaminated or are alleged to be contaminated, National Beef may be subject to product liability claims that would adversely affect its business. National Beef may be subject to significant liability in excess of insurance policy limits if its products or products made by others using its products causes injury, illness or death. In addition, National Beef could recall or be required to recall products that are, or are alleged to be, contaminated, spoiled or inappropriately labeled. Organisms producing food borne illnesses (such as *E. coli*) could be present in National Beef's products and result in illness or death if they are not eliminated through further processing or cooking. Contamination of National Beef's or its competitors' products may create adverse publicity or cause consumers to lose confidence in the safety and quality of beef products. Allegations of product contamination may also be harmful even if they are untrue or result from third-party tampering. Any of these events may increase costs or decrease demand for beef products, any of which could have a significant adverse effect on the Company's consolidated financial condition, cash flows and results of operations.

National Beef generally does not enter into long-term contracts with customers; as a result the volumes and prices at which beef products are sold are subject to market forces. National Beef's customers generally place orders for products on an as-needed basis and, as a result, their order levels have varied from period to period in the past and may vary significantly in the future. The loss of one or more significant customers, a significant decline in the volume of orders from customers or a significant decrease in beef product prices for a sustained period of time could negatively impact cash flows and results of operations.

National Beef's international operations expose it to political and economic risks in foreign countries, as well as to risks related to currency fluctuations. Approximately 12% of National Beef's annual sales are export sales, primarily to Mexico, Japan, South Korea, Canada, China (for hides), Hong Kong, Egypt, and Taiwan, and on average these sales have a higher margin than domestic sales of similar products. A reduction in international sales could adversely affect revenues and margins. Risks associated with international activities include inflation or deflation and changes in foreign currency exchange rates, including changes in currency exchange rates of other countries that may export beef products in competition with National Beef; the closing of borders by foreign countries to product imports due to disease or other perceived health or food safety issues; exchange controls; changes in tariffs; changes in political or economic conditions; trade restrictions and changes in regulatory requirements. The occurrence of any of these events could increase costs, lower demand for products or limit operations, which could have a significant adverse effect on cash flows, results of operations and future prospects.

National Beef incurs substantial costs to comply with environmental regulations and could incur additional costs as a result of new regulations or compliance failures that result in civil or criminal penalties, liability for damages and negative publicity. National Beef's operations are subject to extensive and increasingly stringent environmental regulations administered by the EPA and state, local and other authorities with regards to water usage, wastewater and storm water discharge, air emissions and odor, and waste management and disposal. Failure to comply with these laws and regulations could have serious consequences, including criminal, civil and administrative penalties and negative publicity. In addition, National Beef incurs and will continue to incur significant capital and operating expenditures to comply with existing and new or more stringent regulations and requirements. All of

National Beef's processing facilities procure wastewater treatment services from municipal or other regional governmental agencies that are in turn subject to environmental laws and permit limits regarding their water discharges. As permit limits are becoming more stringent, upgrades and capital improvements to these municipal treatment facilities are likely. In locations where National Beef is a significant volume discharger, it could be asked to contribute toward the costs of such upgrades or to pay significantly increased water or sewer charges to recoup such upgrade costs. National Beef may also be required to undertake upgrades and make capital improvements to its own wastewater pretreatment facilities, the cost of which could be significant. Compliance with environmental regulations has had and will continue to have a significant impact on National Beef's cash flows, margins and profitability. In addition, under most environmental laws, most notably the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") and analogous state laws, National Beef could be held liable for the cost to investigate or remediate any contamination at properties it owns or operates, or as to which it arranges for the disposal or treatment of hazardous substances, as such liability is imposed without regard to fault.

National Beef's operating results could be negatively impacted by hedging and derivative positions. National Beef uses derivative financial instruments and other strategies in an attempt to reduce exposure to various market risks, including changes in commodity prices. These positions do not qualify as hedges for financial reporting purposes and are marked to fair value with unrealized gains and losses reported in earnings. Losses on these instruments will negatively impact reported operating results and the use of such instruments may limit National Beef's ability to benefit from favorable commodity price movements.

Failure by Wal-Mart and its affiliates to continue purchasing from National Beef could have a significant adverse effect on our sales. Sales to Wal-Mart Stores and its affiliate, Sam's Club, represented approximately 9% of National Beef's total net sales during its last fiscal year. Wal-Mart recently requested that its beef suppliers, including National Beef, submit a proposal for future business. If Wal-Mart and its affiliates do not continue to purchase from National Beef, it could have a significant adverse effect on results of operations.

National Beef is subject to extensive governmental regulation and noncompliance with or changes in applicable requirements could adversely affect its business, financial condition, cash flows and results of operations. National Beef's operations are subject to extensive regulation and oversight by the USDA, FSIS, GIPSA, the FDA, and other state, local and foreign authorities regarding the processing, packaging, storage, safety, distribution, advertising and labeling of its products. Recently, food safety practices and procedures in the meat processing industry have been subject to more intense scrutiny and oversight by the USDA. National Beef is also subject to a variety of immigration, labor and worker safety laws and regulations, including those relating to the hiring and retention of employees. Failure to comply with existing or new laws and regulations could result in administrative penalties and injunctive relief, civil remedies, fines, interruption of operations, recalls of products or seizures of properties, potential criminal sanctions and personal injury or other damage claims. These remedies, changes in the applicable laws and regulations or discovery of currently unknown conditions could increase costs, limit business operations and reduce profitability.

National Beef's performance depends on favorable labor relations with its employees, in particular employees represented by collective bargaining agreements. A substantial number of National Beef's employees are covered by collective bargaining agreements. A labor-related work stoppage by unionized employees, or employees who become unionized in the future, could limit National Beef's ability to process and ship products or could increase costs. Any significant increase in labor costs, deterioration of employee relations, slowdowns or work stoppages at any of National Beef's locations, whether due to union activities, employee turnover or otherwise, could have a material adverse effect on the Company's financial condition, cash flows and results of operations.

Declines in the U.S. housing market have reduced revenues and profitability of our manufacturing businesses and may continue to do so. Our manufacturing operations, in particular Idaho Timber, have generated significant revenues when the U.S. housing market was strong. The weak U.S. housing market during the last few years has resulted in fewer new housing starts, which has adversely impacted revenues and profitability at Idaho Timber and Conwed Plastics. Idaho Timber does not expect to return to prior levels of profitability until the U.S. housing market recovers.

Keen's revenues and profitability are impacted by natural gas and oil supplies and prices and the supply of drilling rigs in the marketplace. During periods of decreased demand for natural gas and oil, Keen's rig utilization

will decline and Keen's competitors may also have excess capacity in the marketplace, which adversely impacts Keen's revenues and profitability.

The nature of Keen's operating activities can be hazardous, and accidents can cause personal injury or death, damage to Keen's equipment and/or environmental damage. These hazards are inherent in the contract drilling business, and if Keen is not fully protected through insurance coverage or indemnification from its customers any such accidents could adversely impact Keen's profitability. Keen maintains insurance coverage and has indemnification agreements with many of its customers; however, there is no assurance that such insurance or indemnification agreements would adequately protect Keen against liability or loss from all consequences of any accidents. Additionally, Keen may not be able to purchase insurance economically.

New technologies and aging equipment could cause Keen's drilling equipment and methods to become less competitive, resulting in reduced profitability or a requirement to make significant capital investments to remain competitive. Improvements in drilling technology and aging equipment could cause Keen to become less competitive, lose business, suffer reduced profitability or result in impairment charges with respect to its drilling equipment.

The Hard Rock Biloxi is dependent upon patronage of persons living in the Gulf Coast region. The Hard Rock Biloxi primarily seeks to attract patrons from its local geographic area. Downturns in local and regional economic conditions, an increase in competition in the surrounding area and interruptions caused by hurricanes could negatively impact operating results.

We may not be able to insure certain risks economically. We cannot be certain that we will be able to insure all risks that we desire to insure economically or that all of our insurers or reinsurers will be financially viable if we make a claim. If an uninsured loss or a loss in excess of insured limits should occur, or if the Company is required to pay a deductible for an insured loss, results of operations could be adversely affected. Premier has been severely damaged by hurricanes in the past, and it is possible that storms could cause significant damage in the future. Damages from storms could result in Premier closing its facility to make repairs, resulting in lost business and adversely affecting results of operations.

Increases in mortgage interest rate levels, the lack of available consumer credit and the depressed real estate market have reduced and may continue to reduce consumer demand for certain of our real estate development projects and result in impairment charges. Due to current depressed economic conditions in the national real estate market, most of the Company's real estate development projects are not being marketed for sale. If the Company begins to market its development projects in the future, the ability to successfully attract customers will be highly dependent upon consumers' ability to finance real estate purchases with affordable loans. If the Company is unable to realize its projected cash flows for its development projects, impairment charges are likely.

Sangart is subject to extensive government regulation, cannot generate any revenue without regulatory approval of its products and is also subject to all of the risks inherent in establishing a new business. Although funds invested in Sangart are generally expensed by Sangart when spent, the Company cannot be assured that it will ever receive a return on its investment due to the risky nature of Sangart's development activities. Clinical trials of Sangart's product candidates are not complete, the products have not been approved for sale by regulatory authorities and there is a risk that its products may never prove effective or be approved.

Sangart's success depends on its ability to obtain, maintain, renew and defend patent protection for its products and technologies, preserve trade secrets and operate without infringing on the intellectual property rights of others. The patent positions of biopharmaceutical companies, such as Sangart, are generally uncertain and involve complex legal and factual questions. If Sangart's intellectual property positions are challenged, invalidated, circumvented or expire, or if Sangart fails to maintain or renew its third-party intellectual property licenses in good standing, its ability to successfully bring MP4 products to market would be adversely affected, it could incur monetary liabilities or be required to cease using the technology or product in dispute.

Sangart will require significant additional funding for product development and clinical trial activities prior to regulatory approval and commercial launch; the source of such funding has not been identified. The Company expects to provide Sangart with sufficient capital during 2012. Sangart has had discussions with third-

party investors; however, no agreements have been reached and if such agreements are entered into it would likely result in significant dilution of the Company's interest. The Company has not determined whether it will continue to provide funds to Sangart and if so how much it will provide. If Sangart is not provided with additional funds from either the Company or other sources when needed, it is unlikely that the Company will ever realize any significant return of its invested capital.

The Company has incurred costs to investigate and evaluate the development of a number of large scale energy projects; however, development of these projects is subject to obtaining significant third-party debt and equity financing, regulatory approvals, the procurement of purchase commitments for long-term supplies of feedstock and securing long-term commitments from purchasers of the output. Although the Company has spent significant amounts investigating large scale energy projects, it will not be able to develop these projects without financing from other sources, various regulatory approvals and commitments from third-parties. The timing of the commencement of construction of any project is also dependent upon the receipt of financing and regulatory approvals. If the Company is unable to obtain such financing, approvals or commitments, it will not be able to recover its investment.

If Berkadia does not maintain certain specified ratings from the credit rating agencies it could lose its mortgage servicing rights. Berkadia is required to maintain specified ratings from the credit rating agencies, and failure to do so would give its customers the right to terminate their mortgage servicing agreements. If mortgage servicing agreements were terminated as a result of a credit ratings downgrade, the Company could lose its entire equity investment.

When Berkadia originates loans for Fannie Mae, it is often required to share in the losses on such loans, which could be in excess of reserved amounts. Berkadia carries a reserve on its balance sheet for contingent losses on loans originated for Fannie Mae that have loss sharing requirements. If actual losses exceed amounts reserved, Berkadia's profitability and cash flows will be reduced.

The loss of or changes in Berkadia's relationships with U.S. Government-Sponsored Enterprises and federal agencies would have an adverse effect on Berkadia's business. Berkadia's failure to comply with the applicable U.S. Government-Sponsored Enterprise or agency may result in its termination as an approved seller/servicer, mortgagee or issuer. The loss of any such status could have a significant adverse impact on Berkadia's results of operations, could result in a loss of similar approvals from other U.S. Government-Sponsored Enterprises or federal agencies and could have other adverse consequences to the business. Fannie Mae and Freddie Mac retain broad discretion to terminate Berkadia as a seller/servicer without cause upon notice.

Changes in existing government-sponsored and federal mortgage programs could negatively affect Berkadia's business. Berkadia's ability to generate income through mortgage sales to institutional investors depends in part on programs sponsored by Fannie Mae, Freddie Mac and the FHA, which purchase such loans from Berkadia and/or facilitate the issuance of mortgage-backed securities in the secondary market. The federal government has announced that the continuation of these programs is under review, and that any or all of the government agency programs could be substantially modified or eliminated in the future. Any discontinuation of, or significant reduction or change in, the operation of those programs would have an adverse effect on Berkadia's loan origination and servicing business and results of operations.

Berkadia's special servicing and fee-for-service businesses may be terminated on short notice. Special servicing for each CMBS transaction is usually controlled by the subordinated bond holder class of the securitization. The owners of the subordinated bonds may change from time to time, and subordinated bond holders may replace Berkadia with a different special servicer. Fee-for-service customers are permitted to terminate Berkadia on short notice, usually 30 days. If Berkadia loses special servicing rights or is terminated by fee-for-service customers, it would negatively impact Berkadia's results of operations and cash flows.

CMBS loan and Bridge loan programs will expose Berkadia to credit and interest rate risk that it is not subject to with its government agency lending programs. Unlike its government agency lending programs, Berkadia cannot be assured it will be able to sell CMBS and Bridge loans at par value to a third-party without any exposure to credit or interest rate risk. If for any reason Berkadia is unable to sell a CMBS loan into the securitization market or if a borrower is unable to refinance a Bridge loan, Berkadia will retain all risks associated with such loan

for as long as it owns the loan. Berkadia may be forced to foreclose on defaulted loans and suffer a loss, or to sell loans to a third party at a discount, either of which would reduce Berkadia's profitability and cash flows.

If Berkadia suffered significant losses and was unable to repay its commercial paper borrowings, the Company would be exposed to loss pursuant to a reimbursement obligation to Berkshire Hathaway. Berkadia obtains funds generated by commercial paper sales of an affiliate of Berkadia. All of the proceeds from the commercial paper sales are used by Berkadia to fund new mortgage loans, servicer advances, investments and other working capital requirements. Repayment of the commercial paper is supported by a $2,500,000,000 surety policy issued by a Berkshire Hathaway insurance subsidiary and corporate guaranty, and the Company has agreed to reimburse Berkshire Hathaway for one-half of any losses incurred thereunder. If Berkadia suffers significant losses and is unable to repay its commercial paper borrowings, the Company would suffer losses to the extent of its reimbursement obligation to Berkshire Hathaway. As of December 31, 2011, the aggregate amount of commercial paper outstanding was $2,000,000,000.

Berkadia's business is significantly affected by general economic conditions, particularly in the commercial real estate industry, and could be harmed in the event of a continued economic slowdown, prolonged recession or other market downturn or disruption. Berkadia's business and earnings are sensitive to changes in government policies and regulations, changes in interest rates, inflation, deflation, oversupply of real estate properties, fluctuations in the real estate and debt capital markets and developments in national and local economies. Unfavorable economic conditions could have an adverse effect on Berkadia's business, including decreasing the demand for new loans and the servicing of loans originated by third parties.

The Company has a substantial investment in Jefferies, an investment banking and securities firm whose operating results are greatly affected by the economy and financial markets. Turmoil in the equity and credit markets had an adverse effect on the volume and size of transactions Jefferies executes for its customers, resulting in reduced revenues and profitability in its investment banking, asset management and trading activities, as well as losses in its principal trading activities. Future declines in Jefferies' operating results caused by these or other conditions could adversely affect the value of the Company's investment.

New financial legislation could affect the market value of the Company's investment in Jefferies. Recently adopted legislation in the U.S. will result in more comprehensive regulation of the financial services industry. Such regulation could have an adverse impact on the market value of the Company's investment in Jefferies. Jefferies is also subject to certain specific risks which could impact the value of the Company's investment; these risks are disclosed in Jefferies' filings with the SEC.

The Company has a substantial investment in Mueller, a manufacturer of copper, brass, plastic, and aluminum products whose operating results are greatly impacted by raw material costs, economic conditions in the housing and commercial construction industries and general overall economic conditions. Mueller's products are impacted by the prices of certain commodities used as raw materials and energy costs, which have been volatile. Mueller typically attempts to pass cost increases onto its customers but is not always successful. Mueller's operating results have also been adversely impacted by general economic conditions particularly in the housing and commercial construction industries. To the extent Mueller's operating results are adversely impacted by these and other factors, the value of the Company's investment in Mueller could decline. Additional information about risk factors that impact Mueller are disclosed in its filings with the SEC.

The Company has substantial investments in Fortescue and Inmet, entities which are engaged in the mining of base metals (principally iron ore and copper), the prices of which have been volatile and can reduce the value of the Company's investments. The value of the Company's investment in the base metals mining sector rise and fall with the changes in the underlying base metal prices. In addition, mining operations are often subject to delay and regulatory scrutiny, which can increase costs or delay bringing mines into full production. Pricing changes and mining delays have a direct impact on the value of the Company's investments, and could adversely impact results of operations and equity.

The value of the FMG Note could be significantly reduced if the Company loses its litigation against Fortescue. If the litigation is ultimately determined adversely to the Company and Fortescue issues additional notes, the Company's future cash flows from the FMG Note and future results of operations would be adversely affected to

the extent of the dilution resulting from the issuance of such additional notes, which could be significant. In addition, depending upon the extent of any such dilution, the Company may have to record an impairment charge for its prepaid mining interest.

Garcadia's business is dependent, in part, upon revenue from new and used car sales at its dealerships, and declines in revenues due to industry or other factors could result in reduced profitability, reduced cash flows and/or impairment charges. Garcadia has recorded impairment charges in the past, principally for goodwill and other intangible assets, and if the automobile industry experiences a downturn in the future additional impairment charges are likely. In addition, reduced revenues would result in reduced profitability and cash flows for the Company.

From time to time the Company may invest in illiquid securities that are subject to standstill agreements or are otherwise restricted. From time to time the Company may invest in securities that are subject to restrictions which prohibit the Company from selling the subject securities for a period of time. The Company has entered into a standstill agreement with Mueller for the two year period ending September 1, 2013, pursuant to which, among other things, the Company has agreed not to sell its shares if the buyer would own more than 4.9% of the outstanding shares. Should the Company need to generate liquidity quickly, the agreement would limit the Company's ability to dispose of this investment while the agreement is effective.

The Company has significant investments in publicly traded securities and changes in the market prices of these securities, particularly during times of increased volatility in security prices, can have a significant impact on the Company's investment portfolio, equity and, for certain investments, on results of operations. The Company has significant investments in publicly traded securities, principally Fortescue, Jefferies, Mueller and Inmet, and in JHYH, an operating business that typically owns publicly traded securities. Changes in the market values of publicly traded available for sale securities, such as Fortescue and Inmet, are reflected in other comprehensive income (loss) and equity but not in the consolidated statements of operations. However, changes in the market value of Jefferies and Mueller, for which the Company has elected the fair value option, declines in the fair values of equity securities that the Company deems to be other than temporary, and declines in the fair values of debt securities related to credit losses are reflected in the consolidated statements of operations and equity. The Company's investment in JHYH is accounted for on the equity method of accounting for which the Company records its share of JHYH's profits or losses in its consolidated statements of operations. To the extent that JHYH owns public securities, with changes in market values reflected in its earnings, this increases the Company's exposure to volatility in the public securities markets. Global securities markets have been highly volatile, and continued volatility may have a significant negative impact on the Company's consolidated financial position and results of operations.

Changes in government tax policies in foreign or domestic jurisdictions where the Company has investments could have an adverse impact on the value of those investments. The Company has significant investments in both domestic and foreign businesses, where local and national government tax policies in the jurisdictions where those businesses operate could have an adverse impact on the value of those investments. Government budget deficits may result in legislation to increase or add new taxes on businesses, in particular the domestic financial services and foreign mining sectors. The Company has equity investments and/or loans to businesses operating in those sectors, and the announcement of unfavorable taxation policy or regulation for those businesses has had and could continue to have an adverse impact on the values of those investments, and reduce cash flows to the Company.

Current economic conditions have adversely affected most of the Company's operations and investments. A worsening of current economic conditions or a prolonged recession could cause a decline in estimated future cash flows expected to be generated by certain of the Company's operations and investments, potentially resulting in impairment charges for long-lived assets. Certain of the Company's operating businesses and investments have significant investments in long-lived assets, in particular beef processing, manufacturing, oil and gas drilling services and gaming entertainment. Current economic conditions have resulted in declining revenues for certain of these operations and their property and equipment is not being fully utilized. As required, the Company has reviewed certain of these assets and investments for potential impairment, and except as otherwise disclosed has not concluded that the book values of these long-lived assets are not recoverable. If the operating revenues of these businesses deteriorate in the future, and/or the Company lowers its estimates of future cash flows, impairment charges might have to be recorded.

We could experience significant increases in operating costs and reduced profitability due to competition for skilled management and staff employees in our operating businesses. The Company competes with many other entities for skilled management and staff employees, including entities that operate in different market sectors than the Company. Costs to recruit and retain adequate personnel could adversely affect results of operations.

Extreme weather, loss of electrical power or other forces beyond our control could negatively impact our business. Natural disasters, fire, terrorism, pandemic or extreme weather, including droughts, floods, excessive cold or heat, hurricanes or other storms, could interfere with our operating businesses due to power outages, fuel shortages, water shortages, damage to facilities or disruption of transportation channels, among other things. Any of these factors, as well as disruptions to information systems, could have an adverse effect on financial results.

We rely on the security of our information technology systems and those of our third party providers to protect our proprietary information and information of our customers. Some of our businesses involve the storage and transmission of customers' personal information, consumer preferences and credit card information. While we believe that we have implemented protective measures to effectively secure information and prevent security breaches, our information technology systems may be vulnerable to unauthorized access, computer hacking, computer viruses or other unauthorized attempts by third parties to access the proprietary information of our customers. Information technology breaches and failures could disrupt our ability to function in the normal course of business resulting in lost revenue, the disclosure or modification of sensitive or confidential information and the incurrence of remediation costs, resulting in legal and financial exposure. Moreover, loss of confidential customer identification information could harm our reputation and subject us to liability under laws that protect confidential personal data, resulting in increased costs or loss of revenues.

From time to time we are subject to litigation, for which we may be unable to accurately assess our level of exposure and which if adversely determined, may have a significant adverse effect on our consolidated financial condition or results of operations. The Company and its subsidiaries are or may become parties to legal proceedings that are considered to be either ordinary, routine litigation incidental to their business or not significant to the Company's consolidated financial position or liquidity. Although the Company's current assessment is that there is no pending litigation that could have a significant adverse impact, if the Company's assessment proves to be in error, then the outcome of litigation could have a significant impact on the Company's financial statements.

We may not be able to generate sufficient taxable income to fully realize our deferred tax asset, which would also have to be reduced if U.S. federal income tax rates are lowered. At December 31, 2011, we have recognized a net deferred tax asset of $1,584,886,000. If we are unable to generate sufficient taxable income, we will not be able to fully realize the recorded amount of the net deferred tax asset. If we are unable to generate sufficient taxable income prior to the expiration of our NOLs, the NOLs would expire unused. The Company's projections of future taxable income required to fully realize the recorded amount of the net deferred tax asset reflect numerous assumptions about our operating businesses and investments, and are subject to change as conditions change specific to our business units, investments or general economic conditions. Changes that are adverse to the Company could result in the need to increase the deferred tax asset valuation allowance resulting in a charge to results of operations and a decrease to total stockholders' equity. In addition, if U.S. federal income tax rates are lowered, the Company would be required to reduce its net deferred tax asset with a corresponding reduction to earnings during the period.

The payment of dividends in the future is subject to the discretion of our Board of Directors. The Company does not have a regular dividend policy and whether or not to pay any dividends is determined each year by our Board of Directors.

Our common shares are subject to transfer restrictions. We and certain of our subsidiaries have significant NOLs and other tax attributes, the amount and availability of which are subject to certain qualifications, limitations and uncertainties. In order to reduce the possibility that certain changes in ownership could result in limitations on the use of the tax attributes, our certificate of incorporation contains provisions that generally restrict the ability of a person or entity from acquiring ownership (including through attribution under the tax law) of 5% or more of our common shares and the ability of persons or entities now owning 5% or more of our common shares from acquiring additional common shares. The restriction will remain until the earliest of (a) December 31, 2024, (b) the repeal of Section 382 of the Internal Revenue Code (or any comparable successor provision) and (c) the beginning of a taxable year to which these tax benefits may no longer be carried forward. The restriction may be waived by our Board of

Directors on a case by case basis. Shareholders are advised to carefully monitor their ownership of our common shares and consult their own legal advisors and/or us to determine whether their ownership of our common shares approaches the proscribed level.

Item 1B. Unresolved Staff Comments.

Not applicable.

Item 2. Properties.

National Beef's processing facilities, which are the principal properties used in its business, are described in Item 1 of this Report. National Beef also leases corporate office space in Kansas City, Missouri (27,200 square feet) for its headquarters facility.

Idaho Timber's plants and sawmills, which are the principal properties used in its business are described in Item 1 of this Report. Premier's Hard Rock Hotel & Casino facility is described in Item 1 of this Report. Real estate investments that are part of the Company's Domestic Real Estate segment are described in Item 1 of this Report.

Through its various subsidiaries, the Company owns and utilizes facilities in Salt Lake City, Utah for corporate office space and other activities (totaling approximately 26,700 square feet). Subsidiaries of the Company own facilities primarily used for plastics manufacturing located in Georgia, Virginia and Genk, Belgium (totaling approximately 457,300 square feet), facilities and land in California, Oregon and Washington used for winery operations (totaling approximately 259,700 square feet and 1,534 acres, respectively), and facilities and land in Oklahoma used for oil and gas drilling services (totaling approximately 33,100 square feet and 75 acres, respectively).

The Company and its subsidiaries lease numerous manufacturing, warehousing, office and headquarters facilities. The facilities vary in size and have leases expiring at various times, subject, in certain instances, to renewal options. A subsidiary of the Company also leases space in New York, New York for corporate and other activities (approximately 32,600 square feet). See Note 22 of the Notes to Consolidated Financial Statements.

Item 3. Legal Proceedings.

For information concerning litigation brought by the Company with respect to the FMG Note, see Item 1 and Item 7 of this Report. The Company and its subsidiaries are also parties to legal proceedings that are considered to be either ordinary, routine litigation incidental to their business or not significant to the Company's consolidated financial position or liquidity.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 10. Executive Officers of the Registrant.

All executive officers of the Company are elected at the organizational meeting of the Board of Directors of the Company held annually and serve at the pleasure of the Board of Directors. As of February 16, 2012, the executive officers of the Company, their ages, the positions held by them and the periods during which they have served in such positions were as follows:

Name	Age	Position with Leucadia	Office Held Since
Ian M. Cumming	71	Chairman of the Board	June 1978
Joseph S. Steinberg	68	President	January 1979
Thomas E. Mara	66	Executive Vice President	May 1980
Joseph A. Orlando	56	Vice President and Chief Financial Officer	January 1994; April 1996
Barbara L. Lowenthal	57	Vice President and Comptroller	April 1996
Justin R. Wheeler	39	Vice President	October 2006
Joseph M. O'Connor	36	Vice President	May 2007
Rocco J. Nittoli	53	Vice President and Treasurer	September 2007; May 2007

Mr. Cumming has served as a director and Chairman of the Board of the Company since June 1978. Mr. Cumming has also been a director of Skywest, Inc., a Utah-based regional air carrier, since June 1986 and a director of HomeFed since May 1999. Mr. Cumming has been a director of Jefferies since April 2008 and a director of Mueller since September 2011. Mr. Cumming previously served as a director and was Chairman of the Board of The FINOVA Group Inc. ("FINOVA") and was a director of AmeriCredit Corp. ("ACF") and Fortescue.

Mr. Steinberg has served as a director of the Company since December 1978 and as President of the Company since January 1979. In addition, he has served as a director of HomeFed since August 1998 (Chairman since December 1999), Jefferies since April 2008 and Mueller since September 2011. Mr. Steinberg previously served as a director of FINOVA, White Mountains Insurance Group, Jordan Industries Inc. and Fortescue.

Mr. Mara joined the Company in April 1977 and was elected Vice President of the Company in May 1977. He has served as Executive Vice President of the Company since May 1980 and as Treasurer of the Company from January 1993 to May 2007. In addition, he is a director of Inmet (since August 2005) and previously served as a director and Chief Executive Officer of FINOVA.

Mr. Orlando, a certified public accountant, has served as Chief Financial Officer of the Company since April 1996 and as Vice President of the Company since January 1994.

Ms. Lowenthal, a certified public accountant, has served as Vice President and Comptroller of the Company since April 1996.

Mr. Wheeler joined the Company in March 2000, and has served in a variety of capacities in the Company's subsidiaries and as Vice President of the Company since October 2006. In addition, he has served as a director of INTL FCStone Inc. since November 2004 and was a director of ACF.

Mr. O'Connor joined the Company in August 2001 and has served as Vice President of the Company since May 2007.

Mr. Nittoli joined the Company in September 1997, and has served in a variety of capacities at the Company's subsidiaries and as Treasurer of the Company since May 2007, and as Vice President of the Company since September 2007.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.

The common shares of the Company are traded on the NYSE under the symbol LUK. The following table sets forth, for the calendar periods indicated, the high and low sales price per common share on the consolidated transaction reporting system, as reported by the Bloomberg Professional Service provided by Bloomberg L.P.

	Common Share	
	High	Low
2010		
First Quarter	$26.06	$21.30
Second Quarter	28.37	19.43
Third Quarter	24.21	18.80
Fourth Quarter	29.64	23.26
2011		
First Quarter	$37.61	$29.77
Second Quarter	39.02	32.11
Third Quarter	35.85	22.68
Fourth Quarter	28.61	20.42
2012		
First Quarter (through February 16, 2012)	$29.72	$23.89

As of February 16, 2012, there were approximately 2,104 record holders of the common shares.

The Company paid cash dividends of $0.25 per common share in 2011 and 2010 and did not pay any cash dividends in 2009. The payment of dividends in the future is subject to the discretion of the Board of Directors and will depend upon general business conditions, legal and contractual restrictions on the payment of dividends and other factors that the Board of Directors may deem to be relevant.

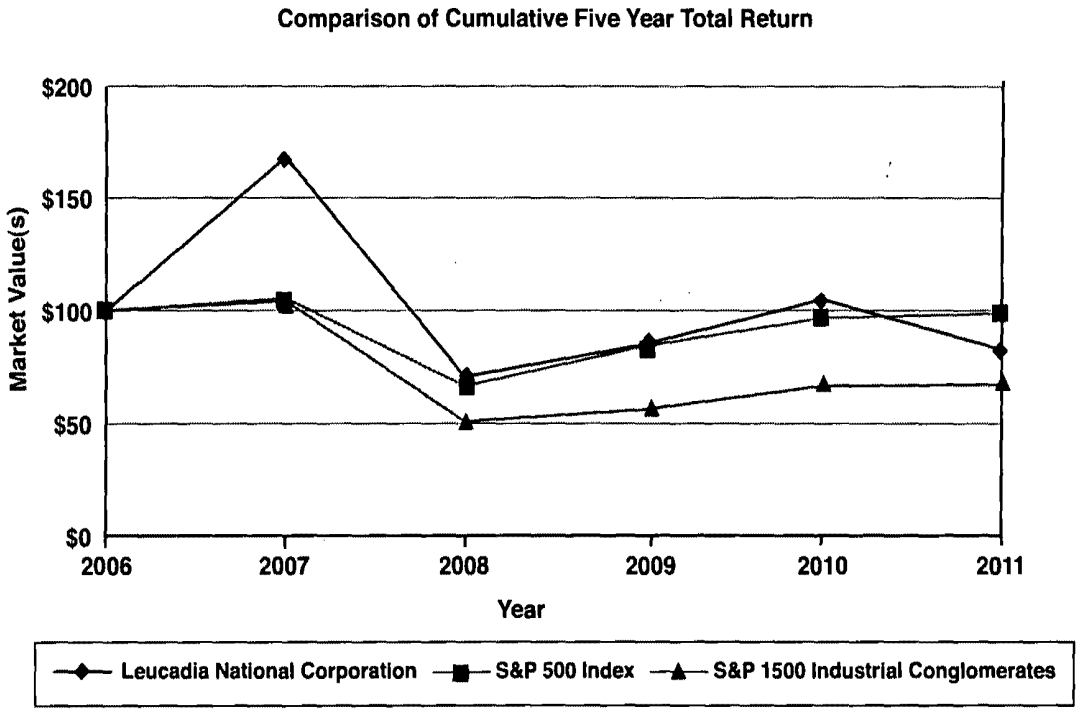
Certain subsidiaries of the Company have significant NOLs and other tax attributes, the amount and availability of which are subject to certain qualifications, limitations and uncertainties. In order to reduce the possibility that certain changes in ownership could result in limitations on the use of the Company's tax attributes, the Company's certificate of incorporation contains provisions which generally restrict the ability of a person or entity from acquiring ownership (including through attribution under the tax law) of five percent or more of the common shares and the ability of persons or entities now owning five percent or more of the common shares from acquiring additional common shares. The restrictions will remain in effect until the earliest of (a) December 31, 2024, (b) the repeal of Section 382 of the Internal Revenue Code (or any comparable successor provision) or (c) the beginning of a taxable year to which these tax benefits may no longer be carried forward.

The Company did not purchase any of its common shares during the fourth quarter of 2011.

The Board of Directors from time to time has authorized acquisitions of the Company's common shares. At December 31, 2011, the Company is authorized to purchase 11,987,880 common shares.

Stockholder Return Performance Graph

Set forth below is a graph comparing the cumulative total stockholder return on our common shares against the cumulative total return of the Standard & Poor's 500 Stock Index and the Standard & Poor's 1500 Industrial Conglomerates Index for the period commencing December 31, 2006 to December 31, 2011. Index data was furnished by Standard & Poor's Capital IQ. The graph assumes that $100 was invested on December 31, 2006 in each of our common stock, the S&P 500 Index, and the S&P 1500 Industrial Conglomerates Index and that all dividends were reinvested.



Item 6. Selected Financial Data.

The following selected financial data have been summarized from the Company's consolidated financial statements and are qualified in their entirety by reference to, and should be read in conjunction with, such consolidated financial statements and Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations of this Report.

	Year Ended December 31,				
	2011	2010	2009	2008	2007
	(In thousands, except per share amounts)				
SELECTED INCOME STATEMENT DATA: (a)					
Revenues and other income (b)	**$1,570,768**	$ 1,320,004	$ 575,208	$ 490,540	$ 714,762
Expenses	**889,780**	951,001	816,362	862,046	785,687
Income (loss) from continuing operations before income taxes and income (losses) related to associated companies	**680,988**	369,003	(241,154)	(371,506)	(70,925)
Income tax provision (benefit) (c)	**270,253**	(1,139,318)	7,108	1,672,313	(561,753)
Income (loss) from continuing operations before income (losses) related to associated companies	**410,735**	1,508,321	(248,262)	(2,043,819)	490,828
Income (losses) related to associated companies, net of taxes	**(394,041)**	380,766	780,236	(539,068)	(21,875)
Income (loss) from continuing operations (c)	**16,694**	1,889,087	531,974	(2,582,887)	468,953
Income from discontinued operations, including gain (loss) on disposal, net of taxes	**8,262**	51,149	16,621	46,075	11,319
Net income (loss) attributable to Leucadia National Corporation common shareholders	**25,231**	1,939,312	550,280	(2,535,425)	484,294
Per share:					
Basic earnings (loss) per common share attributable to Leucadia National Corporation common shareholders:					
Income (loss) from continuing operations	**$.07**	$7.77	$2.21	$(11.20)	$2.17
Income from discontinued operations, including gain (loss) on disposal	**.03**	.20	.07	.20	.05
Net income (loss)	**$.10**	$7.97	$2.28	$(11.00)	$2.22
Diluted earnings (loss) per common share attributable to Leucadia National Corporation common shareholders:					
Income (loss) from continuing operations	**$.07**	$7.66	$2.18	$(11.20)	$2.05
Income from discontinued operations, including gain (loss) on disposal	**.03**	.19	.07	.20	.05
Net income (loss)	**$.10**	$7.85	$2.25	$(11.00)	$2.10

	At December 31,				
	2011	2010	2009	2008	2007
	(In thousands, except per share amounts)				
SELECTED BALANCE SHEET DATA: (a)					
Cash and investments	**$2,545,500**	$4,538,571	$2,343,420	$1,602,769	$4,168,439
Total assets	**9,263,189**	9,350,298	6,762,364	5,198,493	8,126,622
Indebtedness, including current maturities	**2,323,183**	2,092,249	1,970,371	2,080,891	2,135,161
Shareholders' equity	**6,174,396**	6,956,758	4,361,647	2,676,797	5,570,492
Book value per common share	**$25.24**	$28.53	$17.93	$11.22	$25.03
Cash dividends per common share	**$ .25**	$ .25	$ –	$ –	$ .25

(a) Subsidiaries are reflected above as consolidated entities from the date of acquisition. National Beef was acquired on December 30, 2011; however, since its operating activities subsequent to the acquisition during 2011 were not significant they were not included in the 2011 consolidated statement of operations. Keen was acquired in November 2009; for the periods prior to the acquisition the Company accounted for its equity interest in Keen under the equity method of accounting. Premier is reflected as a consolidated subsidiary beginning in August 2007. For additional information, see Note 3 of Notes to Consolidated Financial Statements.

(b) Includes net securities gains (losses) of $641,476,000, $179,494,000, $(21,106,000), $(144,547,000) and $95,641,000 for the years ended December 31, 2011, 2010, 2009, 2008 and 2007, respectively. Net securities gains (losses) are net of impairment charges of $3,586,000, $2,474,000, $31,420,000, $143,416,000 and $36,834,000 for the years ended December 31, 2011, 2010, 2009, 2008 and 2007, respectively.

(c) At December 31, 2010, the Company concluded that it was more likely than not that it would be able to realize a portion of the net deferred tax asset; accordingly, $1,157,111,000 of the deferred tax valuation allowance was

reversed as a credit to income tax expense. During 2008, the Company recorded a charge to income tax expense of $1,672,138,000 to reserve for substantially all of its net deferred tax asset due to the uncertainty about the Company's ability to generate sufficient taxable income to realize the net deferred tax asset. During 2007, the Company concluded that it was more likely than not that it would be able to realize a portion of the net deferred tax asset; accordingly, $542,686,000 of the deferred tax valuation allowance was reversed as a credit to income tax expense.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The purpose of this section is to discuss and analyze the Company's consolidated financial condition, liquidity and capital resources and results of operations. This analysis should be read in conjunction with the consolidated financial statements, related footnote disclosures and "Cautionary Statement for Forward-Looking Information," which appear in Part I and elsewhere in this Report.

Liquidity and Capital Resources

General

The Company's investment portfolio, equity and results of operations can be significantly impacted by the changes in market values of certain securities, particularly during times of increased volatility in security prices. Changes in the market values of publicly traded available for sale securities are reflected in other comprehensive income (loss) and equity. However, changes in the market prices of investments for which the Company has elected the fair value option, declines in the fair values of equity securities that the Company deems to be other than temporary, and declines in the fair values of debt securities related to credit losses are reflected in the consolidated statements of operations and equity. JHYH also owns public securities with changes in market values reflected in its earnings. Since the Company accounts for JHYH on the equity method of accounting, it records its share of JHYH's earnings in the consolidated statement of operations which increases the Company's exposure to volatility in the public securities markets.

The Company's largest publicly traded available for sale equity securities with changes in market values reflected in other comprehensive income (loss) are Fortescue and Inmet. During the year ended December 31, 2011, the market value of the Company's investment in the common shares of Fortescue decreased from $873,931,000 (excluding shares sold in 2011) to $569,256,000. The market value of the Company's investment in Inmet decreased from $862,481,000 to $708,193,000. The market value of the Company's investment in Jefferies, for which the fair value option was elected, decreased during the year with unrealized losses reflected in operations as a component of income related to associated companies. During the year ended December 31, 2011, the Company recognized an unrealized loss related to its investment in Jefferies of $684,397,000.

Liquidity

Leucadia National Corporation is a holding company whose assets principally consist of the stock of its direct subsidiaries, cash and cash equivalents and other non-controlling investments in debt and equity securities. The Company continuously evaluates the retention and disposition of its existing operations and investments and investigates possible acquisitions of new businesses in order to maximize shareholder value. Accordingly, further acquisitions, divestitures, investments and changes in capital structure are possible. Its principal sources of funds are its available cash resources, liquid investments, public and private capital market transactions, repayment of subsidiary advances, funds distributed from its subsidiaries as tax sharing payments, management and other fees, and borrowings and dividends from its subsidiaries, as well as dispositions of existing businesses and investments.

In addition to cash and cash equivalents, the Company also considers investments classified as current assets and investments classified as non-current assets on the face of its consolidated balance sheet as being generally available to meet its liquidity needs. Securities classified as current and non-current investments are not as liquid as cash and cash equivalents, but they are generally easily convertible into cash within a relatively short period of time. As of

December 31, 2011, the sum of these amounts aggregated $2,545,500,000. However, since $694,265,000 of this amount is pledged as collateral pursuant to various agreements, is subject to trading restrictions, represents investments in non-public securities or is held by subsidiaries that are party to agreements that restrict the Company's ability to use the funds for other purposes, the Company does not consider those amounts to be available to meet its liquidity needs. The $1,851,235,000 that is available is comprised of cash and short-term bonds and notes of the U.S. Government and its agencies, U.S. Government-Sponsored Enterprises and other publicly traded debt and equity securities (including the Fortescue and Inmet common shares). The Company's available liquidity, and the investment income realized from cash, cash equivalents and marketable securities is used to meet the Company's short-term recurring cash requirements, which are principally the payment of interest on its debt and corporate overhead expenses.

The holding company's only long-term cash requirement is to make principal payments on its long-term debt ($1,474,311,000 principal outstanding as of December 31, 2011). In January 2012, the Company called for redemption $511,344,000 aggregate principal amount of bonds pursuant to pre-existing call rights; excluding accrued interest the Company will pay an aggregate of $528,308,000 to redeem the bonds in March 2012. The contractual maturity of these bonds was $423,140,000 in 2017 and $88,204,000 in 2027. Excluding these bonds, the holding company's remaining long-term debt matures as follows: $406,745,000 in 2013, $97,581,000 in 2014 and $458,641,000 in 2015. Historically, the Company has used its available liquidity to make acquisitions of new businesses and other investments, but, except as disclosed in this Report, the timing of any future investments and the cost cannot be predicted.

From time to time in the past, the Company has accessed public and private credit markets and raised capital in underwritten bond financings. The funds raised have been used by the Company for general corporate purposes, including for its existing businesses and new investment opportunities. However, given the recent volatility in the credit markets, if and when the Company decides to raise funds through an underwritten bond offering it might be at a higher interest rate than in the past, or with terms that the Company may not find acceptable. The Company has no current intention to seek additional bond financing, and will rely on its existing liquidity to fund corporate overhead expenses and corporate interest payments and, to fund new investing opportunities, it may also dispose of existing businesses and investments. The Company's senior debt obligations are rated four levels below investment grade by Moody's Investors Services, two levels below investment grade by Fitch Ratings and one level below investment grade by Standard & Poor's. Ratings issued by bond rating agencies are subject to change at any time.

In March 2011, the Company invested an additional $50,000,000 in Sangart, which increased its ownership interest to approximately 96%.

In June 2011, a subsidiary of the Company purchased the assets of Seghesio Family Vineyards, the owner and operator of premium estate vineyards and a winery located in Healdsburg, California. The cash purchase price was $86,018,000, which was primarily allocated as follows: $48,503,000 to property, equipment and leasehold improvements, $22,250,000 to amortizable intangible assets, $1,053,000 to goodwill and $12,962,000 to prepaids and other current assets (principally inventory).

During 2009, a subsidiary of Berkshire Hathaway provided Berkadia with a five-year, $1 billion secured credit facility, which was used to fund outstanding mortgage loans and servicer advances, purchase mortgage servicing rights and for working capital needs. In 2010, Berkadia's secured credit facility was amended to increase the size of the credit facility to $1.5 billion, with the Company agreeing to provide the increased funds under the facility. In 2011, Berkadia fully repaid the amount outstanding under its secured credit facility, including $250,000,000 that was loaned by the Company, with funds generated by commercial paper sales of an affiliate of Berkadia. Effective as of December 31, 2011, the secured credit facility was terminated. All of the proceeds from the commercial paper sales are used by Berkadia to fund new mortgage loans, servicer advances, investments and other working capital requirements. Repayment of the commercial paper is supported by a $2,500,000,000 surety policy issued by a Berkshire Hathaway insurance subsidiary and corporate guaranty, and the Company has agreed to reimburse Berkshire Hathaway for one-half of any losses incurred. As of December 31, 2011, the aggregate amount of commercial paper outstanding was $2,000,000,000.

During 2011, the Company sold 117,400,000 common shares of Fortescue for net cash proceeds of $732,217,000, which resulted in the recognition of a net securities gain of $628,197,000. In January 2012, the Company sold

100,000,000 Fortescue common shares for net cash proceeds of $506,490,000, and will record a net securities gain of $417,887,000 during the three month period ending March 31, 2012.

During 2011, the Company received $171,718,000 from FMG (net of $19,080,000 in withholding taxes) in payment of interest due on the FMG Note for the twelve month period ended June 30, 2011. In January 2012, the Company received $97,093,000 (net of $10,788,000 in withholding taxes) from FMG in payment of interest due for the second half of 2011. Future interest payments under the FMG Note will be dependent upon the physical volume of iron ore sold and the selling price, which can fluctuate widely, as well as the outcome of the litigation as described below. As a result, it is not possible to predict whether interest earned in the most recent year will continue at the same level in future years.

In August 2010, the Company was advised that Fortescue is asserting that FMG is entitled to issue additional notes identical to the FMG Note in an unlimited amount. Fortescue further claims that any interest to be paid on additional notes can dilute, on a pro rata basis, the Company's entitlement to the stated interest of 4% of net revenue. The Company does not believe that FMG has the right to issue additional notes which affect the Company's interest or that the interpretation by Fortescue of the terms of the FMG Note, as currently claimed by Fortescue, reflects the agreement between the parties.

In September 2010, the Company filed a Writ of Summons against Fortescue, FMG and Fortescue's then Chief Executive Officer in the Supreme Court of Western Australia. The Writ of Summons seeks, among other things, an injunction restraining the issuance of any additional notes identical to the FMG Note and damages. If the litigation is ultimately determined adversely to the Company and additional notes are issued, the Company's future cash flows from the FMG Note and future results of operations would be significantly and adversely affected to the extent of the dilution resulting from the issuance of such additional notes.

During 2011, the Company purchased an aggregate of 8,654,639 Jefferies common shares through a public offering, in private transactions and in the open market for total cash consideration of $167,753,000.

During 2011, the Company acquired 10,422,859 common shares of Mueller, representing approximately 27.3% of the outstanding common shares of Mueller, for aggregate cash consideration of $408,558,000. The Company has entered into a standstill agreement with Mueller for the two year period ending September 1, 2013, pursuant to which, among other things, the Company has agreed not to sell its shares if the buyer would own more than 4.9% of the outstanding shares.

On December 30, 2011, the Company acquired 78.9% of National Beef for aggregate net cash consideration of $867,869,000, and National Beef became a consolidated subsidiary of the Company. At December 31, 2011, National Beef's credit facility consisted of a $323,750,000 outstanding term loan and a revolving credit line of up to $250,000,000; amounts outstanding under the facility mature in June 2016. The term loan requires quarterly principal payments of $9,250,000. The term loan and the revolving credit facility bear interest at the Base Rate or the LIBOR Rate (as defined in the credit facility), plus a margin ranging from .75% to 2.50% depending upon certain financial ratios and the rate selected. At December 31, 2011, the interest rate on the term loan was 2.1% and the interest rate in the revolving credit facility was 2.2%. The credit facility is secured by a first priority lien on substantially all of the assets of National Beef and its subsidiaries, which aggregated $1,786,855,000 at December 31, 2011. The Company has not guaranteed any of National Beef's liabilities. For more information on the allocation of the purchase price to National Beef's individual assets and liabilities, see Critical Accounting Estimates below.

In February 2009, the Board of Directors authorized the Company, from time to time, to purchase its outstanding debt securities through cash purchases in open market transactions, privately negotiated transactions or otherwise. Such repurchases, if any, depend upon prevailing market conditions, the Company's liquidity requirements and other factors; such purchases may be commenced or suspended at any time without notice.

In March 2007, the Board of Directors increased the number of the Company's common shares that the Company is authorized to purchase. Such purchases may be made from time to time in the open market, through block trades or otherwise. Depending on market conditions and other factors, such purchases may be commenced or suspended at any time without notice. During the three year period ended December 31, 2011, the only common shares acquired

by the Company were in connection with the exercise of stock options. As of February 16, 2012, the Company is authorized to repurchase 11,987,880 common shares.

The Company and certain of its subsidiaries have substantial NOLs and other tax attributes. The amount and availability of the NOLs and other tax attributes are subject to certain qualifications, limitations and uncertainties. In order to reduce the possibility that certain changes in ownership could impose limitations on the use of the NOLs, the Company's certificate of incorporation contains provisions which generally restrict the ability of a person or entity from acquiring ownership (including through attribution under the tax law) of five percent or more of the common shares and the ability of persons or entities now owning five percent or more of the common shares from acquiring additional common shares. The restrictions will remain in effect until the earliest of (a) December 31, 2024, (b) the repeal of Section 382 of the Internal Revenue Code (or any comparable successor provision) or (c) the beginning of a taxable year to which certain tax benefits may no longer be carried forward. For more information about the NOLs and other tax attributes, see Note 19 of Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

As discussed above, the Company has historically relied on its available liquidity to meet its short-term and long-term needs, and to make acquisitions of new businesses and investments. Except as otherwise disclosed herein, the Company's operating businesses do not generally require significant funds to support their operating activities, and the Company does not depend on positive cash flow from its operating segments to meet its liquidity needs. The components of the Company's operating businesses and investments change frequently as a result of acquisitions or divestitures, the timing of which is impossible to predict but which often have a significant impact on the Company's consolidated statements of cash flows in any one period. Further, the timing and amounts of distributions from investments in associated companies may be outside the control of the Company. As a result, reported cash flows from operating, investing and financing activities do not generally follow any particular pattern or trend, and reported results in the most recent period should not be expected to recur in any subsequent period.

Net cash of $9,084,000 and $431,266,000 was provided by operating activities in 2011 and 2010, respectively, The change in operating cash flows reflects interest payments received from FMG ($171,718,000 in 2011 and $154,930,000 in 2010, net of withholding taxes), greater income tax payments, lower interest payments and the proceeds received from the sale of ACF in excess of the cost of the investment in 2010 ($404,700,000). Keen generated funds of $23,446,000 and $7,311,000 during 2011 and 2010, respectively; Premier generated funds of $26,516,000 and $26,524,000 during 2011 and 2010, respectively; and the Company's manufacturing segments generated funds of $12,819,000 and $28,333,000 during 2011 and 2010, respectively. Funds used by Sangart, a development stage company, increased to $39,396,000 during 2011 from $23,757,000 during 2010. During 2011, distributions from associated companies principally include earnings distributed by Berkadia ($23,636,000), Jefferies ($7,789,000) and Garcadia ($5,654,000). In 2010, distributions from associated companies principally include ACF, earnings distributed by Berkadia ($29,000,000) and Jefferies ($14,575,000). Net gains related to real estate, property and equipment, and other assets in 2011 include a gain of $81,848,000 on forgiveness of debt related to the Myrtle Beach project. Funds provided by operating activities include $4,690,000 and $11,640,000 in 2011 and 2010, respectively, from funds distributed by Empire Insurance Company ("Empire"), a discontinued operation.

Net cash of $431,266,000 was provided by operating activities in 2010 as compared to $133,398,000 of cash used for operating activities in 2009. The change in operating cash flows reflects the sale of ACF in 2010, interest paid on the FMG Note in 2010, greater income tax payments, lower interest payments and increased distributions of earnings from associated companies. The telecommunications operations of STi Prepaid, LLC ("STi Prepaid"), which was sold during 2010, generated funds from operating activities of $532,000 in 2010 and $3,355,000 in 2009. The property management and services operations of ResortQuest International, LLC ("ResortQuest"), which was sold in 2010, generated funds from operating activities of $6,268,000 in 2010 and used funds of $888,000 in 2009. Keen, which became a consolidated subsidiary in November 2009, generated funds of $7,311,000 in 2010 and used funds of $5,410,000 in 2009. Premier generated funds of $26,524,000 and $21,866,000 in 2010 and 2009, respectively; and the Company's manufacturing segments generated funds from operating activities of $28,333,000 and $30,342,000 in 2010 and 2009, respectively. Funds used by Sangart, a development stage company, were $23,757,000 in 2010 and $20,334,000 in 2009. In 2010, distributions from associated companies principally include ACF, earnings distributed by Berkadia ($29,000,000) and Jefferies ($14,575,000). In 2009, distributions from

associated companies principally include earnings distributed by HFH ShortPLUS Fund L.P. ("Shortplus") ($14,545,000), Keen ($8,379,000) and Garcadia ($11,108,000). Funds provided by operating activities include $11,640,000 and $11,253,000 in 2010 and 2009, respectively, from funds distributed by Empire.

Net cash of $175,297,000 and $208,718,000 was used for investing activities in 2011 and 2010, respectively, as compared to net cash flows provided by investing activities of $71,971,000 in 2009. During 2011, proceeds from disposals of real estate, property and equipment, and other assets include $12,040,000 from the sale of certain of Keen's rigs. Acquisitions, net of cash acquired, primarily relates to the Company's acquisition of National Beef and Seghesio Family Vineyards. Proceeds from disposal of discontinued operations, net of expenses and cash of operations sold principally include STi Prepaid ($10,644,000) in 2011 and ResortQuest ($52,135,000), a shopping center ($17,064,000) and STi Prepaid ($(9,819,000)) in 2010. Investments in associated companies include Jefferies ($167,753,000), Mueller ($408,558,000), Linkem ($88,575,000) and Garcadia ($32,400,000) in 2011, Berkadia ($292,544,000), Las Cruces ($2,687,000), Jefferies ($17,998,000) and ACF ($7,236,000) in 2010 and Las Cruces ($43,320,000), ACF ($13,316,000) and Berkadia ($217,169,000) in 2009. Capital distributions and loan repayment from associated companies include Berkadia ($283,530,000), JHYH ($8,710,000), Jefferies ($8,326,000) and Garcadia ($10,382,000) in 2011, ACF ($425,842,000), Berkadia ($44,544,000), JHYH ($17,077,000), Wintergreen Partners Fund, L.P. ("Wintergreen") ($4,397,000) and Garcadia ($8,778,000) in 2010 and Keen ($28,340,000), Wintergreen ($38,958,000), Shortplus ($24,861,000) and Starboard Value Opportunity Partners, LP ($11,502,000) in 2009.

Net cash of $106,637,000 and $21,948,000 was used for financing activities in 2011 and 2009, respectively, as compared to net cash provided by financing activities of $64,664,000 in 2010. Issuance of long-term debt primarily reflects the increase in repurchase agreements of $16,358,000, $202,539,000 and $47,494,000 for 2011, 2010 and 2009, respectively, and, in 2011, $75,947,000 borrowed by National Beef under its revolving credit facility. Immediately after the Company's acquisition of its interest, National Beef borrowed funds to redeem the interest of its chief executive officer pursuant to pre-existing put rights.

Reduction of debt for 2011 includes $19,275,000 in full satisfaction of the Myrtle Beach project's non-recourse indebtedness, $32,881,000 on the maturity of debt of a subsidiary that was collateralized by certain of the Company's corporate aircraft, $8,500,000 for the repayment of Keen's line of credit and $82,531,000 in the aggregate for the buyback of $21,359,000 principal amount of the Company's 8⅛% Senior Notes due 2015, $54,860,000 principal amount of the Company's 7⅛% Senior Notes due 2017 and $1,350,000 principal amount of the Company's 8.65% Junior Subordinated Deferrable Interest Debentures due 2027. Reduction of debt for 2010 includes $10,226,000 for repayment of debt by a subsidiary, and $80,859,000 in the aggregate for the buyback of $5,500,000 principal amount of the 7¾% Senior Notes, $27,200,000 principal amount of the 7% Senior Notes, $20,000,000 principal amount of the 8⅛% Senior Notes, $22,000,000 principal amount of the 7⅛% Senior Notes, and $2,146,000 principal amount of the 8.65% Junior Subordinated Deferrable Interest Debentures. Reduction of debt for 2009 includes $35,361,000 in the aggregate for the buyback of $35,555,000 principal amount of the 7% Senior Notes and $6,500,000 principal amount of the 8.65% Junior Subordinated Deferrable Interest Debentures. Purchase of interest in subsidiary by noncontrolling interest for 2011 represents the acquisition of a minority interest in National Beef by its chief executive officer immediately after the Company acquired its interest. Issuance of common shares reflects the exercise of employee stock options for all periods.

Debt due within one year includes $417,479,000 and $401,121,000 at December 31, 2011 and 2010, respectively, relating to repurchase agreements of one of the Company's subsidiaries. These fixed rate repurchase agreements have a weighted average interest rate of approximately 0.3%, mature in January 2012 and are secured by non-current investments with a carrying value of $432,768,000 at December 31, 2011. These borrowings are used solely to fund a portion of the purchase price of a segregated portfolio of mortgage pass-through certificates issued by U.S. Government agencies (GNMA) and by U.S. Government-Sponsored Enterprises (FHLMC or FNMA). The securities purchased are generally adjustable rate certificates, secured by seasoned pools of securitized, highly rated residential mortgages, and the certificates acquired generally represent all of the certificates issued by the securitization.

The Company's senior note indentures contain covenants that restrict its ability to incur more Indebtedness or issue Preferred Stock of Subsidiaries unless, at the time of such incurrence or issuance, the Company meets a specified ratio of Consolidated Debt to Consolidated Tangible Net Worth, limit the ability of the Company and Material Subsidiaries to incur, in certain circumstances, Liens, limit the ability of Material Subsidiaries to incur Funded Debt

in certain circumstances, and contain other terms and restrictions all as defined in the senior note indentures. The Company has the ability to incur substantial additional indebtedness or make distributions to its shareholders and still remain in compliance with these restrictions. If the Company is unable to meet the specified ratio, the Company would not be able to issue additional Indebtedness or Preferred Stock, but the Company's inability to meet the applicable ratio would not result in a default under its senior note indentures. The senior note indentures do not restrict the payment of dividends. Certain of the debt instruments of subsidiaries of the Company require that collateral be provided to the lender; principally as a result of such requirements, the assets of subsidiaries which are subject to limitations on transfer of funds to the Company were $2,251,548,000 at December 31, 2011.

As shown below, at December 31, 2011, the Company's contractual cash obligations totaled $3,173,653,000.

	Payments Due by Period (in thousands)				
Contractual Cash Obligations	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Indebtedness, including current maturities	$2,327,320	$447,612	$583,347	$783,017	$513,344
Estimated interest expense on debt	500,025	117,972	188,134	110,992	82,927
Cattle commitments	101,399	101,399	–	–	–
Planned funding of pension and postretirement obligations	63,073	3,000	60,073	–	–
Operating leases, net of sublease income	104,872	20,227	34,065	17,654	32,926
Asset purchase obligations	16,648	5,158	7,835	2,388	1,267
Other	60,316	19,011	9,839	8,838	22,628
Total Contractual Cash Obligations	$3,173,653	$714,379	$883,293	$922,889	$653,092

Contractual cash obligations aggregating $783,135,000 related to indebtedness called for redemption in 2012 are reflected in the table above in the period of their original contractual maturities.

The estimated interest expense on debt includes interest related to variable rate debt which the Company determined using rates in effect at December 31, 2011. Amounts related to the Company's pension liability ($63,073,000) are included in the table in the less than 1 year period ($3,000,000) and the remainder in the 1-3 years period; however, the exact timing of those cash payments is uncertain. The above amounts do not include liabilities for unrecognized tax benefits as the timing of payments, if any, is uncertain. Such amounts aggregated $9,800,000 at December 31, 2011; for more information, see Note 19 of Notes to Consolidated Financial Statements.

When the Company sold its former telecommunications subsidiary, WilTel Communications Group, LLC ("WilTel") in 2005, WilTel's defined benefit pension plan was not transferred in connection with the sale. At December 31, 2011, the Company had recorded a liability of $63,073,000 on its consolidated balance sheet for WilTel's unfunded defined benefit pension plan obligation. This amount represents the difference between the present value of amounts owed to former employees of WilTel (referred to as the projected benefit obligation) and the market value of plan assets set aside in segregated trust accounts. Since the benefits in this plan have been frozen, future changes to the unfunded benefit obligation are expected to principally result from benefit payments, changes in the market value of plan assets, differences between actuarial assumptions and actual experience and interest rates.

The Company expects to make substantial contributions to the segregated trust account for the WilTel defined benefit pension plan in the future to reduce its plan liabilities although the timing after 2012 is uncertain. The Company expects to contribute $3,000,000 to WilTel's defined benefit pension plan in 2012. The tax deductibility of contributions is not a primary consideration, principally due to the availability of the Company's NOLs to otherwise reduce taxable income.

As of December 31, 2011, certain amounts for the WilTel plan are as follows (dollars in thousands):

Projected benefit obligation	$251,949
Funded status – balance sheet liability at December 31, 2011	63,073
Deferred losses included in other comprehensive income (loss)	104,424
Discount rate used to determine the projected benefit obligation	4.4%

Calculations of pension expense and projected benefit obligations are prepared by actuaries based on assumptions provided by management. These assumptions are reviewed on an annual basis, including assumptions about discount rates, interest credit rates and expected long-term rates of return on plan assets. The timing of expected future benefit payments was used in conjunction with the Citigroup Pension Discount Curve to develop a discount rate that is representative of the high quality corporate bond market.

This discount rate will be used to determine pension expense in 2012. Holding all other assumptions constant, a 0.25% change in this discount rate would affect pension expense by $492,000 and the benefit obligation by $9,182,000.

The deferred losses included in other comprehensive income (loss) primarily result from differences between the actual and assumed return on plan assets and changes in actuarial assumptions, including changes in discount rates and changes in interest credit rates. Deferred losses are amortized to expense if they exceed 10% of the greater of the projected benefit obligation or the market value of plan assets as of the beginning of the year; such amount aggregated $71,131,000 at December 31, 2011. A portion of these excess deferred losses will be amortized to expense during 2012 based on an amortization period of twelve years.

The assumed long-term rates of return on plan assets are based on the investment objectives of the plan, which are more fully discussed in Note 20 of Notes to Consolidated Financial Statements.

Off-Balance Sheet Arrangements

At December 31, 2011, the Company's off-balance sheet arrangements consist of guarantees and letters of credit. Pursuant to an agreement that was entered into before the Company sold CDS Holding Corporation ("CDS") to HomeFed in 2002, the Company agreed to provide project improvement bonds for the San Elijo Hills project. These bonds, which are for the benefit of the City of San Marcos, California and other government agencies, are required prior to the commencement of any development at the project. CDS is responsible for paying all third party fees related to obtaining the bonds. Should the City or others draw on the bonds for any reason, CDS and one of its subsidiaries would be obligated to reimburse the Company for the amount drawn. At December 31, 2011, the amount of outstanding bonds was $1,224,000, almost all of which expires in 2012 and 2013.

Subsidiaries of the Company have outstanding letters of credit aggregating $36,524,000 at December 31, 2011, principally to secure various obligations. All of these letters of credit expire before 2016.

As discussed above, the Company and Berkshire Hathaway have agreed to share equally any losses incurred under a $2,500,000,000 surety policy and corporate guaranty issued by Berkshire Hathaway for a commercial paper program funding sponsored by Berkadia. As of December 31, 2011, the aggregate amount of commercial paper outstanding was $2,000,000,000.

Critical Accounting Estimates

The Company's discussion and analysis of its financial condition and results of operations are based upon its consolidated financial statements, which have been prepared in accordance with GAAP. The preparation of these financial statements requires the Company to make estimates and assumptions that affect the reported amounts in the financial statements and disclosures of contingent assets and liabilities. On an on-going basis, the Company evaluates all of these estimates and assumptions. The following areas have been identified as critical accounting estimates because they have the potential to have a significant impact on the Company's financial statements, and because they are based on assumptions which are used in the accounting records to reflect, at a specific point in time, events whose ultimate outcome won't be known until a later date. Actual results could differ from these estimates.

Income Taxes–The Company records a valuation allowance to reduce its net deferred tax asset to the net amount that is more likely than not to be realized. If in the future the Company determines that it is more likely than not that the Company will be able to realize its net deferred tax asset in excess of its net recorded amount, an adjustment to increase the net deferred tax asset would increase income in such period. If in the future the Company were to

determine that it would not be able to realize all or part of its recorded net deferred tax asset, an adjustment to decrease the net deferred tax asset would be charged to income in such period. The Company is required to consider all available evidence, both positive and negative, and to weight the evidence when determining whether a valuation allowance is required and the amount of such valuation allowance. Generally, greater weight is required to be placed on objectively verifiable evidence when making this assessment, in particular on recent historical operating results.

During 2010, the Company realized significant gains from the sale of certain investments, recorded significant unrealized gains in the fair values of other investments and began to experience modest improvement in the operating results in some business segments. Additionally, the Company's cumulative taxable income for recent years became a positive amount, reflecting the realized gains on the sales of ACF and Las Cruces during the fourth quarter of 2010. With this recent positive evidence the Company gave greater weight to its revised projections of future taxable income, which consider significant unrealized gains in its investment portfolio, and to its long-term historical ability to generate significant amounts of taxable income when assessing the amount of its required valuation allowance. As a result, the Company was able to conclude that it is more likely than not that it will have future taxable income sufficient to realize a significant portion of the Company's net deferred tax asset; accordingly, $1,157,111,000 of the deferred tax valuation allowance was reversed as a credit to income tax expense on December 31, 2010. In addition to its projections of future taxable income, the Company is relying upon the sale of investments that have unrealized gains before the NOLs expire and the corresponding reversal of related deferred tax liabilities to realize a portion of its net deferred tax asset.

The Company's estimate of future taxable income considers all available evidence, both positive and negative, about its operating businesses and investments, included an aggregation of individual projections for each significant operating business and investment, estimated apportionment factors for state and local taxing jurisdictions and included all future years that the Company estimated it would have available NOLs (until 2029). The Company believes that its estimate of future taxable income is reasonable but inherently uncertain, and if its current or future operations and investments generate taxable income different than the projected amounts, further adjustments to the valuation allowance are possible. In addition to the reversal of deferred tax liabilities related to unrealized gains, the Company will need to generate approximately $4,600,000,000 of future U.S. pre-tax income to fully realize its net deferred tax asset. The current balance of the deferred tax valuation allowance principally reserves for NOLs of certain subsidiaries that are not available to offset income generated by other members of the Company's consolidated tax return group.

The Company also records reserves for contingent tax liabilities based on the Company's assessment of the probability of successfully sustaining its tax filing positions.

Impairment of Long-Lived Assets–The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. When testing for impairment, the Company groups its long-lived assets with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (or asset group). The determination of whether an asset group is recoverable is based on management's estimate of undiscounted future cash flows directly attributable to the asset group as compared to its carrying value. If the carrying amount of the asset group is greater than the undiscounted cash flows, an impairment loss would be recognized for the amount by which the carrying amount of the asset group exceeds its estimated fair value.

One of the Company's real estate subsidiaries (MB1) had been the owner and developer of a mixed use real estate project located in Myrtle Beach, South Carolina. The project was comprised of a retail center with approximately 346,000 square feet of retail space, 41,000 square feet of office space and 195 residential apartment rental units. The acquisition and construction costs were funded by capital contributed by the Company and nonrecourse indebtedness with a balance of $100,524,000 at December 31, 2010, that was collateralized by the real estate.

During the second quarter of 2009, MB1 was unable to make scheduled payments under its interest rate swap agreement and received several default notices under its bank loan. These events constituted a change in circumstances that caused the Company to evaluate whether the carrying amount of MB1's real estate asset was recoverable. The Company prepared cash flow models and utilized a discounted cash flow technique to determine the fair value of MB1's real estate. The most significant assumptions in the Company's cash flow models were the discount rate (11%) and the capitalization rate used to estimate the selling price of the retail center (9%); these rates

were selected based on published reports of market conditions for similar properties. Based on its evaluation, the Company recorded an impairment charge of $67,826,000 during the second quarter of 2009 (classified as selling, general and other expenses). Although MB1's bank loan matured in October 2009, it was not repaid since MB1 did not have sufficient funds and the Company was under no obligation to provide the funds to MB1 to pay off the loan.

During the second quarter of 2010, MB1 entered into an agreement with its lenders under which, among other things, MB1 agreed not to interfere with or oppose foreclosure proceedings and the lenders agreed to release MB1 and various guarantors of the loan. A receiver was put in place at the property, foreclosure proceedings commenced and an auction of the property was conducted; however, the Company was informed during the fourth quarter of 2010 that the highest bidder for the property failed to close. In December 2010, the Company was invited to make a bid for the property, with the condition that a foreclosure sale to the Company must close as soon as possible without any due diligence period, which new bidders for the property would require. A subsidiary of the Company offered $19,275,000 for the property (including net working capital amounts); the offer was accepted and the foreclosure sale closed on January 7, 2011.

As a result of the failure of the initial buyer to purchase the property and the subsequent sale to the Company in 2011, the Company concluded that the carrying value of the property was further impaired at December 31, 2010; accordingly, the Company recorded an additional impairment charge in 2010 of $47,074,000 to reflect the property at its fair value of $18,094,000. At closing in 2011, MB1 was released from any remaining liability under the bank loan; accordingly, the remaining balance due after payment of the purchase price ($81,848,000) was recognized in other income in 2011. Including the cash paid in the foreclosure sale, the Company's cumulative net cash investment in this project is $85,595,000.

There were no significant impairment charges recorded during 2011. During 2010, the Company recorded impairment charges in selling, general and other expenses of $2,357,000 for another real estate project and $1,449,000 in the corporate segment for one of its corporate aircraft that was later sold. In 2009, the Company recorded impairment charges in selling, general and other expenses of $2,563,000 related to its manufacturing segment (primarily Idaho Timber) and $3,646,000 related to its real estate segment.

Current economic conditions have adversely affected most of the Company's operations and investments. A worsening of current economic conditions or a prolonged recession could cause a decline in estimated future cash flows expected to be generated by the Company's operations and investments. If future undiscounted cash flows are estimated to be less than the carrying amounts of the asset groups used to generate those cash flows in subsequent reporting periods, particularly for those with large investments in intangible assets and property and equipment (for example, beef processing, manufacturing, gaming entertainment, land based contract oil and gas drilling operations, real estate and certain associated company investments), impairment charges would have to be recorded.

Impairment of Equity Method Investments–The Company evaluates equity method investments for impairment when operating losses or other factors may indicate a decrease in value which is other than temporary. For investments in investment partnerships that are accounted for under the equity method, the Company obtains from the investment partnership financial statements, net asset values and other information on a quarterly basis and annual audited financial statements. On a quarterly basis, the Company also makes inquiries and discusses with investment managers whether there were significant procedural, valuation, composition and other changes at the investee. Since these investment partnerships record their underlying investments at fair value, after application of the equity method the carrying value of the Company's investment is equal to its share of the investees' underlying net assets at their fair values. Absent any unusual circumstances or restrictions concerning these investments, which would be separately evaluated, it is unlikely that any additional impairment charge would be required.

For equity method investments in operating businesses, the Company considers a variety of factors including economic conditions nationally and in their geographic areas of operation, adverse changes in the industry in which they operate, declines in business prospects, deterioration in earnings, increasing costs of operations and other relevant factors specific to the investee. Whenever the Company believes conditions or events indicate that one of these investments might be significantly impaired, the Company will obtain from such investee updated cash flow projections and impairment analyses of the investee assets. The Company will use this information and, together with discussions with the investee's management, evaluate if the book value of its investment exceeds its fair value, and if so and the situation is deemed other than temporary, record an impairment charge.

During the second quarter of 2009, the Company's equity in losses of Garcadia included impairment charges for goodwill and other intangible assets aggregating $32,348,000. Garcadia's automobile dealerships had been adversely impacted by general economic conditions, and the bankruptcy filings by two of the three largest U.S. automobile manufacturers was a change in circumstances that caused Garcadia to evaluate the recoverability of its goodwill and other intangible assets. Garcadia prepared discounted cash flow projections for each of its dealerships and concluded that the carrying amount of its goodwill and other intangible assets was impaired.

Impairment of Securities–Declines in the fair value of equity securities considered to be other than temporary and declines in the fair values of debt securities related to credit losses are reflected in net securities gains (losses) in the consolidated statements of operations. The Company evaluates its investments for impairment on a quarterly basis.

The Company's determination of whether a security is other than temporarily impaired incorporates both quantitative and qualitative information; GAAP requires the exercise of judgment in making this assessment, rather than the application of fixed mathematical criteria. The various factors that the Company considers in making its determination are specific to each investment. For publicly traded debt and equity securities, the Company considers a number of factors including, but not limited to, the length of time and the extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, the reason for the decline in fair value, changes in fair value subsequent to the balance sheet date, the ability and intent to hold investments to maturity, and other factors specific to the individual investment. For investments in private equity funds and non-public securities, the Company bases its determination upon financial statements, net asset values and/or other information obtained from fund managers or investee companies.

The Company recorded the following impairment charges for securities in the consolidated statement of operations during the three year period ended December 31, 2011 (in thousands):

	2011	2010	2009
Publicly traded securities	**$3,243**	$ –	$14,384
Non-public securities and private equity funds	**8**	767	2,224
Non-agency mortgage-backed bond securitizations	**335**	1,707	14,812
Totals	**$3,586**	$2,474	$31,420

The Company's assessment involves a high degree of judgment and accordingly, actual results may differ significantly from the Company's estimates and judgments.

Credit Quality of Financing Receivables and Allowance for Credit Losses–The Company's operating subsidiaries do not provide financing to their customers in the ordinary course of business. However, the Company does have the FMG Note, which had a balance of $40,801,000 at December 31, 2011, that meets the accounting definition of a finance receivable. The Company exercises judgment in evaluating the credit risk and collectability of this note. This assessment was made prior to the inception of the credit exposure and continues to be made at regular intervals. The various factors that the Company considers in making its assessment include the current and projected financial condition of FMG, the Company's collection experience and the length of time until the note becomes due. As a result of its assessment, the Company concluded that an allowance for credit losses was not required as of December 31, 2011.

Business Combinations–At acquisition, the Company allocates the cost of a business acquisition to the specific tangible and intangible assets acquired and liabilities assumed based upon their fair values. Significant judgments and estimates are often made by the Company's management to determine these values, and may include the use of appraisals, consideration of market quotes for similar transactions, use of discounted cash flow techniques or consideration of other information the Company believes to be relevant. The finalization of the purchase price allocation will typically take a number of months to complete, and if final values are significantly different from initially recorded amounts adjustments to prior periods may be required. Any excess of the cost of a business acquisition over the fair values of the net assets and liabilities acquired is recorded as goodwill, which is not amortized to expense. If the fair values of the net assets and liabilities acquired are greater than the purchase price, the excess is treated as a bargain purchase and recognized in income. Recorded goodwill of a reporting unit is required to be tested for impairment on an annual basis, and between annual testing dates if events or circumstances

change that would more likely than not reduce the fair value of a reporting unit below its net book value. At December 31, 2011, the book value of goodwill was $18,119,000 and was not impaired.

Subsequent to the finalization of the purchase price allocation, any adjustments to the recorded values of acquired assets and liabilities would be reflected in the Company's consolidated statement of operations. Once final, the Company is not permitted to revise the allocation of the original purchase price, even if subsequent events or circumstances prove the Company's original judgments and estimates to be inaccurate. In addition, long-lived assets recorded in a business combination like property and equipment, intangibles and goodwill may be deemed to be impaired in the future resulting in the recognition of an impairment loss. The assumptions and judgments made by the Company when recording business combinations will have an impact on reported results of operations for many years into the future.

In December 2011, the Company acquired 78.9% of National Beef and it became a consolidated subsidiary of the Company. The preliminary allocation of the purchase price included $446,166,000 to property, equipment and leasehold improvements, $809,569,000 to amortizable intangible assets, $8,915,000 to goodwill, $269,395,000 to net working capital accounts, $357,529,000 to long-term debt and $304,356,000 to redeemable non-controlling interests.

To assist the Company's management in its determination of the fair value of National Beef's property and equipment, identifiable intangible assets and equity value, the Company engaged an independent valuation and appraisal firm. The methods used by the Company's management to determine the fair values included estimating National Beef's business enterprise value through the use of a discounted cash flow analysis. Property and equipment asset valuations included an analysis of depreciated replacement cost and current market prices. The Company considered several factors to determine the fair value of property and equipment, including local market conditions, recent market transactions, the size, age, condition, utility and character of the property, the estimated cost to acquire replacement property, an estimate of depreciation from use and functional obsolescence and the remaining expected useful life of the assets.

Amounts allocated to product inventories were principally based on quoted commodity prices on the acquisition date. For other components of working capital, the historical carrying values approximated fair values. National Beef's long-term debt principally consists of its senior credit facility payable to its bank group, which was renegotiated in June 2011. In December 2011, the lenders consented to the acquisition as required by the credit facility, and to certain other amendments to the facility's covenants; the pricing of the credit facility remained the same. In addition to these factors, the Company also analyzed changes in market interest rates from June 2011 and concluded that the principal amount due under the credit facility approximated its fair value on the acquisition date.

The fair value of certain pre-existing redeemable noncontrolling interests was the amount paid to redeem such interests immediately after the Company's acquisition of its controlling interest in National Beef. The fair value of other redeemable noncontrolling interests was determined based upon the purchase price paid by the Company for its interest.

During 2006, the Company acquired a 30% limited liability company interest in Keen for aggregate consideration of $60,000,000, excluding expenses, and agreed to lend to Keen, on a senior secured basis, up to $126,000,000 to finance new rig equipment purchases and construction costs and to repay existing debt. During 2007, the Company increased its equity interest to 50% for additional payments aggregating $45,000,000. In addition, the credit facility was amended to increase the borrowing capacity to $138,500,000, and the Company provided Keen with two additional secured credit facilities aggregating $60,000,000. When the Company increased its investment in Keen to 50%, the terms of the limited liability agreement were amended to provide that in the event of a dissolution, liquidation or termination of Keen, available cash or assets would first be used to pay all of Keen's debts (including loans made by the Company), then distributed to the Company as a liquidation preference until it had received a return of its equity investment ($105,000,000), before any payments were made to the other equity owner of Keen.

During 2009, the Company believes it became apparent to the other equity owner of Keen that Keen would not be able to make scheduled debt payments to the Company, and that the resulting payment default could result in a liquidation of Keen. In that event, the Company's liquidation preference over equity distributions would result in very little, if any, distributions to the other equity owner of Keen. In November 2009, the Company purchased the

other 50% equity interest that it did not own plus a secured note payable to the other equity owner of Keen for aggregate cash consideration of $15,000,000. The Company believes it was able to acquire the remaining 50% equity interest at this distressed price because of the expected payment default on Keen's senior secured debt owed to the Company and the Company's preferred equity distribution in the event Keen was liquidated.

When the Company acquired the controlling interest in Keen it became a consolidated subsidiary; prior to that time the investment in Keen was classified as an investment in an associated company. Under GAAP, upon consolidation the Company was required to record Keen's assets and liabilities at fair value, and was required to adjust the carrying value of the Company's equity investment immediately prior to the acquisition to fair value. Due to the unique circumstances surrounding the Company's 2009 acquisition described above, the fair value of the net assets acquired exceeded the amount paid by $49,345,000; the bargain purchase was recognized as a gain on the date of acquisition and included in investment and other income. However, the fair value of the Company's equity interest immediately prior to the acquisition was less than its $85,889,000 carrying value; accordingly the Company included a charge of $36,544,000 in income (losses) related to associated companies to write down the pre-acquisition carrying value of its investment in Keen to fair value.

Use of Fair Value Estimates–Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Further, a fair value hierarchy prioritizes inputs to valuation techniques into three broad levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), the next priority to inputs that don't qualify as Level 1 inputs but are nonetheless observable, either directly or indirectly, for the particular asset or liability (Level 2), and the lowest priority to unobservable inputs (Level 3).

Over 92% of the Company's investment portfolio is classified as available for sale securities, which are carried at estimated fair value in the Company's consolidated balance sheet. The estimated fair values are principally based on publicly quoted market prices (Level 1 inputs), which can rise or fall in reaction to a wide variety of factors or events, and as such are subject to market-related risks and uncertainties. The Company has a segregated portfolio of mortgage pass-through certificates issued by U.S. Government-Sponsored Enterprises (FHLMC or FNMA), which are carried on the balance sheet at their estimated fair value of $622,191,000 at December 31, 2011. Although the markets that these types of securities trade in are generally active, market prices are not always available for the identical security. The fair value of these investments are based on observable market data including benchmark yields, reported trades, issuer spreads, benchmark securities, bids and offers. These estimates of fair value are considered to be Level 2 inputs, and the amounts realized from the disposition of these investments has not been significantly different from their estimated fair values.

The Company also has a segregated portfolio of non-agency mortgage-backed securities which are carried on the balance sheet at their estimated fair value of $39,839,000 at December 31, 2011. Although these securities trade in brokered markets, the market for these securities is sometimes inactive. The fair values of these investments are based on bid and ask prices, quotes obtained from independent market makers and pricing services. These estimates of fair values are also considered to be Level 2 inputs.

Contingencies–The Company accrues for contingent losses when the contingent loss is probable and the amount of loss can be reasonably estimated. Estimates of the likelihood that a loss will be incurred and of contingent loss amounts normally require significant judgment by management, can be highly subjective and are subject to significant change with the passage of time as more information becomes available. Estimating the ultimate impact of litigation matters is inherently uncertain, in particular because the ultimate outcome will rest on events and decisions of others that may not be within the power of the Company to control. The Company does not believe that any of its current litigation will have a significant adverse effect on its consolidated financial position, results of operations or liquidity; however, if amounts paid at the resolution of litigation are in excess of recorded reserve amounts, the excess could be significant in relation to results of operations for that period. As of December 31, 2011, the Company's accrual for contingent losses was not significant.

Results of Operations

Substantially all of the Company's operating businesses sell products or services that are impacted by general economic conditions in the U.S. and to a lesser extent internationally. Poor general economic conditions have reduced the demand for products or services sold by the Company's operating subsidiaries and/or resulted in reduced pricing for products or services. Troubled industry sectors, like the residential real estate market, have had an adverse direct impact not only on the Company's real estate segments, but have also had an adverse indirect impact on some of the Company's other operating segments, including manufacturing and gaming entertainment. The discussions below concerning revenue and profitability by segment consider current economic conditions and the impact such conditions have had and may continue to have on each segment; however, should general economic conditions worsen and/or if the country experiences a prolonged recession, the Company believes that all of its businesses would be adversely impacted.

A summary of results of continuing operations for the Company for the three years in the period ended December 31, 2011 is as follows (in thousands):

	2011	2010	2009
Income (loss) from continuing operations before income taxes and income (losses) related to associated companies:			
Manufacturing:			
Idaho Timber	**$ (3,787)**	$ 547	$ (12,680)
Conwed Plastics	**5,916**	8,803	11,578
Oil and Gas Drilling Services	**3,533**	(13,937)	46,738
Gaming Entertainment	**12,616**	(2,159)	2,379
Domestic Real Estate	**80,919**	(54,935)	(71,298)
Medical Product Development	**(42,696)**	(25,443)	(23,818)
Other Operations	**(24,374)**	(17,487)	(26,434)
Corporate	**648,861**	473,614	(167,619)
Total consolidated income (loss) from continuing operations before income taxes and income (losses) related to associated companies	**680,988**	369,003	(241,154)
Income (losses) related to associated companies before income taxes	**(612,362)**	375,021	805,803
Total consolidated income from continuing operations before income taxes	**68,626**	744,024	564,649
Income taxes:			
Income (loss) from continuing operations before income (losses) related to associated companies	**(270,253)**	1,139,318	(7,108)
Associated companies	**218,321**	5,745	(25,567)
Total income taxes	**(51,932)**	1,145,063	(32,675)
Income from continuing operations	**$ 16,694**	$1,889,087	$ 531,974

Manufacturing–Idaho Timber

A summary of results of operations for Idaho Timber for the three years in the period ended December 31, 2011 is as follows (in thousands):

	2011	2010	2009
Revenues and other income	**$159,026**	$172,908	$142,709
Expenses:			
Cost of sales	**150,651**	159,689	140,428
Salaries and incentive compensation	**5,390**	5,938	5,575
Depreciation and amortization	**4,136**	4,138	4,317
Selling, general and other expenses	**2,636**	2,596	5,069
	162,813	172,361	155,389
Income (loss) before income taxes	**$ (3,787)**	$ 547	$(12,680)

Idaho Timber's revenues for 2011 decreased as compared to 2010; shipment volume and average selling prices decreased 6% and 2%, respectively. Idaho Timber believes that the abundance of existing homes available for sale in the market and high unemployment will continue to negatively impact housing starts and Idaho Timber's revenues. Until housing starts substantially increase, annual dimension lumber shipping volume may remain flat or could further decline.

Idaho Timber's revenues for 2010 increased as compared to 2009; shipment volume and average selling prices increased approximately 3% and 17%, respectively. Idaho Timber believes that the increase in revenues for 2010 primarily reflected customers replenishing dimension lumber inventory levels during the first half of the year that had been reduced during the recession, an increase in housing starts in the first half of 2010 prior to the expiration of the federal government's home buyers' tax credits program, a more balanced supply of lumber in the marketplace relative to demand and an increase in demand for certain of Idaho Timber's products.

Raw material costs, the largest component of cost of sales (approximately 81% of cost of sales), reflect the lower shipment volume in 2011 as compared to 2010. Raw material cost per thousand board feet was largely unchanged in 2011 as compared to 2010. Raw material costs reflect the greater shipment volume and increased costs in 2010 as compared to 2009. Raw material cost per thousand board feet increased approximately 15% in 2010 as compared to 2009, which was caused by reduced supply due to increased low-grade lumber exports and greater demand. The difference between Idaho Timber's selling price and raw material cost per thousand board feet (spread) is closely monitored, and the rate of change in pricing and cost is not necessarily the same. Idaho Timber's spread decreased approximately 14% in 2011 as compared to the prior year; the spread in 2010 increased by 29% as compared to the prior year. Cost of sales during 2009 also included charges of $1,427,000 to reduce the carrying value of certain timber deed contracts.

Manufacturing–Conwed Plastics

A summary of results of operations for Conwed Plastics for the three years in the period ended December 31, 2011 is as follows (in thousands):

	2011	2010	2009
Revenues and other income	**$85,961**	$87,073	$82,094
Expenses:			
Cost of sales	**65,312**	64,614	56,539
Salaries and incentive compensation	**6,092**	6,493	6,740
Depreciation and amortization	**301**	327	318
Selling, general and other expenses	**8,340**	6,836	6,919
	80,045	78,270	70,516
Income before income taxes	**$ 5,916**	$ 8,803	$11,578

Conwed Plastics' revenues decreased in 2011 as compared to 2010, primarily reflecting declines in the housing, construction and filtration markets. The ongoing slump in the domestic housing and construction industries has continued to unfavorably impact Conwed Plastics' revenues, and the drop in filtration product revenues in 2011 reflects greater sales during 2010 related to the 2010 gulf oil spill. In addition, revenues in some markets declined due to tighter inventory control by certain customers, loss of customers to competitors and general economic conditions. The turf, erosion control and agricultural markets reflect increased revenues during 2011, principally due to increases in market share and new customers.

Conwed Plastics' revenues increased in 2010 as compared to 2009 primarily in the erosion control, filtration, consumer products and turf reinforcement markets. While Conwed Plastics saw signs of improved economic conditions in those markets and benefited from certain new product launches and new uses of its products, its results continued to be negatively impacted by competitive pressures and customers closely managing their inventory.

The primary raw material in Conwed Plastics' products is a polypropylene resin, which is a byproduct of the oil refining process, whose price has historically fluctuated with the price of oil. Global demand for raw materials has also resulted in higher prices for polypropylene. Prices for polypropylene resin increased substantially in each annual period as compared to the preceding year, which adversely affected gross margin. The volatility of oil and natural gas prices along with current general economic conditions worldwide make it difficult to predict future raw material costs. Conwed Plastics believes that the increased competition for raw materials by foreign nations have and will continue to adversely impact raw material costs. In addition, gross margins declined in 2011 due to changes in product mix and in 2010 due to greater amortization expense for intangible assets.

Selling, general and other expenses in 2011 include losses of $1,404,000 related to the loss of a major customer and the sale of the plant in Mexico, and $634,000 of severance costs and professional fees related to employment matters.

Oil and Gas Drilling Services

A summary of results of operations for Keen for the years ended December 31, 2011 and 2010 and for the period from the date of acquisition (November 2009) through December 31, 2009 is as follows (in thousands). As more fully discussed above, prior to the date of acquisition Keen was accounted for under the equity method of accounting.

	2011	2010	2009
Revenues and other income	**$136,146**	$116,560	$60,459
Expenses:			
Direct operating expenses	**100,639**	93,281	8,830
Interest	**137**	1,234	188
Salaries and incentive compensation	**4,834**	3,406	398
Depreciation and amortization	**21,051**	25,447	3,103
Selling, general and other expenses	**5,952**	7,129	1,202
	132,613	130,497	13,721
Income (loss) before income taxes	**$ 3,533**	$ (13,937)	$46,738

Keen's revenue volume and profitability are significantly affected by the actual and anticipated price of natural gas and oil, levels of natural gas and oil in storage and the supply of drilling rigs available in the marketplace. The exploration and production industry is cyclical and the level of exploration and production activity has historically been very volatile. During periods of lower levels of drilling activity, price competition for drilling services tends to increase, which may result in reduced revenues and profitability; conversely, during periods of increased drilling activity, drilling rigs are in demand often resulting in higher prices and contractual commitments from customers to obtain exclusive use of a particular rig for a longer term. Keen's rig utilization and dayrates increased substantially during 2011 as compared to 2010, as the negative impact of low natural gas prices was mitigated by a greater proportion of Keen's customers using its rigs to drill for oil rather than natural gas. In January 2011, Keen sold its 12 older mechanical rigs and recognized a gain of $937,000. During 2010, these 12 rigs generated revenues of $20,733,000.

Although Keen's rig utilization and dayrates increased throughout 2010, its revenues and profitability were adversely impacted by continued low natural gas prices and high levels of natural gas in storage. The negative impact of lower

natural gas prices was partially offset by an increasing proportion of Keen's customers using its rigs to drill for oil rather than natural gas. Keen's revenues and profitability during 2009 were adversely affected by the same factors as during 2010, as well as by tight credit markets, which forced many of its customers to make significant reductions in their drilling programs. Revenues and other income for 2009 also reflect a gain of $49,345,000 resulting from the bargain purchase, as more fully discussed above.

Direct operating expenses reflected $31,930,000 and $30,774,000 in 2011 and 2010, respectively, of costs incurred for major maintenance and repair projects and, primarily in 2010, to make certain of its rigs operational following periods when they were not in use. Keen believes that as its rigs age, the cost to maintain and repair its equipment will increase. Direct operating expenses also reflected $2,968,000 of greater salaries and bonuses in 2011 as compared to 2010, primarily due to wage increases, and $2,680,000 of greater employee benefits, insurance and other compensation related costs. Salaries and incentive compensation expense increased in 2011 as compared to 2010, primarily due to greater accrued incentive bonus expense. Depreciation and amortization expense declined in 2011 as compared to 2010 principally due to the sale of certain rigs discussed above.

Gaming Entertainment

A summary of results of operations for Premier for the three years in the period ended December 31, 2011 is as follows (in thousands):

	2011	2010	2009
Revenues and other income	**$117,238**	$114,809	$103,583
Expenses:			
Direct operating expenses	**84,795**	83,075	79,452
Interest	**33**	244	489
Salaries and incentive compensation	**2,460**	2,459	1,977
Depreciation and amortization	**16,785**	16,657	16,532
Selling, general and other expenses	**549**	14,533	2,754
	104,622	116,968	101,204
Income (loss) before income taxes	**$ 12,616**	$ (2,159)	$ 2,379

Premier's gaming revenues increased 3% in 2011 as compared to 2010, principally due to slot machine revenue, which increased due to customer loyalty programs and enhancements, offset in part by a larger amount of table games payouts. During 2011, overall gaming revenues for the entire Biloxi market declined slightly as compared to 2010. Premier's gaming revenues for 2010 increased approximately 12% as compared to 2009, while the local gaming market was largely unchanged. Premier implemented new and enhanced customer loyalty programs, which it believes was the primary reason for the growth in its gaming revenues and market share.

The increase in direct operating expenses in 2011 as compared to 2010 primarily reflects greater marketing and promotional costs. The increase in direct operating expenses in 2010 as compared to 2009 primarily reflects greater gaming taxes and marketing and promotional costs.

Selling, general and other expenses for 2010 include a loss for the award of $11,200,000, including interest, to the former holders of Premier's bond debt as a result of a decision by the Bankruptcy Court for the Southern District of Mississippi. The Premier noteholders had argued that they were entitled to liquidated damages under the indenture governing the notes, and as such were entitled to more than the amount paid to them when Premier emerged from bankruptcy in 2007. Premier filed a notice of appeal of the Bankruptcy Court's decision and no amounts were paid while the appeal was pending. In April 2011, Premier entered into an agreement to settle the litigation with its former noteholders for $9,000,000. As a result, Premier reduced the liability for the award and credited selling, general and other expenses for $2,241,000 in 2011. All litigation with respect to Premier's chapter 11 restructuring has been settled.

Domestic Real Estate

A summary of results of operations for the domestic real estate segment for the three years in the period ended December 31, 2011 is as follows (in thousands):

	2011	2010	2009
Revenues and other income	**$96,501**	$ 17,075	$ 30,637
Expenses:			
Interest	**34**	2,034	2,322
Depreciation and amortization	**3,461**	6,163	8,408
Other operating expenses, including impairment charges described below	**12,087**	63,813	91,205
	15,582	72,010	101,935
Income (loss) before income taxes	**$80,919**	$(54,935)	$(71,298)

Pre-tax results for the domestic real estate segment are largely dependent upon the performance of the segment's operating properties, the current status of the Company's real estate development projects and non-recurring gains or losses recognized when real estate assets are sold. As a result, pre-tax results for this segment for any particular period are not predictable and do not follow any consistent pattern.

Revenues and other income in 2011 period include a gain on forgiveness of debt of $81,848,000 related to the Myrtle Beach project. As is more fully discussed above, in January 2011 a subsidiary of the Company paid $19,275,000 to the lenders of the Myrtle Beach project in full satisfaction of the project's non-recourse indebtedness, which had a balance of $100,524,000 at December 31, 2010. The Company had previously recorded impairment charges which reduced the carrying amount of this project of $47,074,000 in 2010 and $67,826,000 in 2009.

The Company did not have any major real estate sales during 2011 and 2010; revenues and other income for 2009 include real estate sales of $12,422,000. Revenues and other income in 2010 include a gain of $1,200,000 for the favorable settlement of an insurance claim and a lawsuit, and in 2009 include $962,000 of income related to the accounting for the mark-to-market value of an interest rate derivative relating to the Myrtle Beach project's debt obligation.

Other operating expenses also include impairment charges for real estate projects of $2,357,000 and $3,646,000 in 2010 and 2009, respectively. In 2009 other operating expenses also include a charge of $1,444,000 representing the net book value of land and buildings that was contributed to a local municipality and $1,787,000 for the periodic net settlement amount for the interest rate derivative.

Residential property sales volume, prices and new building starts have declined significantly in many U.S. markets, including markets in which the Company has real estate projects. The slowdown in residential sales has been exacerbated by the turmoil in the mortgage lending and credit markets during the past few years, which has resulted in stricter lending standards and reduced liquidity for prospective home buyers. The Company has deferred its development plans for certain of its real estate development projects, and is not actively soliciting bids for its fully developed projects. The Company intends to wait for market conditions to improve before marketing certain of its projects for sale.

Medical Product Development

A summary of results of operations for Sangart for the three years in the period ended December 31, 2011 is as follows (in thousands):

	2011	2010	2009
Revenues and other income	$ 378	$ 123	$ 5,147
Expenses:			
Salaries and incentive compensation	12,415	9,710	9,641
Depreciation and amortization	845	870	836
Selling, general and other expenses	29,814	14,986	18,488
	43,074	25,566	28,965
Loss before income taxes	$(42,696)	$(25,443)	$(23,818)

Revenues and other income for 2009 include $5,000,000 of insurance proceeds received upon the death of Sangart's former chief executive officer. Sangart's selling, general and other expenses include research and development costs of $22,130,000, $5,428,000 and $3,487,000 for the years ended December 31, 2011, 2010 and 2009, respectively. The increase in research and development costs in 2011 primarily related to preparation for and commencement of a larger Phase 2 clinical study of MP4OX in trauma patients, as well as $10,000,000 related to a new patent license.

Sangart's results reflect charges (reductions) to selling, general and other expenses of $(4,447,000), $261,000 and $3,102,000 in 2011, 2010 and 2009, respectively, related to share-based awards previously granted to a former officer. The fair value of these share-based awards increased during 2009 and 2010 but declined during 2011; accordingly, in 2011 Sangart reduced the liability and credited selling, general and other expenses. Salaries and incentive compensation expense increased in 2011 principally due to higher headcount.

Selling, general and other expenses in 2010 reflect $859,000 of lower professional fees, $734,000 of decreased costs for severance and $700,000 of greater royalty expense than for 2009. Selling, general and other expenses for 2009 included $1,892,000 of charges for manufacturing facility design costs that Sangart did not expect to use.

Sangart is a development stage company that does not have any revenues from product sales. During 2010, Sangart completed a Phase 2 proof of concept clinical trial of MP4OX in trauma patients in Europe and South Africa. Study results were considered to be successful and supported the conduct of a larger Phase 2 clinical study in trauma patients, which commenced in the second quarter of 2011. If this larger Phase 2 study were to be successful, Sangart would have to conduct Phase 3 clinical studies in trauma patients. Completing these studies will take several years at substantial cost, and until they are successfully completed, if ever, Sangart will not be able to request marketing approval and generate revenues from sales in the trauma market. Sangart also recently commenced a Phase 1b clinical study involving its MP4CO product to treat sickle cell disease patients. If this Phase 1b study were to be successful, Sangart would have to conduct Phase 2 and Phase 3 clinical studies in sickle cell disease patients, at substantial cost, prior to requesting marketing approval for the product. The Company is unable to predict when, if ever, it will report operating profits for this segment.

Other Operations

A summary of results of operations for other operations for the three years in the period ended December 31, 2011 is as follows (in thousands):

	2011	2010	2009
Revenues and other income	$ 69,038	$ 67,119	$ 51,764
Expenses:			
Interest	1	12	31
Salaries and incentive compensation	8,930	8,445	8,339
Depreciation and amortization	5,605	4,094	4,840
Selling, general and other expenses	78,876	72,055	64,988
	93,412	84,606	78,198
Loss before income taxes	$(24,374)	$(17,487)	$(26,434)

Other income for 2011 and 2010 includes $5,366,000 and $11,143,000, respectively, with respect to government grants to reimburse the Company for certain of its prior expenditures related to energy projects, which were fully expensed as incurred. The change in revenues and other income for 2011 and 2010 also reflects $14,592,000 and $2,834,000, respectively, of increased revenues at the winery operations. The change in revenues and other income for 2011 also reflect $4,540,000 of less income from a property rental business and $2,303,000 less income from purchased delinquent credit card receivables.

Selling, general and other expenses include $33,606,000, $26,776,000 and $23,546,000 for 2011, 2010 and 2009, respectively, related to the investigation and evaluation of energy projects (principally professional fees and other costs). Selling, general and other expenses for 2010 also reflect $4,326,000 for other operations' portion of a settlement charge in connection with the termination and settlement of the Company's frozen defined benefit pension plan, and a $3,000,000 charge for a settlement with certain insurance companies. The change in selling, general and other expenses for 2011 and 2010 as compared to the prior year also reflects $12,152,000 and $2,102,000, respectively, of greater costs at the winery operations, and for 2011 $1,412,000 of lower costs at the property rental business. Selling, general and other expenses also include charges of $1,513,000 and $4,712,000 for 2010 and 2009, respectively, at the winery operations to reduce the carrying amount of wine inventory.

Corporate

A summary of results of operations for corporate for the three years in the period ended December 31, 2011 is as follows (in thousands):

	2011	2010	2009
Revenues and other income (including net securities gains (losses))	**$906,480**	$744,337	$ 98,815
Expenses:			
Interest	**111,672**	121,285	125,724
Salaries and incentive compensation	**41,425**	60,464	45,659
Depreciation and amortization	**23,296**	20,979	18,441
Selling, general and other expenses	**81,226**	67,995	76,610
	257,619	270,723	266,434
Income (loss) before income taxes	**$648,861**	$473,614	$(167,619)

Net securities gains (losses) for Corporate aggregated $641,480,000, $179,494,000 and $(21,106,000) for the years ended December 31, 2011, 2010 and 2009, respectively. Net securities gains (losses) include gains of $628,197,000 and $94,918,000 for 2011 and 2010, respectively, resulting from the sale of a portion of the Company's investment in the common shares of Fortescue, and in 2010 include a gain of $66,200,000 from the sale of the Company's investment in LPH. Net securities gains (losses) are net of impairment charges of $3,586,000, $2,474,000 and $31,420,000 during 2011, 2010 and 2009, respectively. The Company's decision to sell securities and realize security gains or losses is generally based on its evaluation of an individual security's value at the time, the prospect for changes in its value in the future and/or the Company's liquidity needs. The decision could also be influenced by the status of the Company's tax attributes. The timing of realized security gains or losses is not predictable and does not follow any pattern from year to year.

Investment income increased $23,008,000 in 2011 as compared to 2010, principally due to cash dividends of $13,726,000 paid on Fortescue's common shares and greater investment income due to a larger amount of fixed income securities. Investment income declined $5,075,000 in 2010 as compared to 2009 principally due to lower interest rates.

Other income, which decreased $322,851,000 in 2011 as compared to 2010 and increased $449,997,000 in 2010 as compared to 2009, includes $214,455,000, $149,257,000 and $66,079,000 for 2011, 2010 and 2009, respectively, related to Fortescue's Pilbara iron ore and infrastructure project in Western Australia. The Company is entitled to receive 4% of the revenue, net of government royalties, invoiced from certain areas of Fortescue's project, which commenced production in May 2008. Depreciation and amortization expenses include prepaid mining interest

amortization of $11,800,000, $9,943,000 and $7,293,000 for 2011, 2010 and 2009, respectively, which is being amortized over time in proportion to the amount of ore produced. Other income in 2010 includes a gain on the sale of Las Cruces of $383,369,000, as discussed above. Other income for 2010 and 2009 also includes gains for legal settlements of $2,107,000 and $10,453,000, respectively, and for 2009 gains of $6,693,000 on the repurchase of certain of the Company's debt securities.

The decrease in interest expense primarily reflects decreased interest expense as a result of conversions of certain of the 3¾% Convertible Senior Subordinated Notes during 2009 and, as discussed above, repurchases of certain of the Company's debt securities during each of the last three years.

The change in salaries and incentive compensation for 2011 as compared to 2010 is principally due to lower accrued incentive bonus expense of $37,558,000, of which $23,459,000 related to the Company's Senior Executive Annual Incentive Bonus Plan, partially offset by greater share-based compensation expense. The change in salaries and incentive compensation for 2010 as compared to 2009 reflects greater accrued incentive bonus expense of $22,253,000, of which $5,600,000 related to the Company's Senior Executive Annual Incentive Bonus Plan, and lower share-based compensation expense. Bonus accruals under the Senior Executive Annual Incentive Bonus Plan are based on a percentage of pre-tax profits as defined in the plan. Other Corporate incentive bonuses are discretionary and not determined based on any mathematical formula. The Company recorded share-based compensation expense relating to grants made under the Company's senior executive warrant plan and the fixed stock option plan of $23,019,000, $4,067,000 and $10,905,000 in 2011, 2010 and 2009, respectively. Share-based compensation expense increased in 2011 as compared to 2010 principally due to the warrants granted under the Company's senior executive warrant plan in the second quarter of 2011. Share-based compensation expense declined for 2010 as compared to 2009 due to the warrants previously granted under the Company's senior executive warrant plan becoming fully vested.

Selling, general and other expenses include expenses related to the repurchase of certain of the Company's debt securities of $6,352,000 and $5,138,000 in 2011 and 2010, respectively. Selling, general and other expenses include costs for the investigation of investment opportunities and fees due for consummated transactions of $18,820,000 and $3,377,000 in 2011 and 2010, respectively, including $14,834,000 related to the acquisition of National Beef in 2011. Selling, general and other expenses for 2010 include $8,403,000 for Corporate's portion of the defined benefit pension plan settlement charge and an impairment charge of $1,449,000 for a corporate aircraft. Selling, general and other expenses for 2011 as compared to 2010 also reflects greater severance expense of $1,342,000, increased insurance expense of $1,326,000 and higher corporate aircraft expense of $1,029,000. The change in selling, general and other expenses during 2010 as compared to 2009 also reflects $28,300,000 of expenses incurred during 2009 related to the induced conversion of certain of the 3¾% Convertible Senior Subordinated Notes and higher corporate aircraft expense of $1,770,000 during 2010.

As discussed above, the income tax provision for 2010 reflects a credit of $1,157,111,000 as a result of the reversal of a portion of the valuation allowance for the net deferred tax asset. The Company adjusted the valuation allowance since it believes it is more likely than not that it will have future taxable income sufficient to realize a substantial portion of the net deferred tax asset. The tax provision for 2011 and 2010 also includes state and foreign income taxes, including withholding taxes on the FMG Note interest, of $21,445,000 and $14,926,000, respectively.

As of December 31, 2009, the Company had a full valuation allowance against its net federal deferred tax asset, including its available NOLs. As a result, the Company did not record any regular federal income tax expense for the year ended December 31, 2009. However, the Company had significant unrealized security gains reflected in accumulated other comprehensive income and in income related to associated companies. If these gains were realized, the Company would be able to use its NOLs to fully offset the federal income taxes that would be due, but the Company would have to pay federal minimum taxes. Although the payment of federal minimum taxes generates a minimum tax credit carryover, it would be fully reserved for in the net deferred tax asset valuation allowance. Accordingly, for the year ended December 31, 2009, the Company recorded provisions for deferred federal minimum taxes payable of $22,678,000 and $11,594,000 in accumulated other comprehensive income and income related to associated companies, respectively. In addition, income tax expense for the year ended December 31, 2009 includes state and foreign income taxes, including withholding taxes on the FMG Note interest of $10,655,000.

The Worker, Homeownership, and Business Assistance Act of 2009 provided taxpayers a special election for extended net operating loss carryback benefits, and with respect to any net operating loss for which the election was made,

eliminated the limitation that applies to using the NOL to reduce alternative minimum taxable income. In 2010, the Internal Revenue Service provided additional guidance with respect to application of the law, and the Company made the election with respect to its 2008 NOL. As a result, approximately $1,940,000,000 of the NOLs referred to above can be used to fully offset federal minimum taxable income, and no federal regular or minimum income tax would be payable on such income. During 2010, the Company reversed deferred federal minimum tax liabilities which had been recorded in prior periods of $11,594,000 to income related to associated companies and $22,678,000 to accumulated other comprehensive income.

The income tax provision reflects the reversal of tax reserves aggregating $600,000 and $2,000,000 for the years ended December 31, 2010 and 2009, respectively, as a result of the expiration of the applicable statute of limitations and the favorable resolution of various state and federal income tax contingencies.

Associated Companies

Income (losses) related to associated companies includes the following for the years ended December 31, 2011, 2010 and 2009 (in thousands):

	2011	2010	2009
Jefferies	**$(668,282)**	$157,873	$469,820
Mueller	**(6,093)**	–	–
ACF	–	183,572	376,490
Berkadia	**29,033**	16,166	20,811
Garcadia	**19,996**	14,424	(25,668)
JHYH	**11,211**	20,053	37,249
Linkem	**(2,243)**	–	–
HomeFed	**1,410**	1,108	882
Keen	–	–	(45,475)
Las Cruces	–	(16,159)	1,046
Other	**2,606**	(2,016)	(29,352)
Income (losses) related to associated companies before income taxes	**(612,362)**	375,021	805,803
Income tax (expense) benefit	**218,321**	5,745	(25,567)
Income (losses) related to associated companies, net of taxes	**$(394,041)**	$380,766	$780,236

The Company elected the fair value option to account for its investments in Jefferies, Mueller and ACF, with changes in market values reflected directly in earnings. The Company sold its investment in ACF in 2010.

Berkadia acquired its commercial mortgage origination and servicing business pursuant to an Asset Put Agreement ("APA") entered into between Berkadia and the seller in September 2009. The seller paid Berkadia $40,000,000 for the right to require Berkadia to purchase the business pursuant to the terms of the APA. The seller subsequently filed for bankruptcy protection under chapter 11 of title 11 of the United States Bankruptcy Code and exercised the put option. Although there were other parties interested in purchasing portions of the commercial mortgage origination and servicing business, Berkadia's offer was the only offer for the entire business, which eliminated the seller's risk of having to dispose of the remaining business. In addition, Berkadia's offer included a provision to hire the employees operating the business, thereby saving the seller material employment related expenses.

Berkadia applied the acquisition method to account for the purchase and recorded the assets and liabilities acquired at fair value, which were principally mortgage servicing rights, mortgage loans and servicer advances. The fair values of the net assets acquired exceeded the amount paid, principally due to the amount received as a put premium and the reasons identified above. The excess was treated as a bargain purchase and recognized as a gain on the date of acquisition. The Company's share of the bargain purchase gain was $24,423,000, which is reflected in the table for 2009.

The Company's equity in losses of Garcadia for 2009 includes impairment charges for goodwill and other intangible assets aggregating $32,348,000.

The Company owns approximately 31.4% of HomeFed, a California real estate development company, which it acquired in 2002. The Company's share of HomeFed's reported earnings fluctuates with the level of real estate sales activity at HomeFed's development projects.

The Company's equity in losses of Keen includes impairment charges of $36,544,000 in 2009. Keen became a consolidated subsidiary in November 2009.

The Company's equity investment in Las Cruces was sold in 2010.

Discontinued Operations

Domestic Real Estate

In August 2010 the Company sold its operating retail shopping center in Long Island, New York and recorded a pre-tax and after tax gain on sale of discontinued operations of $4,526,000. Historical operating results for this business were not significant.

Property Management and Services

In September 2010 the Company sold ResortQuest, recognized a pre-tax and after tax gain on sale of discontinued operations of $35,367,000 and classified its historical operating results as a discontinued operation. Pre-tax income of ResortQuest was $13,552,000 for the year ended December 31, 2010 and was not significant in 2009.

Telecommunications

In October 2010 the Company sold STi Prepaid, recognized a pre-tax and after-tax gain on sale of discontinued operations of $21,104,000 and classified its historical operating results as a discontinued operation. During 2011, additional final payments were received from the buyer and the Company recognized a gain from discontinued operations of $9,669,000. Pre-tax income of STi Prepaid was $1,863,000 and $354,000 for the years ended December 31, 2010 and 2009, respectively.

Other Operations

In 2010 the Company classified its power production business that burns waste biomass to produce electricity as a held for sale discontinued operation and recorded a charge of $25,321,000 to reduce the carrying amount of the business to its fair value. Pre-tax losses of this business, including the impairment charge, were $3,722,000, $36,917,000 and $10,280,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

Other

During the years ended December 31, 2011, 2010 and 2009, the Company received distributions of $4,690,000, $11,640,000 and $11,253,000, respectively, from Empire, a subsidiary of the Company that had been classified as a discontinued operation in 2001 and fully written-off. For income tax purposes, the payments are treated as non-taxable distributions paid by a subsidiary.

The Company sold WilTel in December 2005. During 2009, the Company received 636,300 of its common shares in connection with the resolution of a lawsuit related to WilTel and recorded income from discontinued operations of $15,222,000 based on the market value of the common shares. These shares were originally issued in connection with the acquisition of WilTel in 2003, and had been held in a fund for certain claims made against WilTel prior to the Company's ownership. The resolution of the lawsuit found that the claimants were not entitled to the shares and they were returned to the Company.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk.

The following includes "forward-looking statements" that involve risk and uncertainties. Actual results could differ materially from those projected in the forward-looking statements.

The Company's market risk arises principally from interest rate risk related to its investment portfolio and its borrowing activities and equity price risk.

The Company's investment portfolio is primarily classified as available for sale, and consequently, is recorded on the balance sheet at fair value with unrealized gains and losses reflected in equity. Included in the Company's available for sale investment portfolio are fixed income securities, which comprised approximately 35% of the Company's total investment portfolio at December 31, 2011. These fixed income securities are primarily rated "investment grade" or are U.S. governmental agency issued or U.S. Government-Sponsored Enterprises. The estimated weighted average remaining life of these fixed income securities was approximately 4.3 years at December 31, 2011. The Company's fixed income securities, like all fixed income instruments, are subject to interest rate risk and will fall in value if market interest rates increase. At December 31, 2010, fixed income securities comprised approximately 31% of the Company's total investment portfolio and had an estimated weighted average remaining life of 3.1 years.

Also included in the Company's available for sale investment portfolio are equity securities, which are recorded on the balance sheet at an aggregate fair value of $1,364,659,000 (aggregate cost of $666,801,000) and which comprised approximately 57% of the Company's total investment portfolio at December 31, 2011. The majority of this amount consists of two publicly traded securities; the investment in Fortescue common shares, which is carried at fair value of $569,256,000, and the investment in Inmet, which is carried at fair value of $708,193,000. The Company evaluates its investments for impairment on a quarterly basis.

The Company is also subject to price risk related to its investments in Jefferies and Mueller for which it has elected the fair value option. At December 31, 2011, these investments are classified as investments in associated companies and carried at fair values of $797,583,000 for Jefferies and $400,446,000 for Mueller.

The Company is subject to interest rate risk on its long-term fixed interest rate debt. Generally, the fair market value of debt securities with a fixed interest rate will increase as interest rates fall, and the fair market value will decrease as interest rates rise.

The following table provides information about the Company's financial instruments used for purposes other than trading that are primarily sensitive to changes in interest rates. For investment securities and debt obligations, the table presents principal cash flows by expected maturity dates. For the variable rate borrowings, the weighted average interest rates are based on implied forward rates in the yield curve at the reporting date. For securities and liabilities with contractual maturities, the table presents contractual principal cash flows adjusted for the Company's historical experience and prepayments of mortgage-backed securities.

For additional information, see Notes 6, 13 and 25 of Notes to Consolidated Financial Statements.

	Expected Maturity Date							
	2012	2013	2014	2015	2016	Thereafter	Total	Fair Value
	(Dollars in thousands)							
Rate Sensitive Assets:								
Available for Sale Fixed Income Securities:								
U.S. Government and agencies	$139,952	$ –	$ –	$ –	$ –	$ –	$ 139,952	$ 139,952
Weighted-Average Interest Rate	.03%							
U.S. Government-Sponsored Enterprises	$ 94,342	$ 79,607	$65,259	$ 54,738	$ 46,649	$281,596	$ 622,191	$ 622,191
Weighted-Average Interest Rate	2.78%	2.76%	2.71%	2.68%	2.65%	2.61%		
Other Fixed Maturities:								
Rated Investment Grade	$ 6,760	$ 4,132	$23,363	$ 764	$ 676	$ 3,836	$ 39,531	$ 39,531
Weighted-Average Interest Rate	3.59%	2.30%	5.00%	5.88%	5.89%	5.95%		
Rated Less Than Investment Grade/Not Rated	$ 6,332	$ 15,044	$ 4,706	$ 4,016	$ 459	$ 2,173	$ 32,730	$ 32,730
Weighted-Average Interest Rate	7.12%	7.02%	5.53%	6.25%	5.41%	5.41%		
Rate Sensitive Liabilities:								
Fixed Interest Rate Borrowings	$418,350	$407,496	$98,104	$454,413	$ –	$511,344	$1,889,707	$1,959,015
Weighted-Average Interest Rate	3.17%	7.32%	7.60%	7.67%	7.39%	8.51%		
Variable Interest Rate Borrowings	$ 29,262	$ 38,559	$39,307	$ 40,430	$283,918	$ 2,000	$ 433,476	$ 433,476
Weighted-Average Interest Rate	2.05%	2.40%	2.67%	3.13%	3.66%	4.13%		
Off-Balance Sheet Items:								
Unused Lines of Credit	$ –	$ –	$ –	$ –	$134,921	$ –	$ 134,921	$ 134,921
Weighted-Average Interest Rate	2.05%	2.40%	2.67%	3.13%	3.66%			

Item 8. Financial Statements and Supplementary Data.

Financial Statements and supplementary data required by this Item 8 are set forth at the pages indicated in Item 15(a) below.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

Item 9A. Controls and Procedures.

Evaluation of disclosure controls and procedures

The Company's management evaluated, with the participation of the Company's principal executive and principal financial officers, the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of December 31, 2011. Based on their evaluation, the Company's principal executive and principal financial officers concluded that the Company's disclosure controls and procedures were effective as of December 31, 2011.

Changes in internal control over financial reporting

There has been no change in the Company's internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the Company's fiscal quarter ended December 31, 2011, that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) or 15d-15(f) promulgated under the Securities Exchange Act of 1934. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and disposition of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the consolidated financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2011. In making this assessment, the Company's management used the criteria established in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As permitted by the SEC, the Company has excluded from this assessment of internal control over financial reporting the internal control over financial reporting of National Beef, which was acquired on December 30, 2011. National Beef represents approximately 19% of consolidated assets at December 31, 2011.

Based on our assessment and those criteria, management concluded that, as of December 31, 2011, the Company's internal control over financial reporting was effective.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2011 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein in Item 8.

Item 9B. Other Information.

Not applicable.

PART III

Item 10. Directors, Executive Officers of the Registrant and Corporate Governance.

The information to be included under the caption "Election of Directors", "Information Concerning the Board of Directors and Board Committees", "Executive Compensation – Section 16(a) Beneficial Ownership Reporting Compliance" and "Audit Committee Report" in the Company's definitive proxy statement to be filed with the Commission pursuant to Regulation 14A of the Exchange Act in connection with the 2012 annual meeting of shareholders of the Company (the "Proxy Statement") is incorporated herein by reference. In addition, reference is made to Item 10 in Part I of this Report.

Item 11. Executive Compensation.

The information to be included under the caption "Executive Compensation" in the Proxy Statement is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Shareholder Matters.

The information to be included under the caption "Information on Stock Ownership" in the Proxy Statement is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence.

The information to be included under the captions "Director Independence", and "Certain Relationships and Related Person Transactions" under the heading "Information Concerning The Board of Directors and Board Committees" in the Proxy Statement is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services.

The information to be included under the caption "Independent Accounting Firm Fees" in the Proxy Statement is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a)(1) Financial Statements.

Report of Independent Registered Public Accounting Firm F-1
Financial Statements:
Consolidated Balance Sheets at December 31, 2011 and 2010 ..... F-2
Consolidated Statements of Operations for the years ended December 31, 2011, 2010 and 2009 ..... F-3
Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009 ..... F-5
Consolidated Statements of Changes in Equity for the years ended December 31, 2011, 2010 and 2009 ..... F-7
Notes to Consolidated Financial Statements F-9

(2) Financial Statement Schedule.

Schedule II – Valuation and Qualifying Accounts F-56

(3) See Item 15(b) below for a complete list of Exhibits to this Report, including Executive Compensation Plans and Arrangements.

(b) Exhibits.

We will furnish any exhibit upon request made to our Corporate Secretary, 315 Park Avenue South, New York, NY 10010. We charge $.50 per page to cover expenses of copying and mailing.

All documents referenced below were filed pursuant to the Securities Exchange Act of 1934 by the Company, file number 1-5721, unless otherwise indicated.

3.1 Restated Certificate of Incorporation (filed as Exhibit 5.1 to the Company's Current Report on Form 8-K dated July 14, 1993).*

3.2 Certificate of Amendment of the Certificate of Incorporation dated as of May 14, 2002 (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 (the "2003 10-K")).*

3.3 Certificate of Amendment of the Certificate of Incorporation dated as of December 23, 2002 (filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2002).*

3.4 Amended and Restated By-laws as amended through March 2, 2009 (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated March 3, 2009).*

3.5 Certificate of Amendment of the Certificate of Incorporation dated as of May 13, 2004 (filed as Exhibit 3.5 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2004).*

3.6 Certificate of Amendment of the Certificate of Incorporation dated as of May 17, 2005 (filed as Exhibit 3.6 to the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 (the "2005 10-K")).*

3.7 Certificate of Amendment of the Certificate of Incorporation dated as of May 23, 2007 (filed as Exhibit 4.7 to the Company's Registration Statement on Form S-8 (No. 333-143770)).*

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* Incorporated by reference.

4.1 The Company undertakes to furnish the Securities and Exchange Commission, upon written request, a copy of all instruments with respect to long-term debt not filed herewith.

10.1 1999 Stock Option Plan as Amended and Restated (filed as Exhibit 99.1 to the Company's Registration Statement on Form S-8 (No. 333-169377)).*+

10.2 Form of Grant Letter for the 1999 Stock Option Plan (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed on February 24, 2012 (the "February 24, 2012 8-K")).*+

10.3 Amended and Restated Shareholders Agreement dated as of June 30, 2003 among the Company, Ian M. Cumming and Joseph S. Steinberg (filed as Exhibit 10.5 to the 2003 10-K).*+

10.4 Services Agreement, dated as of January 1, 2004, between the Company and Ian M. Cumming (filed as Exhibit 10.37 to the 2005 10-K).*

10.5 Services Agreement, dated as of January 1, 2004, between the Company and Joseph S. Steinberg (filed as Exhibit 10.38 to the 2005 10-K).*

10.6 Leucadia National Corporation 2003 Senior Executive Annual Incentive Bonus Plan, as amended May 16, 2006 (filed as Annex A to the Company's Proxy Statement dated April 17, 2006).*+

10.7 Employment Agreement made as of June 30, 2005 by and between the Company and Ian M. Cumming (filed as Exhibit 99.1 to the Company's Current Report on Form 8-K dated July 13, 2005 (the "July 13, 2005 8-K")).*+

10.8 Employment Agreement made as of June 30, 2005 by and between the Company and Joseph S. Steinberg (filed as Exhibit 99.2 to the July 13, 2005 8-K).*+

10.9 Exhibit 1 to the Agreement and Plan of Reorganization between the Company and TLC Associates, dated February 23, 1989 (filed as Exhibit 3 to Amendment No. 12 to the Schedule 13D dated December 29, 2004 of Ian M. Cumming and Joseph S. Steinberg with respect to the Company).*

10.10 Amendment No. 1, dated as of May 16, 2006, to the Amended and Restated Shareholders Agreement dated as of June 30, 2003, by and among Ian M. Cumming, Joseph S. Steinberg and the Company (filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2006). *+

10.11 Subscription Agreement, dated as of July 15, 2006, by and among FMG Chichester Pty Ltd, the Company, and Fortescue Metals Group Ltd (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2006 (the "3rd Quarter 2006 10-Q")).*

10.12 Amending Agreement, dated as of August 18, 2006, by and among FMG Chichester Pty Ltd, the Company and Fortescue Metals Group Ltd (filed as Exhibit 10.2 to the 3rd Quarter 2006 10-Q).*

10.13 Compensation Information Concerning Non-Employee Directors (filed under Item 1.01 of the Company's Current Report on Form 8-K dated May 22, 2006).*

10.14 Leucadia National Corporation 2011 Senior Executive Warrant Plan (filed as Annex A to the Company's Proxy Statement dated April 13, 2011).*+

10.15 Form of Common Share Purchase Warrant (filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011 (the "2nd Quarter 2011 10-Q")).*+

+ Management/Employment Contract or Compensatory Plan or Arrangement.

* Incorporated by reference.

10.16 Master Agreement for the Formation of a Limited Liability Company dated as of February 28, 2007, among Jefferies Group, Inc., Jefferies & Company, Inc. and Leucadia National Corporation (filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2007 (the "1st Quarter 2007 10-Q")).*

10.17 Amended and Restated Limited Liability Company Agreement of Jefferies High Yield Holdings, LLC, dated as of April 2, 2007, by and among Jefferies Group, Inc., Jefferies & Company, Inc., Leucadia National Corporation, Jefferies High Yield Partners, LLC, Jefferies Employees Opportunity Fund LLC and Jefferies High Yield Holdings, LLC (filed as Exhibit 10.5 to the 1st Quarter 2007 10-Q).*

10.18 Deferred Compensation and Salary Continuation Agreement, dated March 2, 1977 by and between Terracor, a Utah Corporation and Ian M. Cumming (filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2009 (the "1st Quarter 2009 10-Q")).*+

10.19 First Amendment to Deferred Compensation and Salary Continuation Agreement, dated May 24, 1996 by and between the Company, as successor to Terracor, and Ian M. Cumming (filed as Exhibit 10.2 to the 1st Quarter 2009 10-Q).*+

10.20 Asset Put Agreement, dated September 2, 2009, among Berkadia III, LLC, Capmark Financial Group, Inc., Capmark Finance Inc. and Capmark Capital Inc., and solely with respect to Sections 2.5, 10.5, 10.7, 10.11, 10.16 and 10.17, Berkshire Hathaway Inc. and Leucadia National Corporation (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K/A filed on May 12, 2010).*

10.21 Credit Agreement dated as of December 10, 2009 among Berkadia Commercial Mortgage LLC and BH Finance LLC (filed as Exhibit 10.1 to the 2nd Quarter 2011 10-Q).*

10.22 Guaranty, dated as of December 10, 2009, by Leucadia National Corporation in favor of BH Finance LLC, in its own capacity as the lender under the Credit Agreement, dated as of December 10, 2009, among Berkadia Commercial Mortgage LLC and BH Finance LLC, and on behalf of each of the other Secured Parties under (and as defined in) the Credit Agreement (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed on December 14, 2009).*

10.23 Letter Agreement, dated March 1, 2010, between the Corporation and Justin R. Wheeler (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed March 5, 2010).*+

10.24 Letter Agreement, dated June 22, 2010, between the Corporation and Thomas E. Mara/Joseph A. Orlando (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed June 22, 2010).*+

10.25 Shareholder Support and Voting Agreement dated as of July 21, 2010, among General Motors Holdings LLC, Goalie Texas Holdco Inc., Leucadia National Corporation, Phlcorp, Inc., Baldwin Enterprises, Inc., BEI Arch Holdings, LLC and BEI-Longhorn, LLC (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed July 22, 2010).*

10.26 Amendment No. 1 to Credit Agreement dated as of October 29, 2010 among Berkadia Commercial Mortgage LLC, BH Finance LLC and Baldwin Enterprises, Inc. (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed November 5, 2010).*

10.27 Participation Agreement dated as of October 29, 2010 between Baldwin Enterprises, Inc. and BH Finance LLC (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed November 5, 2010).*

10.28 Amendment No. 1 to Guaranty dated as of October 29, 2010 made by Leucadia National Corporation in favor of BH Finance LLC in its own capacity as a lender under the Credit Agreement referred to therein and on behalf of each of the other Secured Parties under the Credit Agreement (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed November 5, 2010).*

+ Management/Employment Contract or Compensatory Plan or Arrangement.

* Incorporated by reference.

10.29 Share Purchase Agreement dated November 29, 2010, among Leucadia National Corporation, MK Resources LLC and Inmet Mining Corporation (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed December 1, 2010).*

10.30 Note Purchase Agreement dated November 29, 2010, among Leucadia National Corporation, Inmet Mining Corporation and Inmet Finance Company SARL (filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed December 1, 2010).*

10.31 Registration Rights Agreement by and among Inmet Mining Corporation and the Investors Named Herein dated as of August 22, 2005 (filed as Exhibit 10.3 to the Company's Current Report on Form 8-K filed December 1, 2010).*

10.32 Membership Interest Purchase Agreement among Leucadia National Corporation, National Beef Packing Company, LLC, U.S. Premium Beef, LLC, NBPCo Holdings, LLC, TKK Investments, LLC, TMKCo, LLC and TMK Holdings, LLC (filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed December 30, 2011 (the "December 30, 2011 8-K")).*

10.33 First Amended and Restated Limited Liability Company Agreement of National Beef Packing Company, dated as of December 30, 2011 (filed as Exhibit 10.1 to the December 30, 2011 8-K).*

10.34 Amended and Restated Credit Agreement by and between National Beef Packing Company, LLC, certain of its subsidiaries, the lenders party thereto, Coöperatieve Centrale Raiffeisen Boerenleenbank B.A., "Rabobank Nederland," New York Branch, U.S. Bank National Association, Bank of America, N.A., Bank of Montreal and CoBank, ACB, dated as of June 4, 2010 (filed as Exhibit 10.2 to the December 30, 2011 8-K).*

10.35 First Amendment to Amended and Restated Credit Agreement by and among National Beef Packing Company, LLC, certain of its subsidiaries, the lenders party thereto and CoBank, ACB, dated as of June 4, 2010 (filed as Exhibit 10.3 to the December 30, 2011 8-K).*

10.36 Limited Waiver and Second Amendment by and among National Beef Packing Company, LLC, certain of its subsidiaries, the lenders party thereto and CoBank, ACB, dated as of July 7, 2011 (filed as Exhibit 10.4 to the December 30, 2011 8-K).*

10.37 Third Amendment to the Amended and Restated Credit Agreement and Limited Consent by and among National Beef Packing Company, LLC, certain of its subsidiaries, the lenders party thereto and CoBank, ACB, dated as of December 5, 2011 (filed as Exhibit 10.5 to the December 30, 2011 8-K).*

10.38 Cattle Purchase and Sale Agreement by and between National Beef Packing Company, LLC and U.S. Premium Beef, LLC, dated as of December 30, 2011 (filed as Exhibit 10.6 to the December 30, 2011 8-K).*

10.39 Information Concerning Executive Compensation (filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed January 9, 2012).*+

10.40 General Termination and Release dated as of December 31, 2011 by and among Berkadia Commercial Mortgage LLC, BH Finance LLC, Baldwin Enterprises, Inc., Berkadia Commercial Mortgage Inc. and Leucadia National Corporation (filed as Exhibit 10.2 to the February 24, 2012 8-K).

10.41 Agreement of Terms dated as of December 31, 2011 between Leucadia National Corporation and Berkshire Hathaway Inc. (filed as Exhibit 10.1 to the February 24, 2012 8-K).

21 Subsidiaries of the registrant.

+ Management/Employment Contract or Compensatory Plan or Arrangement.

* Incorporated by reference.

23.1 Consent of PricewaterhouseCoopers LLP, with respect to the incorporation by reference into the Company's Registration Statements on Form S-8 (No. 333-169377), Form S-8 (No. 333-51494), Form S-8 (No. 333-143770), and Form S-3 (No. 333-169379).

23.2 Consent of independent auditors from Deloitte & Touche LLP, with respect to the inclusion in this Annual Report on Form 10-K of the financial statements of AmeriCredit Corp. and with respect to the incorporation by reference in the Company's Registration Statements on Form S-8 (No. 333-169377), Form S-8 (No. 333-51494), Form S-8 (No. 333-143770), and Form S-3 (No. 333-169379).

23.3 Consent of independent auditors from KPMG LLP, with respect to the inclusion in this Annual Report on Form 10-K of the financial statements of Jefferies Group, Inc. and with respect to the incorporation by reference in the Company's Registration Statements on Form S-8 (No. 333-169377), Form S-8 (No. 333-51494), Form S-8 (No. 333-143770), and Form S-3 (No. 333-169379).

23.4 Consent of independent auditors from Deloitte & Touche LLP, with respect to the inclusion in this Annual Report on Form 10-K of the financial statements of Jefferies Group, Inc. and with respect to the incorporation by reference in the Company's Registration Statements on Form S-8 (No. 333-169377), Form S-8 (No. 333-51494), Form S-8 (No. 333-143770), and Form S-3 (No. 333-169379).

31.1 Certification of Chairman of the Board and Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of President pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.3 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of Chairman of the Board and Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

32.2 Certification of President pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

32.3 Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.**

101 Financial statements from the Annual Report on Form 10-K of Leucadia National Corporation for the year ended December 31, 2011, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Changes in Shareholders Equity, (v) the Notes to Consolidated Financial Statements and (vi) Financial Statement Schedule II – Valuation and Qualifying Accounts.

(c) Financial statement schedules.

(1) AmeriCredit Corp. financial statements as of and for the years ended June 30, 2010 and 2009.

(2) Jefferies Group, Inc. financial statements as of November 30, 2011 and 2010, and for the years ended November 30, 2011 and December 31, 2009, and for the eleven month period ended November 30, 2010.

** Furnished herewith pursuant to item 601(b) (32) of Regulation S-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LEUCADIA NATIONAL CORPORATION

February 27, 2012 By: /s/Barbara L. Lowenthal
Barbara L. Lowenthal
Vice President and Comptroller

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated, on the date set forth below.

Date	Signature	Title
February 27, 2012	By: /s/ Ian M. Cumming Ian M. Cumming	Chairman of the Board (Principal Executive Officer)
February 27, 2012	By: /s/ Joseph S. Steinberg Joseph S. Steinberg	President and Director (Principal Executive Officer)
February 27, 2012	By: /s/ Joseph A. Orlando Joseph A. Orlando	Vice President and Chief Financial Officer (Principal Financial Officer)
February 27, 2012	By: /s/ Barbara L. Lowenthal Barbara L. Lowenthal	Vice President and Comptroller (Principal Accounting Officer)
February 27, 2012	By: /s/ Paul M. Dougan Paul M. Dougan	Director
February 27, 2012	By: /s/ Alan J. Hirschfield Alan J. Hirschfield	Director
February 27, 2012	By: /s/ James E. Jordan James E. Jordan	Director
February 27, 2012	By: /s/ Jeffrey C. Keil Jeffrey C. Keil	Director
February 27, 2012	By: /s/ Jesse Clyde Nichols, III Jesse Clyde Nichols, III	Director
February 27, 2012	By: /s/ Michael Sorkin Michael Sorkin	Director

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and
Shareholders of Leucadia National Corporation:

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of Leucadia National Corporation and its subsidiaries (the "Company") at December 31, 2011 and 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedule listed in the index appearing under Item 15(a)(2) presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedule, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control over Financial Reporting" appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedule, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in "Management's Report on Internal Control Over Financial Reporting," management has excluded National Beef Packing Company, LLC from its assessment of internal control over financial reporting as of December 31, 2011 because it was acquired by the Company during 2011. We have also excluded National Beef Packing Company, LLC from our audit of internal control over financial reporting. National Beef Packing Company, LLC is a consolidated subsidiary whose total assets represent 19% of the related consolidated assets as of December 31, 2011.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
New York, New York
February 27, 2012

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2011 and 2010
(Dollars in thousands, except par value)

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents	**$ 168,490**	$ 441,340
Investments	**150,135**	264,572
Trade, notes and other receivables, net	**369,123**	150,328
Inventory	**354,578**	58,280
Current deferred tax asset	**144,281**	–
Prepaids and other current assets	**66,872**	71,070
Total current assets	**1,253,479**	985,590
Non-current investments ($432,768 and $413,858 collateralizing current liabilities)	**2,226,875**	3,832,659
Intangible assets, net and goodwill	**876,589**	42,636
Deferred tax asset, net	**1,440,605**	1,175,558
Other assets	**420,157**	452,321
Property, equipment and leasehold improvements, net	**1,053,689**	587,371
Investments in associated companies ($1,198,029 and $1,314,227 measured using fair value option)	**1,991,795**	2,274,163
Total	**$9,263,189**	$9,350,298
Liabilities		
Current liabilities:		
Trade payables and expense accruals	**$ 386,544**	$ 176,592
Other current liabilities	**42,976**	27,468
Securities sold under agreements to repurchase	**417,479**	401,121
Debt due within one year	**30,133**	142,659
Total current liabilities	**877,132**	747,840
Other non-current liabilities	**96,316**	90,608
Long-term debt	**1,875,571**	1,548,469
Total liabilities	**2,849,019**	2,386,917
Commitments and contingencies		
Redeemable noncontrolling interests in subsidiary	**235,909**	–
Equity		
Common shares, par value $1 per share, authorized 600,000,000 shares; 244,582,588 and 243,808,147 shares issued and outstanding, after deducting 47,006,711 and 47,525,707 shares held in treasury	**244,583**	243,808
Additional paid-in capital	**1,570,684**	1,542,964
Accumulated other comprehensive income	**912,421**	1,687,363
Retained earnings	**3,446,708**	3,482,623
Total Leucadia National Corporation shareholders' equity	**6,174,396**	6,956,758
Noncontrolling interest	**3,865**	6,623
Total equity	**6,178,261**	6,963,381
Total	**$9,263,189**	$9,350,298

The accompanying notes are an integral part of these consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Operations

For the years ended December 31, 2011, 2010 and 2009

(In thousands, except per share amounts)

	2011	2010	2009
Revenues and Other Income:			
Manufacturing	**$ 244,918**	$ 259,841	$ 224,460
Oil and gas drilling services	**133,782**	116,542	11,102
Gaming entertainment	**117,217**	114,763	103,495
Investment and other income	**433,375**	649,364	257,257
Net securities gains (losses)	**641,476**	179,494	(21,106)
	1,570,768	1,320,004	575,208
Expenses:			
Manufacturing cost of sales	**215,963**	224,303	196,967
Direct operating expenses:			
Oil and gas drilling services	**100,639**	93,281	8,830
Gaming entertainment	**84,795**	83,075	79,452
Interest	**111,877**	124,809	128,754
Salaries and incentive compensation	**83,171**	98,433	79,837
Depreciation and amortization	**75,480**	78,675	56,795
Selling, general and other expenses	**217,855**	248,425	265,727
	889,780	951,001	816,362
Income (loss) from continuing operations before income taxes and income (losses) related to associated companies	**680,988**	369,003	(241,154)
Income tax provision (benefit):			
Current	**30,326**	17,793	7,108
Deferred	**239,927**	(1,157,111)	–
	270,253	(1,139,318)	7,108
Income (loss) from continuing operations before income (losses) related to associated companies	**410,735**	1,508,321	(248,262)
Income (losses) related to associated companies, net of income tax provision (benefit) of $(218,321), $(5,745) and $25,567	**(394,041)**	380,766	780,236
Income from continuing operations	**16,694**	1,889,087	531,974
Income (loss) from discontinued operations, net of income tax provision (benefit) of $(1,009), $0 and $35	**1,977**	(9,848)	16,621
Gain on disposal of discontinued operations, net of income tax provision of $3,384, $0 and $0	**6,285**	60,997	–
Net income	**24,956**	1,940,236	548,595
Net (income) loss attributable to the noncontrolling interest	**275**	(924)	1,685
Net income attributable to Leucadia National Corporation common shareholders	**$ 25,231**	$ 1,939,312	$ 550,280

(continued)

The accompanying notes are an integral part of these consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations, continued
For the years ended December 31, 2011, 2010 and 2009
(In thousands, except per share amounts)

	2011	2010	2009
Basic earnings (loss) per common share attributable to Leucadia National Corporation common shareholders:			
Income from continuing operations	**$.07**	$7.77	$2.21
Income (loss) from discontinued operations	**.01**	(.04)	.07
Gain on disposal of discontinued operations	**.02**	.24	–
Net income	**$.10**	$7.97	$2.28
Diluted earnings (loss) per common share attributable to Leucadia National Corporation common shareholders:			
Income from continuing operations	**$.07**	$7.66	$2.18
Income (loss) from discontinued operations	**.01**	(.04)	.07
Gain on disposal of discontinued operations	**.02**	.23	–
Net income	**$.10**	$7.85	$2.25
Amounts attributable to Leucadia National Corporation common shareholders:			
Income from continuing operations, net of taxes	**$16,969**	$1,891,352	$533,659
Income (loss) from discontinued operations, net of taxes	**1,977**	(9,848)	16,621
Gain on disposal of discontinued operations, net of taxes	**6,285**	57,808	–
Net income	**$25,231**	$1,939,312	$550,280

The accompanying notes are an integral part of these consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2011, 2010 and 2009

(In thousands)

	2011	2010	2009
Net cash flows from operating activities:			
Net income	$ 24,956	$ 1,940,236	$ 548,595
Adjustments to reconcile net income to net cash provided by (used for) operations:			
Deferred income tax provision (benefit)	22,424	(1,166,417)	19,612
Depreciation and amortization of property, equipment and leasehold improvements	68,059	78,975	61,946
Other amortization	27,174	25,755	24,431
Share-based compensation	23,264	4,260	11,106
Excess tax benefit from exercise of stock options	(242)	(189)	(15)
Provision for doubtful accounts	750	3,003	2,615
Net securities (gains) losses	(641,476)	(179,494)	21,106
(Income) losses related to associated companies	612,362	(375,021)	(805,803)
Distributions from associated companies	39,716	454,094	36,692
Net (gains) losses related to real estate, property and equipment, and other assets	(95,687)	(320,274)	46,074
Income related to Fortescue's Pilbara project, net of proceeds received	(24,222)	22,887	(66,079)
Bargain purchase gain related to Keen	–	–	(49,345)
Common shares received in connection with lawsuit resolution	–	–	(15,222)
(Gain) loss on buyback of debt	6,352	5,138	(6,693)
Loss on debt conversion	–	–	25,990
(Gain) loss on disposal of discontinued operations	(9,669)	(60,997)	–
Change in estimated litigation reserve	(2,241)	14,099	–
Pension plan settlement charge	–	12,728	–
Investments classified as trading, net	–	–	(1,132)
Net change in:			
Restricted cash	1,601	(473)	(115)
Trade, notes and other receivables	92	(11,496)	14,222
Prepaids and other assets	(7,248)	(3,470)	11,679
Trade payables and expense accruals	(7,418)	36,608	(13,778)
Other liabilities	(34,459)	(29,603)	358
Deferred revenue	(476)	(16,972)	(16,670)
Income taxes payable	6,091	(466)	17,462
Other	(619)	(1,645)	(434)
Net cash provided by (used for) operating activities	9,084	431,266	(133,398)
Net cash flows from investing activities:			
Acquisition of property, equipment and leasehold improvements	(38,586)	(44,344)	(23,566)
Acquisitions of and capital expenditures for real estate investments	(8,032)	(8,173)	(10,095)
Proceeds from disposals of real estate, property and equipment, and other assets	26,434	155,961	26,158
Proceeds from (payments related to) disposal of discontinued operations, net of expenses and cash of operations sold	10,922	59,380	–
Acquisitions, net of cash acquired	(1,019,041)	(11,261)	(3,134)
Proceeds from lawsuits and other settlements	–	3,565	9,500
Net change in restricted cash	10,519	717	655
Advances on notes and other receivables	(4,511)	(8,595)	(4,172)
Collections on notes, loans and other receivables	19,392	22,062	28,835
Investments in associated companies	(700,624)	(322,730)	(282,271)
Capital distributions and loan repayment from associated companies	323,936	503,519	105,735
Purchases of investments (other than short-term)	(3,532,925)	(1,779,821)	(2,235,140)
Proceeds from maturities of investments	506,061	284,873	344,724
Proceeds from sales of investments	4,227,660	939,821	2,114,177
Other	3,498	(3,692)	565
Net cash provided by (used for) investing activities	(175,297)	(208,718)	71,971

(continued)

The accompanying notes are an integral part of these consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows, continued
For the years ended December 31, 2011, 2010 and 2009
(In thousands)

	2011	2010	2009
Net cash flows from financing activities:			
Issuance of debt, net of issuance costs	**$ 93,116**	$211,695	$ 50,122
Reduction of debt	**(144,558)**	(94,999)	(42,966)
Purchase of interest in subsidiary by noncontrolling interest	**7,500**	–	–
Premium paid on debt conversion	**–**	–	(25,990)
Issuance of common shares	**7,126**	11,295	958
Purchase of common shares for treasury	**(155)**	(18)	–
Excess tax benefit from exercise of stock options	**242**	189	15
Dividends paid	**(61,146)**	(60,952)	–
Other	**(8,762)**	(2,546)	(4,087)
Net cash provided by (used for) financing activities	**(106,637)**	64,664	(21,948)
Net increase (decrease) in cash and cash equivalents	**(272,850)**	287,212	(83,375)
Cash and cash equivalents at January 1, including cash classified as current assets of discontinued operations	**441,340**	154,128	237,503
Cash and cash equivalents at December 31, including cash classified as current assets of discontinued operations	**$ 168,490**	$441,340	$154,128
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	**$ 112,771**	$123,857	$129,598
Income tax payments (refunds), net	**$ 26,175**	$ 22,227	$ (4,364)
Non-cash financing activities:			
Issuance of common shares for debt conversion	**$ –**	$ –	$123,529

The accompanying notes are an integral part of these consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2011, 2010 and 2009

(In thousands, except par value and per share amounts)

	Leucadia National Corporation Common Shareholders						
	Common Shares $1 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Subtotal	Noncontrolling Interest	Total
Balance, January 1, 2009	$238,499	$1,413,595	$ (29,280)	$1,053,983	$2,676,797	$18,594	$2,695,391
Comprehensive income:							
Net change in unrealized gain (loss) on investments, net of tax provision of $36,348			1,010,162		1,010,162		1,010,162
Net change in unrealized foreign exchange gain (loss), net of tax provision of $51			3,602		3,602		3,602
Net change in unrealized gain (loss) on derivative instruments, net of tax provision of $16			1,125		1,125		1,125
Net change in pension liability and postretirement benefits, net of tax benefit of $8			(577)		(577)		(577)
Net income				550,280	550,280	(1,685)	548,595
Comprehensive income					1,564,592	(1,685)	1,562,907
Contributions from noncontrolling interests						899	899
Distributions to noncontrolling interests						(4,986)	(4,986)
Change in interest in consolidated subsidiary		(28)			(28)	28	–
Share-based compensation expense		11,106			11,106		11,106
Issuance of common shares for debt conversion	5,378	118,151			123,529		123,529
Common shares received from lawsuit resolution	(636)	(14,686)			(15,322)		(15,322)
Exercise of options to purchase common shares, including excess tax benefit	47	926			973		973
Balance, December 31, 2009	243,288	1,529,064	985,032	1,604,263	4,361,647	12,850	4,374,497
Comprehensive income:							
Net change in unrealized gain (loss) on investments, net of tax benefit of $25,129			715,593		715,593		715,593
Net change in unrealized foreign exchange gain (loss), net of tax benefit of $97			(7,862)		(7,862)		(7,862)
Net change in unrealized gain (loss) on derivative instruments, net of tax provision of $4			306		306		306
Net change in pension liability and postretirement benefits, net of tax provision of $377			(5,706)		(5,706)		(5,706)
Net income				1,939,312	1,939,312	924	1,940,236
Comprehensive income					2,641,643	924	2,642,567
Contributions from noncontrolling interests						1,424	1,424
Distributions to noncontrolling interests						(14,757)	(14,757)
Change in interest in consolidated subsidiary		(1,306)			(1,306)	6,182	4,876
Share-based compensation expense		4,260			4,260		4,260
Exercise of options to purchase common shares, including excess tax benefit	521	10,963			11,484		11,484
Purchase of common shares for treasury	(1)	(17)			(18)		(18)
Dividends ($.25 per common share)				(60,952)	(60,952)		(60,952)

(continued)

The accompanying notes are an integral part of these consolidated financial statements.

LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity, continued

For the years ended December 31, 2011, 2010 and 2009

(In thousands, except par value and per share amounts)

	Leucadia National Corporation Common Shareholders						
	Common Shares $1 Par Value	Additional Paid-In Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Subtotal	Noncontrolling Interest	Total
Balance, December 31, 2010 ...	$243,808	$1,542,964	$1,687,363	$3,482,623	$6,956,758	$ 6,623	$6,963,381
Comprehensive loss:							
Net change in unrealized gain (loss) on investments, net of tax benefit of $417,299			(751,606)		(751,606)		(751,606)
Net change in unrealized foreign exchange gain (loss), net of tax provision of $372			670		670		670
Net change in pension liability and postretirement benefits, net of tax benefit of $13,329			(24,006)		(24,006)		(24,006)
Net income				25,231	25,231	(275)	24,956
Comprehensive loss					(749,711)	(275)	(749,986)
Contributions from noncontrolling interests						660	660
Distributions to noncontrolling interests						(5,843)	(5,843)
Change in interest in consolidated subsidiary		(1,982)			(1,982)	2,700	718
Share-based compensation expense		23,264			23,264		23,264
Exercise of warrants to purchase common shares	523	(523)			–		–
Exercise of options to purchase common shares, including excess tax benefit	256	7,112			7,368		7,368
Purchase of common shares for treasury	(4)	(151)			(155)		(155)
Dividends ($.25 per common share)				(61,146)	(61,146)		(61,146)
Balance, December 31, 2011 ...	$244,583	$1,570,684	$ 912,421	$3,446,708	$6,174,396	$ 3,865	$6,178,261

The accompanying notes are an integral part of these consolidated financial statements.

1. Nature of Operations:

The Company is a diversified holding company engaged through its consolidated subsidiaries in a variety of businesses, including beef processing, manufacturing, land based contract oil and gas drilling, gaming entertainment, real estate activities, medical product development and winery operations. The Company also has significant investments in the common stock of Jefferies Group, Inc. ("Jefferies"), a full service investment bank and Mueller Industries, Inc. ("Mueller"), a leading manufacturer of copper, brass, plastic, and aluminum products, both of which are accounted for at fair value. The Company owns equity interests in operating businesses which are accounted for under the equity method of accounting, including a broker-dealer engaged in making markets and trading of high yield and special situation securities, and a commercial mortgage origination and servicing business. The Company continuously evaluates the retention and disposition of its existing operations and investments and frequently investigates the acquisition of new businesses. Changes in the mix of the Company's businesses and investments should be expected.

The beef processing operations are conducted by National Beef Packing Company, LLC ("National Beef"), the Company's 78.9% owned subsidiary, which was acquired on December 30, 2011. Since National Beef's operating activities subsequent to the acquisition during 2011 were not significant they have not been included in the Company's 2011 consolidated statement of operations. National Beef processes, packages and delivers fresh and frozen beef and beef by-products for sale to customers in the U.S. and international markets. National Beef's products include boxed beef, ground beef, hides, tallow, and other beef and beef by-products. The products are marketed to retailers, food service providers, distributors, further processors, and the U.S. military. National Beef is based in Kansas City, Missouri and operates three beef processing facilities, two case-ready facilities and a wet blue tanning facility, all located in the U.S.

The manufacturing operations are conducted through Idaho Timber, LLC ("Idaho Timber") and Conwed Plastics, LLC ("Conwed Plastics"). Idaho Timber's principal product lines include remanufacturing dimension lumber; remanufacturing, bundling and bar coding of home center boards for large retailers; and production of 5/4" radius-edge, pine decking. Idaho Timber also manufactures and/or distributes a number of other specialty wood products. Idaho Timber operates nine facilities located in the U.S.

Conwed Plastics manufactures and markets lightweight plastic netting used for a variety of purposes including, among other things, building and construction, erosion control, packaging, agricultural, carpet padding, filtration and consumer products. Conwed Plastics manufacturing segment has four domestic manufacturing facilities, and it owns and operates a manufacturing and sales facility in Belgium.

The Company's land based contract oil and gas drilling operations are conducted by Keen Energy Services, LLC ("Keen"). Keen is based in Stillwater, Oklahoma and provides drilling services to independent oil and natural gas exploration and production companies in the Mid-Continent Region of the U.S.

The gaming entertainment business is conducted through Premier Entertainment Biloxi LLC ("Premier"). Premier owns the Hard Rock Hotel & Casino Biloxi ("Hard Rock Biloxi") located in Biloxi, Mississippi.

The domestic real estate operations include a mixture of commercial properties, residential land development projects and other unimproved land.

The Company's medical product development operations are conducted through its majority-owned subsidiary, Sangart, Inc. ("Sangart"). Sangart is developing a product called MP4OX, which is a solution of cell-free hemoglobin administered intravenously to provide rapid oxygen delivery to oxygen deprived tissues.

The winery operations consist of four wineries, Pine Ridge Vineyards in Napa Valley, California, Archery Summit in the Willamette Valley of Oregon, Chamisal Vineyards in the Edna Valley of California and Seghesio Family Vineyards in Healdsburg, California, and a vineyard development project in the Columbia Valley of Washington. The wineries primarily produce and sell wines in the premium, ultra premium and luxury segments of the premium table wine market.

Certain amounts for prior periods have been reclassified to be consistent with the 2011 presentation.

2. Significant Accounting Policies:

(a) ***Critical Accounting Estimates:*** The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires the Company to make estimates and assumptions that affect the reported amounts in the financial statements and disclosures of contingent assets and liabilities. On an on-going basis, the Company evaluates all of these estimates and assumptions. The following areas have been identified as critical accounting estimates because they have the potential to have a significant impact on the Company's financial statements, and because they are based on assumptions which are used in the accounting records to reflect, at a specific point in time, events whose ultimate outcome won't be known until a later date. Actual results could differ from these estimates.

Income Taxes–The Company records a valuation allowance to reduce its net deferred tax asset to the net amount that is more likely than not to be realized. If in the future the Company determines that it is more likely than not that the Company will be able to realize its net deferred tax asset in excess of its net recorded amount, an adjustment to increase the net deferred tax asset would increase income in such period. If in the future the Company were to determine that it would not be able to realize all or part of its recorded net deferred tax asset, an adjustment to decrease the net deferred tax asset would be charged to income in such period. The Company is required to consider all available evidence, both positive and negative, and to weight the evidence when determining whether a valuation allowance is required and the amount of such valuation allowance. Generally, greater weight is required to be placed on objectively verifiable evidence when making this assessment, in particular on recent historical operating results.

During 2010, the Company realized significant gains from the sale of certain investments, recorded significant unrealized gains in the fair values of other investments and began to experience modest improvement in the operating results in some business segments. Additionally, the Company's cumulative taxable income for recent years became a positive amount, reflecting the realized gains on the sales of AmeriCredit Corp. ("ACF") and Cobre Las Cruces, S.A. ("Las Cruces") during the fourth quarter of 2010. With this recent positive evidence the Company gave greater weight to its revised projections of future taxable income, which consider significant unrealized gains in its investment portfolio, and to its long-term historical ability to generate significant amounts of taxable income when assessing the amount of its required valuation allowance. As a result, the Company was able to conclude that it is more likely than not that it will have future taxable income sufficient to realize a significant portion of the Company's net deferred tax asset; accordingly, $1,157,111,000 of the deferred tax valuation allowance was reversed as a credit to income tax expense on December 31, 2010. In addition to its projections of future taxable income, the Company is relying upon the sale of investments that have unrealized gains before the NOLs expire and the corresponding reversal of related deferred tax liabilities to realize a portion of its net deferred tax asset.

The Company's estimate of future taxable income considers all available evidence, both positive and negative, about its operating businesses and investments, included an aggregation of individual projections for each significant operating business and investment, estimated apportionment factors for state and local taxing jurisdictions and included all future years that the Company estimated it would have available net operating loss carryforwards ("NOLs") (until 2029). The Company believes that its estimate of future taxable income is reasonable but inherently uncertain, and if its current or future operations and investments generate taxable income different than the projected amounts, further adjustments to the valuation allowance are possible. In addition to the reversal of deferred tax liabilities related to unrealized gains, the Company will need to generate approximately $4,600,000,000 of future U.S. pre-tax income to fully realize its net deferred tax asset. The current balance of the deferred tax valuation allowance principally reserves for NOLs of certain subsidiaries that are not available to offset income generated by other members of the Company's consolidated tax return group.

The Company also records reserves for contingent tax liabilities based on the Company's assessment of the probability of successfully sustaining its tax filing positions.

Impairment of Long-Lived Assets–The Company evaluates its long-lived assets for impairment whenever events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. When testing for impairment, the Company groups its long-lived assets with other assets and liabilities

2. Significant Accounting Policies, continued:

at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities (or asset group). The determination of whether an asset group is recoverable is based on management's estimate of undiscounted future cash flows directly attributable to the asset group as compared to its carrying value. If the carrying amount of the asset group is greater than the undiscounted cash flows, an impairment loss would be recognized for the amount by which the carrying amount of the asset group exceeds its estimated fair value.

One of the Company's real estate subsidiaries (MB1) had been the owner and developer of a mixed use real estate project located in Myrtle Beach, South Carolina. The project was comprised of a retail center with approximately 346,000 square feet of retail space, 41,000 square feet of office space and 195 residential apartment rental units. The acquisition and construction costs were funded by capital contributed by the Company and nonrecourse indebtedness with a balance of $100,524,000 at December 31, 2010, that was collateralized by the real estate.

During the second quarter of 2009, MB1 was unable to make scheduled payments under its interest rate swap agreement and received several default notices under its bank loan. These events constituted a change in circumstances that caused the Company to evaluate whether the carrying amount of MB1's real estate asset was recoverable. The Company prepared cash flow models and utilized a discounted cash flow technique to determine the fair value of MB1's real estate. The most significant assumptions in the Company's cash flow models were the discount rate (11%) and the capitalization rate used to estimate the selling price of the retail center (9%); these rates were selected based on published reports of market conditions for similar properties. Based on its evaluation, the Company recorded an impairment charge of $67,826,000 during the second quarter of 2009 (classified as selling, general and other expenses). Although MB1's bank loan matured in October 2009, it was not repaid since MB1 did not have sufficient funds and the Company was under no obligation to provide the funds to MB1 to pay off the loan.

During the second quarter of 2010, MB1 entered into an agreement with its lenders under which, among other things, MB1 agreed not to interfere with or oppose foreclosure proceedings and the lenders agreed to release MB1 and various guarantors of the loan. A receiver was put in place at the property, foreclosure proceedings commenced and an auction of the property was conducted; however, the Company was informed during the fourth quarter of 2010 that the highest bidder for the property failed to close. In December 2010, the Company was invited to make a bid for the property, with the condition that a foreclosure sale to the Company must close as soon as possible without any due diligence period, which new bidders for the property would require. A subsidiary of the Company offered $19,275,000 for the property (including net working capital amounts); the offer was accepted and the foreclosure sale closed on January 7, 2011.

As a result of the failure of the initial buyer to purchase the property and the subsequent sale to the Company in 2011, the Company concluded that the carrying value of the property was further impaired at December 31, 2010; accordingly, the Company recorded an additional impairment charge in 2010 of $47,074,000 to reflect the property at its fair value of $18,094,000. At closing in 2011, MB1 was released from any remaining liability under the bank loan; accordingly, the remaining balance due after payment of the purchase price ($81,848,000) was recognized in other income in 2011. Including the cash paid in the foreclosure sale, the Company's cumulative net cash investment in this project is $85,595,000.

There were no significant impairment charges recorded during 2011. During 2010, the Company recorded impairment charges in selling, general and other expenses of $2,357,000 for another real estate project and $1,449,000 in the corporate segment for one of its corporate aircraft that was later sold. In 2009, the Company recorded impairment charges in selling, general and other expenses of $2,563,000 related to its manufacturing segment (primarily Idaho Timber) and $3,646,000 related to its real estate segment.

Current economic conditions have adversely affected most of the Company's operations and investments. A worsening of current economic conditions or a prolonged recession could cause a decline in estimated future cash flows expected to be generated by the Company's operations and investments. If future undiscounted cash flows are estimated to be less than the carrying amounts of the asset groups used to generate those cash flows in subsequent

2. Significant Accounting Policies, continued:

reporting periods, particularly for those with large investments in intangible assets and property and equipment (for example, beef processing, manufacturing, gaming entertainment, land based contract oil and gas drilling operations, real estate and certain associated company investments), impairment charges would have to be recorded.

Impairment of Equity Method Investments–The Company evaluates equity method investments for impairment when operating losses or other factors may indicate a decrease in value which is other than temporary. For investments in investment partnerships that are accounted for under the equity method, the Company obtains from the investment partnership financial statements, net asset values and other information on a quarterly basis and annual audited financial statements. On a quarterly basis, the Company also makes inquiries and discusses with investment managers whether there were significant procedural, valuation, composition and other changes at the investee. Since these investment partnerships record their underlying investments at fair value, after application of the equity method the carrying value of the Company's investment is equal to its share of the investees' underlying net assets at their fair values. Absent any unusual circumstances or restrictions concerning these investments, which would be separately evaluated, it is unlikely that any additional impairment charge would be required.

For equity method investments in operating businesses, the Company considers a variety of factors including economic conditions nationally and in their geographic areas of operation, adverse changes in the industry in which they operate, declines in business prospects, deterioration in earnings, increasing costs of operations and other relevant factors specific to the investee. Whenever the Company believes conditions or events indicate that one of these investments might be significantly impaired, the Company will obtain from such investee updated cash flow projections and impairment analyses of the investee assets. The Company will use this information and, together with discussions with the investee's management, evaluate if the book value of its investment exceeds its fair value, and if so and the situation is deemed other than temporary, record an impairment charge.

The Company has a joint venture agreement with Garff Enterprises, Inc., pursuant to which the joint venture has acquired various automobile dealerships ("Garcadia"). During the second quarter of 2009, the Company's equity in losses of Garcadia included impairment charges for goodwill and other intangible assets aggregating $32,348,000. Garcadia's automobile dealerships had been adversely impacted by general economic conditions, and the bankruptcy filings by two of the three largest U.S. automobile manufacturers was a change in circumstances that caused Garcadia to evaluate the recoverability of its goodwill and other intangible assets. Garcadia prepared discounted cash flow projections for each of its dealerships and concluded that the carrying amount of its goodwill and other intangible assets was impaired.

Impairment of Securities–Declines in the fair value of equity securities considered to be other than temporary and declines in the fair values of debt securities related to credit losses are reflected in net securities gains (losses) in the consolidated statements of operations. The Company evaluates its investments for impairment on a quarterly basis.

The Company's determination of whether a security is other than temporarily impaired incorporates both quantitative and qualitative information; GAAP requires the exercise of judgment in making this assessment, rather than the application of fixed mathematical criteria. The various factors that the Company considers in making its determination are specific to each investment. For publicly traded debt and equity securities, the Company considers a number of factors including, but not limited to, the length of time and the extent to which the fair value has been less than cost, the financial condition and near term prospects of the issuer, the reason for the decline in fair value, changes in fair value subsequent to the balance sheet date, the ability and intent to hold investments to maturity, and other factors specific to the individual investment. For investments in private equity funds and non-public securities, the Company bases its determination upon financial statements, net asset values and/or other information obtained from fund managers or investee companies.

The Company recorded the following impairment charges for securities in the consolidated statement of operations during the three year period ended December 31, 2011 (in thousands):

2. Significant Accounting Policies, continued:

	2011	2010	2009
Publicly traded securities	**$3,243**	$ –	$14,384
Non-public securities and private equity funds	**8**	767	2,224
Non-agency mortgage-backed bond securitizations	**335**	1,707	14,812
Totals	**$3,586**	$2,474	$31,420

The Company's assessment involves a high degree of judgment and accordingly, actual results may differ significantly from the Company's estimates and judgments.

Credit Quality of Financing Receivables and Allowance for Credit Losses–The Company's operating subsidiaries do not provide financing to their customers in the ordinary course of business. However, the Company does have a 13 year unsecured zero-coupon note of FMG Chichester Pty Ltd ("FMG"), which had a balance of $40,801,000 at December 31, 2011 (see Note 6), that meets the accounting definition of a finance receivable. The Company exercises judgment in evaluating the credit risk and collectability of this note. This assessment was made prior to the inception of the credit exposure and continues to be made at regular intervals. The various factors that the Company considers in making its assessment include the current and projected financial condition of FMG, the Company's collection experience and the length of time until the note becomes due. As a result of its assessment, the Company concluded that an allowance for credit losses was not required as of December 31, 2011.

Business Combinations–At acquisition, the Company allocates the cost of a business acquisition to the specific tangible and intangible assets acquired and liabilities assumed based upon their fair values. Significant judgments and estimates are often made by the Company's management to determine these values, and may include the use of appraisals, consideration of market quotes for similar transactions, use of discounted cash flow techniques or consideration of other information the Company believes to be relevant. The finalization of the purchase price allocation will typically take a number of months to complete, and if final values are significantly different from initially recorded amounts adjustments to prior periods may be required. Any excess of the cost of a business acquisition over the fair values of the net assets and liabilities acquired is recorded as goodwill, which is not amortized to expense. If the fair values of the net assets and liabilities acquired are greater than the purchase price, the excess is treated as a bargain purchase and recognized in income. Recorded goodwill of a reporting unit is required to be tested for impairment on an annual basis, and between annual testing dates if events or circumstances change that would more likely than not reduce the fair value of a reporting unit below its net book value. At December 31, 2011, the book value of goodwill was $18,119,000 and was not impaired.

Subsequent to the finalization of the purchase price allocation, any adjustments to the recorded values of acquired assets and liabilities would be reflected in the Company's consolidated statement of operations. Once final, the Company is not permitted to revise the allocation of the original purchase price, even if subsequent events or circumstances prove the Company's original judgments and estimates to be inaccurate. In addition, long-lived assets recorded in a business combination like property and equipment, intangibles and goodwill may be deemed to be impaired in the future resulting in the recognition of an impairment loss. The assumptions and judgments made by the Company when recording business combinations will have an impact on reported results of operations for many years into the future.

Use of Fair Value Estimates–Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Further, a fair value hierarchy prioritizes inputs to valuation techniques into three broad levels. The fair value hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1), the next priority to inputs that don't qualify as Level 1 inputs but are nonetheless observable, either directly or indirectly, for the particular asset or liability (Level 2), and the lowest priority to unobservable inputs (Level 3).

Over 92% of the Company's investment portfolio is classified as available for sale securities, which are carried at estimated fair value in the Company's consolidated balance sheet. The estimated fair values are principally based

2. Significant Accounting Policies, continued:

on publicly quoted market prices (Level 1 inputs), which can rise or fall in reaction to a wide variety of factors or events, and as such are subject to market-related risks and uncertainties. The Company has a segregated portfolio of mortgage pass-through certificates issued by U.S. Government-Sponsored Enterprises (FHLMC or FNMA), which are carried on the balance sheet at their estimated fair value of $622,191,000 at December 31, 2011. Although the markets that these types of securities trade in are generally active, market prices are not always available for the identical security. The fair value of these investments are based on observable market data including benchmark yields, reported trades, issuer spreads, benchmark securities, bids and offers. These estimates of fair value are considered to be Level 2 inputs, and the amounts realized from the disposition of these investments has not been significantly different from their estimated fair values.

The Company also has a segregated portfolio of non-agency mortgage-backed securities which are carried on the balance sheet at their estimated fair value of $39,839,000 at December 31, 2011. Although these securities trade in brokered markets, the market for these securities is sometimes inactive. The fair values of these investments are based on bid and ask prices, quotes obtained from independent market makers and pricing services. These estimates of fair values are also considered to be Level 2 inputs.

Contingencies–The Company accrues for contingent losses when the contingent loss is probable and the amount of loss can be reasonably estimated. Estimates of the likelihood that a loss will be incurred and of contingent loss amounts normally require significant judgment by management, can be highly subjective and are subject to significant change with the passage of time as more information becomes available. Estimating the ultimate impact of litigation matters is inherently uncertain, in particular because the ultimate outcome will rest on events and decisions of others that may not be within the power of the Company to control. The Company does not believe that any of its current litigation will have a significant adverse effect on its consolidated financial position, results of operations or liquidity; however, if amounts paid at the resolution of litigation are in excess of recorded reserve amounts, the excess could be significant in relation to results of operations for that period. As of December 31, 2011, the Company's accrual for contingent losses was not significant.

(b) ***Consolidation Policy:*** The consolidated financial statements include the accounts of the Company, all variable interest entities of which the Company or a subsidiary is the primary beneficiary, and all majority-controlled entities that are not variable interest entities. The Company considers special allocations of cash flows and preferences, if any, to determine amounts allocable to noncontrolling interests. All intercompany transactions and balances are eliminated in consolidation.

Associated companies include equity interests in other entities that are accounted for under the equity method of accounting. These include investments in corporations that the Company does not control but has the ability to exercise significant influence and investments in limited partnerships in which the Company's interest is more than minor.

(c) ***Cash Equivalents:*** The Company considers short-term investments, which have maturities of less than three months at the time of acquisition, to be cash equivalents. Cash and cash equivalents include short-term investments of $2,691,000 and $310,901,000 at December 31, 2011 and 2010, respectively.

(d) ***Investments:*** At acquisition, marketable debt and equity securities are designated as either i) held to maturity, which are carried at amortized cost, ii) trading, which are carried at estimated fair value with unrealized gains and losses reflected in results of operations, or iii) available for sale, which are carried at estimated fair value with unrealized gains and losses reflected as a separate component of equity, net of taxes. Equity securities that do not have readily determinable fair values are carried at cost. The cost of securities sold is based on average cost. Held to maturity investments are made with the intention of holding such securities to maturity, which the Company has the ability to do.

(e) ***Property, Equipment and Leasehold Improvements:*** Property, equipment and leasehold improvements are stated at cost, net of accumulated depreciation and amortization. Depreciation and amortization are provided principally on the straight-line method over the estimated useful lives of the assets or, if less, the term of the underlying lease.

2. Significant Accounting Policies, continued:

(f) ***Revenue Recognition:*** Revenues are recognized when the following conditions are met: (1) collectibility is reasonably assured; (2) title to the product has passed or the service has been rendered and earned; (3) persuasive evidence of an arrangement exists; and (4) there is a fixed or determinable price. National Beef's revenues are recognized based on the terms of the sale, which for beef processing operations is typically upon delivery to customers. Manufacturing revenues are recognized when title passes, which for Idaho Timber is generally upon the customer's receipt of the goods and for Conwed Plastics upon shipment of goods. Gaming entertainment revenues consist of casino gaming, hotel, food and beverage, and entertainment revenues. Casino gaming revenue is the aggregate of gaming wins and losses, reduced for the cash value of rewards earned by customers based on their level of play on slot machines. Hotel, food and beverage, and entertainment revenues are recognized as services are performed. Revenue from the sale of real estate is generally recognized when title passes; however, if the Company is obligated to make improvements to the real estate subsequent to closing, a portion of revenues are deferred and recognized under the percentage of completion method of accounting. Drilling revenues from daywork contracts are recognized based on the days completed at the dayrate specified by the contracts.

(g) ***Inventories and Cost of Sales:*** National Beef's inventories consist primarily of meat products and supplies, and are stated at the lower of cost or market, with cost principally determined under the first-in-first-out method for meat products and average cost for supplies.

Manufacturing inventories are stated at the lower of cost or market, with cost principally determined under the first-in-first-out method. Manufacturing cost of sales principally includes product and manufacturing costs, inbound and outbound shipping costs and handling costs.

Direct operating expenses for gaming entertainment include expenses relating to casino gaming, hotel, food and beverage, and entertainment, which primarily consists of employees' compensation and benefits, cost of sales related to food and beverage sales, marketing and advertising, gaming taxes, insurance, supplies, license fees and royalties. Direct operating expenses for oil and gas drilling services primarily consist of employees' compensation and benefits, drilling supplies and parts, maintenance and repairs, truck and rig fuel and equipment rental.

(h) ***Research and Development Costs:*** Research and development costs are expensed as incurred.

(i) ***Income Taxes:*** The Company provides for income taxes using the liability method. The Company records interest and penalties, if any, with respect to uncertain tax positions as components of income tax expense.

(j) ***Derivative Financial Instruments:*** The Company reflects its derivative financial instruments in its balance sheet at fair value. National Beef uses futures and forward contracts in order to reduce its exposure to changing commodity prices. In addition, the Company has from time to time utilized derivative financial instruments to manage the impact of changes in interest rates on certain debt obligations, hedge net investments in foreign subsidiaries and manage foreign currency risk on certain available for sale securities; however, none are currently outstanding. Although the Company believes that its derivative financial instruments help mitigate certain market risks, they do not meet the effectiveness criteria under GAAP, and therefore are not accounted for as hedges.

(k) ***Translation of Foreign Currency:*** Foreign currency denominated investments and financial statements are translated into U.S. dollars at current exchange rates, except that revenues and expenses are translated at average exchange rates during each reporting period; resulting translation adjustments are reported as a component of shareholders' equity. Net foreign exchange transaction losses were $202,000 for 2011, $511,000 for 2010 and $335,000 for 2009.

(l) ***Share-Based Compensation:*** The cost of all share-based payments to employees, including grants of employee stock options and warrants, is recognized in the financial statements based on their fair values. The cost is recognized as an expense over the vesting period of the award. The fair value of each award is estimated at the date of grant using the Black-Scholes option pricing model.

2. Significant Accounting Policies, continued:

(m) ***Related Party Transactions:*** National Beef regularly enters into various transactions with an affiliate of NBPCo Holdings, LLC ("NBPCo Holdings"), and has entered into a cattle supply agreement with U.S. Premium Beef, LLC ("USPB"); entities that sold a substantial portion of their ownership in National Beef to the Company and are the owners of redeemable noncontrolling interests in National Beef. National Beef sells product to and purchases material from a company affiliated with NBPCo Holdings in the ordinary course of business; transactions are based upon prevailing market prices on terms that could be obtained from an unaffiliated party. National Beef and USPB are parties to a cattle supply agreement pursuant to which National Beef has agreed to purchase through USPB from the members of USPB 735,385 head of cattle per year (subject to adjustment), based on pricing grids furnished by National Beef to the members of USPB. National Beef believes the pricing grids are based on terms that could be obtained from an unaffiliated party. The cattle supply agreement is for an initial five year term, with automatic one year extensions on each annual anniversary date of the Company's acquisition of National Beef, unless either party provides a notice not to extend sixty days prior to the annual anniversary date.

(n) ***Recently Issued Accounting Standards:*** In April 2011, the Financial Accounting Standards Board ("FASB") issued guidance to improve the accounting for repurchase agreements and other agreements that both entitle and obligate a transferor to repurchase or redeem financial assets before their maturity. The amendments remove from the assessment of effective control the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed terms, even in the event of default by the transferee, and the collateral maintenance implementation guidance related to that criterion. The guidance, which is effective for the first interim or annual period beginning on or after December 15, 2011, is not expected to have a significant impact on the Company's consolidated financial statements.

In May 2011, the FASB issued guidance to improve the comparability of fair value measurements presented and disclosed in financial statements issued in accordance with GAAP and International Financial Reporting Standards. The amendment includes requirements for measuring fair value and for disclosing information about fair value measurements, but does not require additional fair value measurements and is not intended to establish valuation standards or affect valuation practices outside of financial reporting. The guidance, which is effective during interim or annual periods beginning after December 15, 2011, is not expected to have a significant impact on the Company's consolidated financial statements.

In June 2011, the FASB issued amended guidance on the presentation of comprehensive income. This amendment eliminates the current option to report other comprehensive income and its components in the statement of changes in equity; instead, it requires the presentation of comprehensive income, the components of net income and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This amendment, which must be applied retrospectively, is effective for fiscal years and interim periods beginning after December 15, 2011, and early adoption is permitted. Adoption of this amendment will change the presentation of the Company's consolidated financial statements but will not have any impact on its consolidated financial position, results of operations or cash flows.

In September 2011, the FASB issued guidance to simplify how entities test for goodwill impairment. This amendment permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. The guidance, which is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011, is not expected to have a significant impact on the Company's consolidated financial statements.

3. Acquisitions:

National Beef

In December 2011, the Company acquired a controlling interest in National Beef for aggregate net cash consideration of $867,869,000. Pursuant to a membership interest purchase agreement among the Company, National Beef, USPB, NBPCo Holdings, TKK Investments, LLC ("TKK"), TMKCo, LLC ("TMKCo") and TMK Holdings ("TMK"), the following transactions occurred in sequence on the closing date. TKK, TMKCo and TMK are entities controlled by the chief executive officer of National Beef.

(a) The Company purchased 76.1% of National Beef from USPB and NBPCo Holdings for aggregate cash consideration of $875,369,000.

(b) TKK and TMKCo exercised their put rights with respect to their aggregate 5.1% interest in National Beef and National Beef redeemed their interest for aggregate cash payments of $75,947,000. National Beef borrowed funds under its revolving credit facility to finance the redemption. Upon completion of this redemption the Company's interest in National Beef increased to 79.6%.

(c) TMK purchased a .7% interest in National Beef from the Company for a cash payment of $7,500,000, reducing the Company's interest to 78.9%.

A portion of the purchase price payable to USPB and NBPCo was placed on deposit with an escrow agent to secure certain indemnification obligations. Upon consummation of the transactions on the closing date, USPB owned 15.1% and NBPCo owned 5.3% of National Beef. Since transactions (b) and (c) above occurred after the Company acquired a controlling interest in National Beef, those transactions are reflected in the Company's consolidated financial statements.

The following table reflects the preliminary allocation of the consideration paid to the assets acquired and liabilities assumed at the acquisition date, as well as the fair value of the redeemable noncontrolling interests in National Beef (in thousands):

	As of December 30, 2011
Assets:	
Current assets:	
Cash and cash equivalents	$ 18,481
Trade, notes and other receivables	195,643
Inventory	280,499
Prepaids and other current assets	22,969
Total current assets	517,592
Intangible assets and goodwill	818,484
Other assets	4,613
Property and equipment	446,166
Total assets	1,786,855
Liabilities:	
Current liabilities:	
Trade payables and expense accruals	234,451
Other current liabilities	13,746
Debt due within one year	29,262
Total current liabilities	277,459
Other non-current liabilities	1,404
Long-term debt	328,267
Total liabilities	607,130
Redeemable noncontrolling interests in subsidiary	304,356
Net assets acquired	$ 875,369

3. Acquisitions, continued:

To assist the Company's management in its determination of the fair value of National Beef's property and equipment, identifiable intangible assets and equity value, the Company engaged an independent valuation and appraisal firm. The methods used by the Company's management to determine the fair values included estimating National Beef's business enterprise value through the use of a discounted cash flow analysis. Property and equipment asset valuations included an analysis of depreciated replacement cost and current market prices. The Company considered several factors to determine the fair value of property and equipment, including local market conditions, recent market transactions, the size, age, condition, utility and character of the property, the estimated cost to acquire replacement property, an estimate of depreciation from use and functional obsolescence and the remaining expected useful life of the assets.

Amounts allocated to product inventories were principally based on quoted commodity prices on the acquisition date. For other components of working capital, the historical carrying values approximated fair values. National Beef's long-term debt principally consists of its senior credit facility payable to its bank group, which was renegotiated in June 2011. In December 2011, the lenders consented to the acquisition as required by the credit facility, and to certain other amendments to the facility's covenants; the pricing of the credit facility remained the same. In addition to these factors, the Company also analyzed changes in market interest rates from June 2011 and concluded that the principal amount due under the credit facility approximated its fair value on the acquisition date.

The fair value of TKK and TMKCo's redeemable noncontrolling interests was the amount paid to redeem those interests as described above. The fair value of other redeemable noncontrolling interests was determined based upon the purchase price paid by the Company for its interest.

Amounts allocated to intangible assets, the amortization period and goodwill were as follows (dollars in thousands):

	Amount	Amortization Years
Customer relationships	$405,180	18
Tradenames	260,059	20
Cattle supply contracts	143,500	15
Other	830	10
Subtotal, intangible assets	809,569	
Goodwill	8,915	
Total	$818,484	

All of the goodwill is deductible for income tax purposes.

For the year ended December 31, 2011, the Company expensed $14,834,000 of costs related to the acquisition of National Beef.

Unaudited pro forma operating results for the Company, assuming the acquisition had occurred as of January 1, 2010 are as follows (in thousands):

	2011	2010
Revenues and other income	**$8,609,304**	$7,365,903
Net income attributable to Leucadia National Corporation common shareholders	**$ 112,734**	$2,050,684

Pro forma adjustments principally reflect an increase to depreciation and amortization expenses related to the fair value of property and equipment and amortizable intangible assets. The unaudited pro forma data is not indicative of future results of operations or what would have resulted if the acquisition had actually occurred as of January 1, 2010.

3. Acquisitions, continued:

Seghesio Family Vineyards

In June 2011, a subsidiary of the Company purchased the assets of Seghesio Family Vineyards, the owner and operator of premium estate vineyards and a winery located in Healdsburg, California. The cash purchase price was $86,018,000, which was primarily allocated as follows: $48,503,000 to property, equipment and leasehold improvements, $22,250,000 to amortizable intangible assets (principally trademarks and tradename, which will be amortized over 17 years), $12,822,000 to inventory and $1,053,000 to goodwill. Unaudited pro forma income statement data is not included as the amounts were not significant.

Keen

During 2006, the Company acquired a 30% limited liability company interest in Keen for aggregate consideration of $60,000,000, excluding expenses, and agreed to lend to Keen, on a senior secured basis, up to $126,000,000 to finance new rig equipment purchases and construction costs and to repay existing debt. During 2007, the Company increased its equity interest to 50% for additional payments aggregating $45,000,000. In addition, the credit facility was amended to increase the borrowing capacity to $138,500,000, and the Company provided Keen with two additional secured credit facilities aggregating $60,000,000. When the Company increased its investment in Keen to 50%, the terms of the limited liability agreement were amended to provide that in the event of a dissolution, liquidation or termination of Keen, available cash or assets would first be used to pay all of Keen's debts (including loans made by the Company), then distributed to the Company as a liquidation preference until it had received a return of its equity investment ($105,000,000), before any payments were made to the other equity owner of Keen.

During 2009, the Company believes it became apparent to the other equity owner of Keen that Keen would not be able to make scheduled debt payments to the Company, and that the resulting payment default could result in a liquidation of Keen. In that event, the Company's liquidation preference over equity distributions would result in very little, if any, distributions to the other equity owner of Keen. In November 2009, the Company purchased the other 50% equity interest that it did not own plus a secured note payable to the other equity owner of Keen for aggregate cash consideration of $15,000,000. The Company believes it was able to acquire the remaining 50% equity interest at this distressed price because of the expected payment default on Keen's senior secured debt owed to the Company and the Company's preferred equity distribution in the event Keen was liquidated.

When the Company acquired the controlling interest in Keen it became a consolidated subsidiary; prior to that time the investment in Keen was classified as an investment in an associated company. Under GAAP, upon consolidation the Company was required to record Keen's assets and liabilities at fair value, and was required to adjust the carrying value of the Company's equity investment immediately prior to the acquisition to fair value. Due to the unique circumstances surrounding the Company's 2009 acquisition described above, the fair value of the net assets acquired exceeded the amount paid by $49,345,000; the bargain purchase was recognized as a gain on the date of acquisition and included in investment and other income. However, the fair value of the Company's equity interest immediately prior to the acquisition was less than its $85,889,000 carrying value; accordingly the Company included a charge of $36,544,000 in income (losses) related to associated companies to write down the pre-acquisition carrying value of its investment in Keen to fair value.

For the period from acquisition to December 31, 2009, the Company's consolidated statement of operations includes revenues and pre-tax income from Keen of $60,459,000 and $46,738,000, respectively, including a gain of $49,345,000 resulting from the bargain purchase. Acquisition related costs were expensed and were not significant. Unaudited pro forma income statement data for 2009 is not included as the amounts were not significant.

4. Investments in Associated Companies:

A summary of investments in associated companies at December 31, 2011 and 2010 is as follows (in thousands):

	2011	2010
Investments in associated companies accounted for under the equity method of accounting (a):		
Jefferies High Yield Holdings, LLC ("JHYH")	**$ 323,262**	$ 321,023
Berkadia	**193,496**	475,071
Garcadia	**72,303**	35,943
HomeFed Corporation ("HomeFed")	**47,493**	46,083
Brooklyn Renaissance Plaza	**31,931**	30,539
Linkem S.p.A. ("Linkem")	**86,332**	–
Other	**38,949**	51,277
Total accounted for under the equity method of accounting	**793,766**	959,936
Investments in associated companies carried at fair value:		
Jefferies	**797,583**	1,314,227
Mueller	**400,446**	–
Total accounted for at fair value	**1,198,029**	1,314,227
Total investments in associated companies	**$1,991,795**	$2,274,163

(a) Investments accounted for under the equity method of accounting are initially recorded at their original cost and subsequently increased for the Company's share of the investees' earnings, decreased for the Company's share of the investees' losses, reduced for dividends received and impairment charges recorded, if any, and increased for any additional investment of capital.

Income (losses) related to associated companies includes the following for each of the three years in the period ended December 31, 2011 (in thousands):

	2011	2010	2009
Jefferies	**$(668,282)**	$157,873	$469,820
Mueller	**(6,093)**	–	–
ACF	–	183,572	376,490
Berkadia	**29,033**	16,166	20,811
Garcadia	**19,996**	14,424	(25,668)
JHYH	**11,211**	20,053	37,249
Linkem	**(2,243)**	–	–
HomeFed	**1,410**	1,108	882
Keen	–	–	(45,475)
Las Cruces	–	(16,159)	1,046
Other	**2,606**	(2,016)	(29,352)
Income (losses) related to associated companies before income taxes	**(612,362)**	375,021	805,803
Income tax (expense) benefit	**218,321**	5,745	(25,567)
Income (losses) related to associated companies, net of taxes	**$(394,041)**	$380,766	$780,236

In accordance with GAAP, the Company is allowed to choose, at specified election dates, to measure many financial instruments and certain other items at fair value (the "fair value option") that would not otherwise be required to be measured at fair value. If the fair value option is elected for a particular financial instrument or other item, the Company is required to report unrealized gains and losses on those items in earnings. The Company's investments

4. Investments in Associated Companies, continued:

in Jefferies, Mueller and its former investment in ACF are the only eligible items for which the fair value option was elected, commencing on the date the investments became subject to the equity method of accounting. The Company believes accounting for these investments at fair value better reflects the economics of these investments, and quoted market prices for these investments provide an objectively determined fair value at each balance sheet date. In addition, electing the fair value option eliminates the uncertainty involved with impairment considerations. The Company's investment in HomeFed is the only other investment in an associated company that is also a publicly traded company but for which the Company did not elect the fair value option. HomeFed's common stock is not listed on any stock exchange, and price information for the common stock is not regularly quoted on any automated quotation system. It is traded in the over-the-counter market with high and low bid prices published by the National Association of Securities Dealers OTC Bulletin Board Service; however, trading volume is minimal. For these reasons the Company did not elect the fair value option for HomeFed.

Mueller

During 2011, the Company acquired 10,422,859 common shares of Mueller, representing approximately 27.3% of the outstanding common shares of Mueller, a company listed on the New York Stock Exchange (Symbol: MLI), for aggregate cash consideration of $408,558,000. Mueller is a leading manufacturer of copper, brass, plastic, and aluminum products. In September 2011, the Company entered into a standstill agreement with Mueller for the two year period ending September 1, 2013, pursuant to which, among other things, subject to certain provisions the Company has agreed not to sell its shares if the buyer would own more than 4.9% of the outstanding shares, and not to increase its ownership interest to more than 27.5% of the outstanding Mueller common shares. In addition, the Company has the right to nominate two directors to the board of directors of Mueller and Mueller has agreed to give the Company registration rights covering all of the Mueller shares of common stock owned by the Company.

Jefferies

As of December 31, 2011 the Company owns an aggregate of 58,006,024 Jefferies common shares (approximately 29% of the Jefferies outstanding common shares) for a total investment of $980,109,000. During 2011, the Company purchased an aggregate of 8,654,639 Jefferies common shares through a public offering, in private transactions and in the open market for total cash consideration of $167,753,000. Jefferies, a company listed on the NYSE (Symbol: JEF), is a full-service global investment bank and institutional securities firm serving companies and their investors. Jefferies has entered into a registration rights agreement covering all of the Jefferies common stock owned by the Company.

Berkadia

Berkadia, a joint venture between Berkshire Hathaway Inc. ("Berkshire Hathaway") and the Company, acquired a commercial mortgage origination and servicing business in December 2009. The Company and Berkshire Hathaway each have a 50% equity interest in Berkadia, and each party contributed $217,169,000 of equity capital to fund the acquisition. In addition, a subsidiary of Berkshire Hathaway provided Berkadia with a five-year, $1 billion secured credit facility, which was used to fund outstanding mortgage loans and servicer advances, purchase mortgage servicing rights and for working capital needs. Berkadia is a servicer of commercial real estate loans in the U.S., performing primary, master and special servicing functions for U.S. government agency programs, commercial mortgage-backed securities transactions, banks, insurance companies and other financial institutions. Berkadia also originates loans that are sold to U.S. government agencies, and other loans that provide bridge financing or loans that are intended to be sold to other parties.

Berkadia acquired the commercial mortgage origination and servicing business pursuant to an Asset Put Agreement ("APA") entered into between Berkadia and the seller in September 2009. The seller paid Berkadia $40,000,000 for

4. Investments in Associated Companies, continued:

the right to require Berkadia to purchase the commercial mortgage origination and mortgage servicing business pursuant to the terms of the APA. The seller subsequently filed for bankruptcy protection under chapter 11 of title 11 of the United States Bankruptcy Code and exercised the put option. Although there were other parties interested in purchasing portions of the commercial mortgage origination and servicing business, Berkadia's offer was the only offer for the entire business, which eliminated the seller's risk of having to dispose of the remaining business. In addition, Berkadia's offer included a provision to hire the employees operating the business, thereby saving the seller significant employment related expenses.

Berkadia applied the acquisition method to account for the purchase of the commercial mortgage origination and servicing business and recorded the assets and liabilities acquired at fair value, which were principally mortgage servicing rights, mortgage loans and servicer advances. The fair values of the net assets acquired exceeded the amount paid, principally due to the amount received as a put premium and the reasons identified above. This excess was treated as a bargain purchase that was recognized as a gain on the date of acquisition and included in Berkadia's results of operations. For the 2009 period, the Company's recorded income from Berkadia includes $24,423,000 representing the Company's share of the bargain purchase.

In the fourth quarter of 2010, Berkadia's secured credit facility was amended to increase the size of the credit facility to $1.5 billion, with the Company agreeing to provide the increased funds under the facility. At December 31, 2010, the Company had loaned $250,000,000 to Berkadia under this facility. In June 2011, Berkadia fully repaid the amount outstanding under its secured credit facility, including $250,000,000 that was loaned by the Company, with funds generated by commercial paper sales of an affiliate of Berkadia. Effective as of December 31, 2011, the secured credit facility was terminated. All of the proceeds from the commercial paper sales are used by Berkadia to fund new mortgage loans, servicer advances, investments and other working capital requirements. Repayment of the commercial paper is supported by a $2,500,000,000 surety policy issued by a Berkshire Hathaway insurance subsidiary and corporate guaranty, and the Company has agreed to reimburse Berkshire Hathaway for one-half of any losses incurred thereunder. As of December 31, 2011, the aggregate amount of commercial paper outstanding was $2,000,000,000.

JHYH

During 2007, the Company and Jefferies formed JHYH and each initially committed to invest $600,000,000. The Company invested $350,000,000 during 2007; any request for additional capital contributions from the Company requires the consent of the Company's designees to the Jefferies board. The Company does not anticipate making additional capital contributions. JHYH owns Jefferies High Yield Trading, LLC ("JHYT"), a registered broker-dealer that is engaged in the secondary sales and trading of high yield securities and special situation securities, including bank debt, post-reorganization equity, public and private equity, equity derivatives, credit default swaps and other financial instruments. JHYT makes markets in high yield and special situation securities and provides research coverage on these types of securities. JHYT does not invest or make markets in sub-prime residential mortgage securities.

Jefferies and the Company each have the right to nominate two of a total of four directors to JHYH's board, and each own 50% of the voting securities. The organizational documents also permit passive investors to invest up to $800,000,000. Jefferies also received additional JHYH securities entitling it to 20% of the profits. The voting and non-voting interests are entitled to a pro rata share of the balance of the profits of JHYH, and are mandatorily redeemable in 2013, with a mutual option to extend up to three additional one-year periods. Under GAAP, JHYH is considered a variable interest entity that is consolidated by Jefferies, since Jefferies is the primary beneficiary. The Company owns less than 50% of JHYH's capital, including its indirect interest through its investment in Jefferies, and will not absorb a majority of its expected losses or receive a majority of its expected residual returns.

4. Investments in Associated Companies, continued:

During 2011 and 2010, the Company received distributions of $8,972,000 and $17,077,000, respectively, from JHYH. The Company has not provided any guarantees, nor is it contingently liable for any of JHYH's liabilities, all of which are non-recourse to the Company. The Company's maximum exposure to loss as a result of its investment in JHYH is limited to the book value of its investment ($323,262,000 at December 31, 2011).

Linkem

During 2011, the Company acquired 37% of the common shares of Linkem, a wireless broadband services provider in Italy, for aggregate cash consideration of $88,575,000. The excess of the Company's investment in Linkem over its underlying share of book value is being amortized to expense over 12 years.

HomeFed

During 2002, the Company sold one of its real estate subsidiaries, CDS Holding Corporation ("CDS"), to HomeFed for a purchase price of $25,000,000, consisting of $1,000,000 in cash and 2,474,226 shares of HomeFed's common stock. At December 31, 2011, the Company owns approximately 31.4% of HomeFed's outstanding common stock. HomeFed is engaged, directly and through subsidiaries, in the investment in and development of residential real estate projects in California. HomeFed is a public company traded on the NASD OTC Bulletin Board (Symbol: HOFD).

As a result of a 1998 distribution to all of the Company's shareholders, approximately 7.7% and 9.4% of HomeFed is owned by the Company's Chairman and President, respectively. Both are also directors of HomeFed and the Company's President serves as HomeFed's Chairman.

ACF

On October 1, 2010, the Company sold all of its ACF common shares pursuant to a cash merger in which General Motors Company acquired all of the outstanding common stock of ACF. The Company received aggregate cash consideration of $830,561,000 for its shares of ACF common stock, which were acquired at a cost of $425,842,000.

Las Cruces

Las Cruces is a Spanish company that holds the exploration and mineral rights to the Las Cruces copper deposit in the Pyrite Belt of Spain. Las Cruces was a consolidated subsidiary from its acquisition in September 1999 until August 2005, at which time the Company sold a 70% interest to Inmet Mining Corporation ("Inmet"), a Canadian-based global mining company traded on the Toronto Stock Exchange (Symbol: IMN). Inmet acquired the interest in Las Cruces in exchange for 5,600,000 newly issued Inmet common shares.

During the fourth quarter of 2010, the Company sold to Inmet its remaining 30% equity interest in and subordinated sponsor loans to Las Cruces for aggregate consideration of $576,003,000. The purchase price was comprised of $150,000,000 of cash and 5,442,413 newly issued common shares of Inmet, which were valued at the market price of the Inmet common shares on the closing date of the transaction. In addition, the Company was released from its guarantee of $72,000,000 of debt owed by Las Cruces to an affiliate of Inmet. The Company reported a gain on the sale of $383,369,000 in investment and other income.

The following table provides summarized data for Mueller and for associated companies accounted for on the equity method of accounting for the three years ended December 31, 2011. (Amounts are in thousands.)

4. Investments in Associated Companies, continued:

	2011	2010
Assets	**$6,849,185**	$4,190,534
Liabilities	**3,813,236**	1,882,116
Mandatorily redeemable interests	**982,057**	975,812
Noncontrolling interest	**47,675**	17,471

	2011	2010	2009
Total revenues (including securities gains (losses))	**$3,823,061**	$1,124,140	$ 690,156
Income (loss) from continuing operations before extraordinary items	**$ 148,661**	$ 43,688	$(294,741)
Net income (loss)	**$ 148,661**	$ 43,797	$(294,741)
The Company's income (losses) related to associated companies	**$ 55,920**	$ 33,576	$ (40,507)

The Company's annual report on Form 10-K for 2011 includes separate financial statements for Jefferies and ACF.

Except for its investment in Berkadia, the Company has not provided any guarantees, nor is it contingently liable for any of the liabilities reflected in the above tables. All such liabilities are non-recourse to the Company. The Company's exposure to adverse events at the investee companies is limited to the book value of its investment.

Included in consolidated retained earnings at December 31, 2011 is approximately $40,325,000 of undistributed earnings of the associated companies accounted for under the equity method of accounting.

5. Discontinued Operations:

In August 2010, the Company sold its operating retail shopping center in Long Island, New York for cash consideration of $17,064,000 and recorded a pre-tax and after tax gain on sale of discontinued operations of $4,526,000. The Company has not classified this business' historical results of operations or its assets and liabilities as discontinued operations because such amounts were not significant.

In September 2010, the Company sold ResortQuest for net cash consideration of $52,371,000 and recorded a pre-tax and after tax gain on sale of discontinued operations of $35,367,000. As a result, the Company's property management and services segment has been classified as a discontinued operation.

In October 2010, the Company sold STi Prepaid for aggregate consideration of $20,000,000, which was scheduled to be paid over a 26 month period, and classified the telecommunications segment as a discontinued operation. The Company reported a pre-tax and after tax gain of $21,104,000 in 2010 on sale of discontinued operations equal to the Company's negative net investment in STi Prepaid ($19,255,000) and cash payments received from the buyer. During 2011, additional final payments were received from the buyer and the Company recognized a gain from discontinued operations of $9,669,000.

In 2010, the Company classified its power production business that burns waste biomass to produce electricity as a held for sale discontinued operation and recorded a charge of $25,321,000 to reduce the carrying amount of the business to its fair value. The power production business was previously classified in the other operations segment, and the impairment charge reduced the carrying amount of property, equipment and leasehold improvements, net and intangible assets to zero.

When the power production facility was originally acquired for $4,567,000 it was not operating and the original intent was to invest additional funds to rehabilitate the facility and bring it up to nameplate capacity. Despite rehabilitation funding in excess of amounts originally planned, ongoing equipment problems resulted in a failure to

5. Discontinued Operations, continued:

bring the facility up to capacity and higher operating costs. The cost of the waste biomass required to produce electricity also increased, and the business would have required additional funding to continue operating during 2011. As a result, in 2010 the Company decided to sell the business rather than continue to fund operating losses in the hope that production improvements and/or waste material price decreases would make the facility profitable.

A summary of the results of discontinued operations for ResortQuest, STi Prepaid and the power production business is as follows for the three years ended December 31, 2011 (in thousands):

	2011	2010	2009
Revenues and other income:			
Telecommunications	$ –	$276,253	$426,027
Property management and service fees	–	87,039	112,796
Investment and other income	952	10,527	4,971
	952	373,819	543,794
Expenses:			
Cost of sales – telecommunications	–	235,943	363,885
Direct operating expenses – property management and services	–	62,595	92,421
Interest	4	15	49
Salaries and incentive compensation	611	11,958	16,755
Depreciation and amortization	–	7,084	8,438
Selling, general and other expenses	4,059	77,712	72,065
	4,674	395,307	553,613
Loss from discontinued operations before income taxes	(3,722)	(21,488)	(9,819)
Income tax provision (benefit)	(1,009)	–	35
Loss from discontinued operations after income taxes	$(2,713)	$(21,488)	$ (9,854)

During 2011, 2010 and 2009, the Company received and recognized as income from discontinued operations distributions totaling $4,690,000, $11,640,000 and $11,253,000, respectively, from its subsidiary, Empire Insurance Company ("Empire"), which has been undergoing a voluntary liquidation since 2001. The Company had classified Empire as a discontinued operation in 2001 and fully wrote-off its remaining book value based on its expected future cash flows at that time. Although Empire no longer writes any insurance business, its orderly liquidation over the years has resulted in reductions to its estimated claim reserves that enabled Empire to pay the distributions, with the approval of the New York Insurance Department. For income tax purposes, the payments are treated as non-taxable distributions paid by a subsidiary. Since future distributions from Empire, if any, are subject to New York insurance law or the approval of the New York Insurance Department, income will only be recognized when received.

During 2009, the Company received 636,300 of its common shares in connection with the resolution of a lawsuit related to its former subsidiary, WilTel Communications Group, Inc. ("WilTel"), and recorded income from discontinued operations of $15,222,000 based on the market value of the common shares. These shares were originally issued in connection with the acquisition of WilTel in 2003, and had been held in a fund for certain claims made against WilTel prior to the Company's ownership. The resolution of the lawsuit found that the claimants were not entitled to the shares and they were returned to the Company.

6. Investments:

A summary of investments classified as current assets at December 31, 2011 and 2010 is as follows (in thousands):

	2011		2010	
	Amortized Cost	**Carrying Value and Estimated Fair Value**	Amortized Cost	Carrying Value and Estimated Fair Value
Investments available for sale	**$146,594**	**$145,977**	$253,273	$253,589
Other investments, including accrued interest income	**4,113**	**4,158**	11,067	10,983
Total current investments	**$150,707**	**$150,135**	$264,340	$264,572

The amortized cost, gross unrealized gains and losses and estimated fair value of available for sale investments classified as current assets at December 31, 2011 and 2010 are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2011				
Bonds and notes:				
U.S. Government and agencies	**$139,940**	**$ 13**	**$ 1**	**$139,952**
All other corporates	**5,649**	**70**	**–**	**5,719**
Total fixed maturities	**145,589**	**83**	**1**	**145,671**
Other investments	**1,005**	**–**	**699**	**306**
Total current available for sale investment	**$146,594**	**$ 83**	**$700**	**$145,977**
2010				
Bonds and notes:				
U.S. Government and agencies	$246,996	$ 21	$ –	$247,017
All other corporates	6,277	300	5	6,572
Total fixed maturities	$253,273	$321	$ 5	$253,589

A summary of non-current investments at December 31, 2011 and 2010 is as follows (in thousands):

	2011		2010	
	Amortized Cost	**Carrying Value and Estimated Fair Value**	Amortized Cost	Carrying Value and Estimated Fair Value
Investments available for sale:				
Fortescue	**$ 115,703**	**$ 569,256**	$ 219,723	$1,659,617
Inmet	**504,006**	**708,193**	504,006	862,481
Other investments available for sale	**724,664**	**776,444**	1,067,928	1,144,141
Other investments:				
Private equity funds	**85,528**	**85,528**	86,944	86,944
Non-agency mortgage-backed bond securitization portfolio	**1,649**	**1,649**	3,304	3,304
FMG zero coupon note component	**40,801**	**40,801**	36,268	36,268
Other non-publicly traded investments	**45,298**	**45,004**	40,114	39,904
Total non-current investments	**$1,517,649**	**$2,226,875**	$1,958,287	$3,832,659

In August 2006, pursuant to a subscription agreement with Fortescue Metals Group Ltd ("Fortescue") and its subsidiary, FMG, the Company invested an aggregate of $408,030,000, including expenses, in Fortescue's Pilbara iron ore and infrastructure project in Western Australia. In exchange for its cash investment, the Company received

6. Investments, continued:

264,000,000 common shares of Fortescue, and a $100,000,000 unsecured note of FMG that matures in August 2019 (the "FMG Note"). In July 2007, Fortescue sold new common shares in an underwritten public offering to raise additional capital for its mining project and to fund future growth. In connection with this offering, the Company exercised its pre-emptive rights to maintain its ownership position and acquired an additional 13,986,000 common shares of Fortescue for $44,217,000. Fortescue is a publicly traded company on the Australian Stock Exchange (Symbol: FMG).

During 2010, the Company sold 30,000,000 common shares of Fortescue for net cash proceeds of $121,498,000, which resulted in the recognition of a net securities gain of $94,918,000. During 2011, the Company sold 117,400,000 common shares of Fortescue for net cash proceeds of $732,217,000, which resulted in the recognition of net securities gains of $628,197,000. At December 31, 2011, non-current available for sale investments include 130,586,000 common shares of Fortescue. In January 2012, the Company sold 100,000,000 Fortescue common shares for net cash proceeds of $506,490,000, and will record a net securities gain of $417,887,000 during the three month period ending March 31, 2012.

Interest on the FMG Note is calculated as 4% of the revenue, net of government royalties, invoiced from the iron ore produced from the project's Cloud Break and Christmas Creek areas, which commenced production in May 2008. Interest is payable semi-annually within 30 days of June 30th and December 31st of each year; however, cash interest payments due in 2008 and 2009 were deferred by FMG due to covenants contained in the project's senior secured debt (for periods prior to January 1, 2010). Any interest payment that was deferred earned simple interest at an annual rate of 9.5%. Inasmuch as the senior secured debt was redeemed in 2010, the covenants requiring the deferral of interest no longer apply, and FMG has been paying interest when due.

The Company's initial Fortescue investment was allocated to the common shares acquired, using the market value on the acquisition date, a 13 year zero-coupon note and a prepaid mining interest. The zero-coupon note component of this investment is being accounted for as a loan-like instrument, with income being recognized as the note is accreted up to its face value of $100,000,000, using a rate of 12.5%. It is classified with other non-current investments. The prepaid mining interest, which is being amortized to expense as the 4% of revenue is earned (using the units of production method), is classified as other current and non-current assets with an aggregate balance of $152,521,000 and $164,321,000 at December 31, 2011 and 2010, respectively. Amounts recognized in the consolidated statements of operations for each of the three years in the period ended December 31, 2011 related to the FMG Note are as follows (in thousands):

	2011	2010	2009
Classified as investment and other income:			
Interest income on FMG Note	**$214,455**	$149,257	$66,079
Interest accreted on zero-coupon note component	**$ 4,533**	$ 4,030	$ 3,582
Amortization expense on prepaid mining interest	**$ 11,800**	$ 9,943	$ 7,293

The aggregate book values of the various components of the FMG Note, net of accrued withholding taxes on interest, totaled $290,415,000 and $276,148,000 at December 31, 2011 and 2010, respectively.

In August 2010, the Company was advised that Fortescue is asserting that FMG is entitled to issue additional notes identical to the FMG Note in an unlimited amount. Fortescue further claims that any interest to be paid on additional notes can dilute, on a pro rata basis, the Company's entitlement to the above stated interest of 4% of net revenue. The Company does not believe that FMG has the right to issue additional notes which affect the Company's interest or that the interpretation by Fortescue of the terms of the FMG Note, as currently claimed by Fortescue, reflects the agreement between the parties.

In September 2010, the Company filed a Writ of Summons against Fortescue, FMG and Fortescue's then Chief Executive Officer in the Supreme Court of Western Australia. The Writ of Summons seeks, among other things, an

6. Investments, continued:

injunction restraining the issuance of any additional notes identical to the FMG Note and damages. If the litigation is ultimately determined adversely to the Company and additional notes are issued, the Company's future cash flows from the FMG Note and future results of operations would be significantly and adversely affected to the extent of the dilution resulting from the issuance of such additional notes. In addition, the Company would have to evaluate whether the prepaid mining interest had become impaired. The amount of the impairment, if any, would depend upon the amount of new notes issued and the resulting dilution, plus the Company's projection of future interest payable on the FMG Note.

At December 31, 2011 and 2010, non-current investments include 11,042,413 common shares of Inmet, or approximately 15.9% of Inmet's outstanding shares. The Inmet shares have registration rights and may be sold without restriction in accordance with applicable securities laws. See Note 4 for more information about the acquisition of the Inmet shares.

Non-current other non-publicly traded investments are accounted for under the cost method of accounting, reduced for impairment charges when appropriate.

The amortized cost, gross unrealized gains and losses and estimated fair value of non-current investments classified as available for sale at December 31, 2011 and 2010 are as follows (in thousands):

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
2011				
U.S. Government-Sponsored Enterprises	**$ 609,617**	**$ 12,683**	**$ 109**	**$ 622,191**
All other corporates	**66,960**	**636**	**1,054**	**66,542**
Total fixed maturities	**676,577**	**13,319**	**1,163**	**688,733**
Equity securities:				
Common stocks:				
Banks, trusts and insurance companies	**22,084**	**28,887**	**–**	**50,971**
Industrial, miscellaneous and all other	**644,717**	**669,270**	**299**	**1,313,688**
Total equity securities	**666,801**	**698,157**	**299**	**1,364,659**
Other investments	**995**	**–**	**494**	**501**
	$1,344,373	**$ 711,476**	**$1,956**	**$2,053,893**
2010				
Bonds and notes:				
U.S. Government and agencies	$ 7,806	$ –	$ 90	$ 7,716
U.S. Government-Sponsored Enterprises	815,066	10,564	2,247	823,383
All other corporates	191,851	917	235	192,533
Total fixed maturities	1,014,723	11,481	2,572	1,023,632
Equity securities:				
Common stocks:				
Banks, trusts and insurance companies	16,340	32,936	–	49,276
Industrial, miscellaneous and all other	760,594	1,833,229	492	2,593,331
Total equity securities	776,934	1,866,165	492	2,642,607
	$1,791,657	$1,877,646	$3,064	$3,666,239

The amortized cost and estimated fair value of non-current investments classified as available for sale at December 31, 2011, by contractual maturity, are shown below. Expected maturities are likely to differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

6. Investments, continued:

	Amortized Cost	Estimated Fair Value
	(In thousands)	
Due after one year through five years	$ 24,918	$ 25,024
Due after five years through ten years	–	–
Due after ten years	–	–
	24,918	25,024
Mortgage-backed and asset-backed securities	651,659	663,709
	$676,577	$688,733

Reclassification adjustments included in comprehensive income (loss) for the three year period ended December 31, 2011 are as follows (in thousands):

	2011	2010	2009
Net unrealized holding gains (losses) arising during the period, net of tax provision (benefit) of $(171,702), $(21,983) and $36,348	**$(309,256)**	$813,107	$1,001,651
Less: reclassification adjustment for net (gains) losses included in net income (loss), net of tax (provision) benefit of $(245,597), $(3,146) and $0	**(442,350)**	(97,514)	8,511
Net change in unrealized gains (losses) on investments, net of tax provision (benefit) of $(417,299), $(25,129) and $36,348	**$(751,606)**	$715,593	$1,010,162

At December 31, 2011, the unrealized losses on investments which have been in a continuous unrealized loss position for less than 12 months and for 12 months or longer were not significant.

Securities with book values of $4,615,000 at December 31, 2010 collateralized certain swap agreements and a letter of credit.

7. Trade, Notes and Other Receivables, Net:

A summary of current trade, notes and other receivables, net at December 31, 2011 and 2010 is as follows (in thousands):

	2011	2010
Trade receivables	**$235,682**	$ 43,313
Accrued interest on FMG Note	**107,881**	83,659
Receivables related to securities	**4,572**	9,977
Receivables relating to real estate activities	**4,707**	4,696
Other	**20,155**	13,393
	372,997	155,038
Allowance for doubtful accounts	**(3,874)**	(4,710)
Total current trade, notes and other receivables, net	**$369,123**	$150,328

The Company received the accrued interest on the FMG Note in January following each year end, net of withholding taxes.

8. Inventory:

A summary of inventory at December 31, 2011 and 2010 is as follows (in thousands):

	2011	2010
Finished goods	**$233,542**	$39,963
Work in process	**49,514**	12,441
Raw materials, supplies and other	**71,522**	5,876
	$354,578	$58,280

9. Intangible Assets, Net and Goodwill:

A summary of these assets at December 31, 2011 and 2010 is as follows (in thousands):

	2011	2010
Intangibles:		
Customer and other relationships, net of accumulated amortization of $41,958 and $39,051	**$426,603**	$23,338
Trademarks and tradename, net of accumulated amortization of $1,527 and $791	**278,024**	1,210
Cattle supply contracts	**143,500**	–
Licenses, net of accumulated amortization of $2,917 and $2,328	**9,081**	9,670
Other, net of accumulated amortization of $5,095 and $2,650	**1,262**	267
Goodwill	**18,119**	8,151
	$876,589	$42,636

Amortization expense on intangible assets was $7,103,000, $8,401,000 and $7,657,000 for the years ended December 31, 2011, 2010 and 2009, respectively. The estimated aggregate future amortization expense for the intangible assets for each of the next five years is as follows: 2012 - $52,347,000; 2013 - $52,196,000; 2014 - $52,156,000; 2015 - $49,363,000; and 2016 - $48,438,000.

At December 31, 2011, goodwill in the above table related to National Beef ($8,915,000), Conwed Plastics ($8,151,000) and the winery operations ($1,053,000). At December 31, 2010, all of the goodwill related to Conwed Plastics. All of the goodwill is deductible for income tax purposes.

10. Other Assets:

A summary of non-current other assets at December 31, 2011 and 2010 is as follows (in thousands):

	2011	2010
Real Estate	**$173,077**	$168,001
Unamortized debt expense	**11,454**	16,125
Restricted cash	**67,396**	94,684
Prepaid mining interest	**139,572**	153,210
Other	**28,658**	20,301
	$420,157	$452,321

10. Other Assets, continued:

At December 31, 2011 and 2010, restricted cash includes $56,500,000 that had been placed into escrow pursuant to an agreement to acquire 708 acres of land in Panama City, Florida. The purchase price was subsequently reduced to $51,870,000, the excess funds were returned and the transaction closed in February 2012. In addition, restricted cash at December 31, 2010 includes $14,600,000 of escrowed funds relating to the Premier noteholders' claims which were settled during 2011.

The Company's prepaid mining interest relates to the FMG Note, which is more fully explained in Note 6.

11. Property, Equipment and Leasehold Improvements, Net:

A summary of property, equipment and leasehold improvements, net at December 31, 2011 and 2010 is as follows (in thousands):

	Depreciable Lives (in years)	2011	2010
Land, buildings and leasehold improvements	3-45	**$ 604,786**	$ 384,941
Beef processing machinery and equipment	2-15	**201,934**	–
Oil and gas drilling services machinery and equipment	7-15	**201,550**	190,951
Other machinery and equipment	2-25	**202,832**	190,476
Corporate aircraft	5-10	**111,279**	99,437
Furniture and fixtures	2-10	**23,347**	21,406
Construction in progress	N/A	**56,465**	2,092
Other	3-7	**20,869**	9,854
		1,423,062	899,157
Accumulated depreciation and amortization		**(369,373)**	(311,786)
		$1,053,689	$ 587,371

12. Trade Payables and Expense Accruals:

A summary of trade payables and expense accruals at December 31, 2011 and 2010 is as follows (in thousands):

	2011	2010
Trade payables	**$ 88,328**	$ 18,166
Book overdrafts	**92,254**	3,177
Cattle purchases payable	**31,431**	–
Payables related to securities	**955**	1,878
Accrued compensation, severance and other employee benefits	**92,216**	69,075
Accrued legal and professional fees	**18,364**	7,348
Accrued litigation settlement	**–**	11,229
Taxes other than income	**9,485**	5,268
Accrued interest payable	**35,496**	40,278
Other	**18,015**	20,173
	$386,544	$176,592

At December 31, 2010, the accrued litigation settlement related to an award to the former holders of Premier's bond debt. In April 2011, Premier entered into an agreement to settle the litigation with its former noteholders for $9,000,000; the remaining liability was reversed and credited to selling, general and other expenses. All litigation with respect to Premier's chapter 11 restructuring has been settled.

13. Indebtedness:

The principal amount, stated interest rate and maturity date of outstanding debt at December 31, 2011 and 2010 are as follows (dollars in thousands):

	2011	2010
Parent Company Debt:		
Senior Notes:		
7¾% Senior Notes due 2013, less debt discount of $99 and $154	**$ 94,401**	$ 94,346
7% Senior Notes due 2013, net of debt premium of $218 and $340	**312,463**	312,585
8⅛% Senior Notes due 2015, less debt discount of $4,256 and $5,437	**454,385**	474,563
7⅛% Senior Notes due 2017	**423,140**	478,000
Subordinated Notes:		
3¾% Convertible Senior Subordinated Notes due 2014	**97,581**	97,581
8.65% Junior Subordinated Deferrable Interest Debentures due 2027	**88,204**	89,554
Subsidiary Debt:		
Term loans	**323,750**	–
Revolving credit facility	**92,103**	–
Aircraft financing due 2011	–	32,881
Capital leases due 2012 through 2015 with a weighted-average interest rate of 5.0%	**7,115**	2,503
Other due 2012 through 2029 with a weighted-average interest rate of .3%	**12,562**	109,115
Total debt	**1,905,704**	1,691,128
Less: current maturities	**(30,133)**	(142,659)
Long-term debt	**$1,875,571**	$1,548,469

Parent Company Debt:

The Board of Directors has authorized the Company, from time to time, to purchase its outstanding debt securities through cash purchases in open market transactions, privately negotiated transactions or otherwise. Such purchases, if any, depend upon prevailing market conditions, the Company's liquidity requirements and other factors; such purchases may be commenced or suspended at any time without notice. Principal amounts purchased during the last three years are as follows (dollars in thousands):

	2011	2010	2009
7¾% Senior Notes	**$ –**	$ 5,500	$ –
7% Senior Notes	–	27,200	35,555
8⅛% Senior Notes	**21,359**	20,000	–
7⅛% Senior Notes	**54,860**	22,000	–
8.65% Junior Subordinated Deferrable Interest Debentures	**1,350**	2,146	6,500
Total	**$77,569**	$76,846	$42,055

As a result of the purchases, the Company recognized pre-tax losses of $6,352,000 and $5,138,000 for the years ended December 31, 2011 and 2010, respectively, which are reflected in selling, general and other expenses, and recognized pre-tax gains of $6,693,000 for the year ended December 31, 2009, which are reflected in investment and other income.

In January 2012, the Company called for redemption the Senior Notes due 2017 and the Junior Subordinated Deferrable Interest Debentures due 2027 pursuant to pre-existing call rights. Excluding accrued interest the Company will pay an aggregate of $528,308,000 to redeem the bonds in March 2012.

13. Indebtedness, continued:

In April 2004, the Company sold $350,000,000 principal amount of its 3¾% Convertible Senior Subordinated Notes due 2014 in a private placement transaction. The notes are convertible into the Company's common shares at $22.55 per share at any time before their maturity, subject to certain restrictions contained in the notes, at a conversion rate of 44.3459 shares per each $1,000 principal amount of notes subject to adjustment. Such amount reflects an adjustment to the conversion price as a result of the dividends paid in December 2011 and 2010. Future cash dividends will reduce the conversion price per share by the amount of the dividend paid per share. At December 31, 2011, the notes are convertible into an aggregate of 4,327,317 shares.

Pursuant to privately negotiated transactions to induce conversion, the Company issued 5,378,606 common shares upon the conversion of $123,529,000 principal amount of the notes during 2009. The number of common shares issued was in accordance with the terms of the notes; however, the Company paid the former noteholders $25,990,000 to induce conversion. The additional cash payments were recorded as selling, general and other expenses.

The Company's senior note indentures contain covenants that restrict its ability to incur more Indebtedness or issue Preferred Stock of Subsidiaries unless, at the time of such incurrence or issuance, the Company meets a specified ratio of Consolidated Debt to Consolidated Tangible Net Worth, limit the ability of the Company and Material Subsidiaries to incur, in certain circumstances, Liens, limit the ability of Material Subsidiaries to incur Funded Debt in certain circumstances, and contain other terms and restrictions all as defined in the senior note indentures. The Company has the ability to incur substantial additional indebtedness or make distributions to its shareholders and still remain in compliance with these restrictions. If the Company is unable to meet the specified ratio, the Company would not be able to issue additional Indebtedness or Preferred Stock, but the Company's inability to meet the applicable ratio would not result in a default under its senior note indentures. The senior note indentures do not restrict the payment of dividends.

Subsidiary Debt:

At December 31, 2011, National Beef's credit facility consisted of a $323,750,000 outstanding term loan and a revolving line of credit of up to $250,000,000; any amounts outstanding under the facility mature in June 2016. The term loan requires quarterly principal payments of $9,250,000. The term loan and the revolving credit facility bear interest at the Base Rate or the LIBOR Rate (as defined in the credit facility), plus a margin ranging from .75% to 2.50% depending upon certain financial ratios and the rate selected. At December 31, 2011, the interest rate on the term loan was 2.1% and the interest rate in the revolving credit facility was 2.2%. The credit facility is secured by a first priority lien on substantially all of the assets of National Beef and its subsidiaries.

Borrowings under the revolving credit facility are available for National Beef's working capital requirements, capital expenditures and other general corporate purposes. Unused capacity under the facility can also be used to issue letters of credit; letters of credit aggregating $22,976,000 were outstanding at December 31, 2011. Amounts available under the revolver are subject to a borrowing base calculation primarily comprised of receivable and inventory balances. At December 31, 2011, after deducting outstanding amounts and issued letters of credit the remainder of the unused revolver was fully available to National Beef.

The credit facility contains customary covenants relating to National Beef and its subsidiaries, including restrictions on distributions, mergers, asset sales, investments, acquisitions, encumbrances, affiliate transactions and other matters. The ability of National Beef and its subsidiaries to engage in other business, incur debt or grant liens is also restricted. National Beef is also required to maintain a minimum Adjusted Net Worth, a maximum Funded Debt Ratio and minimum Fixed Charge Coverage Ratio, all as defined in the credit facility. At December 31, 2011, National Beef met all of these requirements.

During 2001, a subsidiary of the Company borrowed $53,100,000 collateralized by certain of its corporate aircraft. The debt matured during 2011. Other subsidiary debt at December 31, 2011 principally includes Industrial Revenue

13. Indebtedness, continued:

Bonds of National Beef ($12,245,000). Other subsidiary debt at December 31, 2010 principally included debt secured by MB1's real estate development project ($100,524,000) and Keen's line of credit ($8,500,000).

Excluding repurchase agreements discussed below, at December 31, 2011, $1,818,780,000 of consolidated assets (primarily inventory, receivables, property and equipment and intangibles) are pledged for indebtedness aggregating $435,450,000, principally for amounts due under National Beef's credit facility.

The aggregate annual mandatory redemptions of debt during the five year period ending December 31, 2016 are as follows: 2012 - $30,133,000; 2013 - $445,936,000; 2014 - $137,411,000; 2015 - $499,099,000; and 2016 - $283,918,000. Aggregate annual mandatory redemptions of debt do not include bonds called for redemption in 2012.

Securities Sold Under Agreements to Repurchase:

Securities sold under agreements to repurchase are accounted for as collateralized financing transactions. At December 31, 2011, these fixed rate repurchase agreements have a weighted-average interest rate of approximately 0.3%, mature in January 2012 and are collateralized by non-current investments. The non-current investments are adjustable rate mortgage pass-through certificates issued by U.S. Government-Sponsored Enterprises (FHLMC or FNMA). This portfolio has a weighted-average life of approximately 5 years and a duration of .76 at December 31, 2011.

The weighted-average interest rate on short-term borrowings (primarily consisting of securities sold under agreements to repurchase) was .3% and .4% at December 31, 2011 and 2010, respectively.

14. Redeemable Noncontrolling Interests in Subsidiary:

Redeemable noncontrolling interests in subsidiary are held by minority owners of National Beef, principally USPB, NBPCo Holdings and the chief executive officer of National Beef. The holders of these interests share in the profits and losses of National Beef on a pro rata basis with the Company. However, the minority owners have the right to require the Company to purchase their interests under certain specified circumstances at fair value (put rights), and the Company also has the right to purchase their interests under certain specified circumstances at fair value (call rights). Each of the holders of the put rights has the right to make an election that requires the Company to purchase up to one-third of their interests on the fifth and seventh anniversaries of the Company's acquisition of National Beef, and the remainder on the tenth anniversary of the Company's acquisition of National Beef. In addition, USPB may elect to exercise their put rights following the termination of the cattle supply agreement, and the chief executive officer following the termination of his employment.

The Company's call rights with respect to USPB may be exercised following the termination of the cattle supply agreement or after USPB's ownership interest is less than 20% of their interest held at the time the Company acquired National Beef. The Company's call rights with respect to other members may be exercised after the ten year anniversary of the Company's acquisition of National Beef if such member's ownership interest is less than 50% of the interest held at the time the Company acquired National Beef. Additionally, the Company may acquire the chief executive officer's interest following the termination of his employment.

Redeemable noncontrolling interests in subsidiary are reflected in the consolidated balance sheet at fair value. In future periods, redeemable noncontrolling interests will reflect cash distributions and the allocation of profits or losses to the minority owners on a pro rata basis. In addition, redeemable noncontrolling interests will be adjusted for any changes in estimated fair value, with a corresponding adjustment to the Company's common shareholders' equity.

15. Common Shares, Stock Options and Preferred Shares:

The Board of Directors from time to time has authorized acquisitions of the Company's common shares. During the three year period ended December 31, 2011, the Company acquired 4,949 common shares at an average price of $34.92 per common share, all in connection with stock option exercises. At December 31, 2011, the Company is authorized to repurchase 11,987,880 common shares.

As of December 31, 2011, the Company has two share-based plans: a fixed stock option plan and a senior executive warrant plan. The fixed stock option plan provides for the issuance of stock options and stock appreciation rights to non-employee directors and certain employees at not less than the fair market value of the underlying stock at the date of grant. Options granted to employees under this plan are intended to qualify as incentive stock options to the extent permitted under the Internal Revenue Code and become exercisable in five equal annual instalments starting one year from date of grant. Options granted to non-employee directors become exercisable in four equal annual instalments starting one year from date of grant. No stock appreciation rights have been granted. As of December 31, 2011, 1,057,250 shares were available for grant under the plan.

On March 6, 2006, the Company's Board of Directors, upon the recommendation of the Compensation Committee of the Board, approved, subject to shareholder approval, the grant of warrants to purchase 2,000,000 common shares to each of the Company's Chairman and President at an exercise price equal to $28.515 per share (105% of the closing price per share of a common share on that date). In May 2006, shareholder approval was received and the warrants were issued; the warrants vested over a four year period and were scheduled by their terms to expire on March 5, 2011. In February 2011, each of the Company's Chairman and President exercised these warrants, on a cashless exercise basis, pursuant to which they each received 261,599 common shares (determined using a value per share of $32.806 as set forth in the warrant). All of the common shares obtained upon exercise of the warrants were immediately sold in a private transaction.

On March 7, 2011, the Compensation Committee of the Company's Board of Directors granted warrants to purchase 2,000,000 common shares to each of the Company's Chairman and President at an exercise price of $33.84 per share (105% of the closing price per share of a common share on the grant date), subject to shareholder approval. In May 2011, the required shareholder approval was received and the warrants were issued. The warrants expire in 2016 and vest in five equal tranches with 20% vesting on the date shareholder approval was received and an additional 20% vesting in each subsequent year. Compensation cost was determined as of the approval date and will be recognized in the financial statements over the vesting period of the warrants. For 2011, the Company recorded share-based compensation expense of $18,941,000 related to this grant of warrants.

Salaries and incentive compensation expense included $23,019,000, $4,067,000 and $10,905,000 for the years ended December 31, 2011, 2010 and 2009, respectively, for share-based compensation expense relating to grants made under the Company's senior executive warrant plan and fixed stock option plan. Net income decreased by $15,203,000, $3,955,000 and $10,905,000 for 2011, 2010 and 2009, respectively, as a result of the share-based compensation expense. As of December 31, 2011, total unrecognized compensation cost related to nonvested share-based compensation plans was $43,555,000; this cost is expected to be recognized over a weighted-average period of 1.7 years.

15. Common Shares, Stock Options and Preferred Shares, continued:

A summary of activity with respect to the Company's stock options for the three years ended December 31, 2011 is as follows:

	Common Shares Subject to Option	Weighted-Average Exercise Prices	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Balance at December 31, 2008	2,300,290	$26.29		
Granted	12,000	$24.44		
Exercised	(47,250)	$20.28		$ 169,000
Cancelled	(68,800)	$26.38		
Balance at December 31, 2009	2,196,240	$26.40		
Granted	972,000	$27.17		
Exercised	(520,740)	$21.69		$2,809,000
Cancelled	(25,000)	$27.66		
Balance at December 31, 2010	2,622,500	$27.61		
Granted	12,000	$35.78		
Exercised	(255,445)	$27.89		$2,412,000
Cancelled	(127,600)	$27.63		
Balance at December 31, 2011	2,251,455	$27.62	3.2 years	$ –
Exercisable at December 31, 2011	870,955	$27.83	1.9 years	$ –

The following summary presents the weighted-average assumptions used for grants made during each of the three years in the period ended December 31, 2011:

	2011 Options	2010 Options	2009 Options
Risk free interest rate	**1.58%**	1.27%	1.99%
Expected volatility	**45.25%**	45.78%	44.12%
Expected dividend yield	**.70%**	.87%	.51%
Expected life	**4.3 years**	4.0 years	4.3 years
Weighted-average fair value per grant	**$13.18**	$9.09	$8.80

The expected life assumptions were based on historical behavior and incorporated post-vesting forfeitures for each type of award and population identified. The expected volatility was based on the historical behavior of the Company's stock price. The assumptions used to value options in 2011 were also used to value the warrants granted during 2011, resulting in a fair value per warrant granted of $13.35.

At December 31, 2011 and 2010, 3,308,755 and 3,564,150, respectively, of the Company's common shares were reserved for stock options, 4,327,317 and 4,279,868, respectively, of the Company's common shares were reserved for the 3¾% Convertible Senior Subordinated Notes and 4,000,000 of the Company's common shares were reserved for warrants.

At December 31, 2011 and 2010, 6,000,000 of preferred shares (redeemable and non-redeemable), par value $1 per share, were authorized and not issued.

One of the Company's subsidiaries maintains a stock option plan for its employees that provides for the granting of stock options that are exercisable into common shares of the subsidiary; however, amounts related to this plan have not been significant. Salaries and incentive compensation expense include amounts for this plan of $245,000, $193,000 and $201,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

15. Common Shares, Stock Options and Preferred Shares, continued:

The subsidiary also granted stock appreciation rights to an executive officer that have a seven year term and become exercisable only upon the occurrence of certain events. The rights are payable in cash unless the subsidiary's shares are publicly listed, in which case the subsidiary may elect to settle the rights in stock. Because management has determined that the occurrence of the events required for the stock appreciation rights to become exercisable was not probable as of December 31, 2010, no expense or liability relating to the rights has been recorded. Stock appreciation rights were also granted to a former executive officer; changes to the fair value of these rights are recorded as increases or decreases to selling, general and other expenses. Increases (decreases) to the fair value of these rights were $(4,447,000), $261,000 and $3,102,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

16. Accumulated Other Comprehensive Income:

Activity in accumulated other comprehensive income is reflected in the consolidated statements of equity but not in the consolidated statements of operations. A summary of accumulated other comprehensive income, net of taxes at December 31, 2011, 2010 and 2009 is as follows (in thousands):

	2011	2010	2009
Net unrealized gains on investments	**$998,151**	$1,749,757	$1,034,164
Net unrealized foreign exchange gains (losses)	**(3,168)**	(3,838)	4,024
Net unrealized gains on derivative instruments	**–**	–	1,005
Net minimum pension liability	**(83,537)**	(60,177)	(56,948)
Net postretirement benefit	**975**	1,621	2,787
	$912,421	$1,687,363	$ 985,032

17. Net Securities Gains (Losses):

The following summarizes net securities gains (losses) for each of the three years in the period ended December 31, 2011 (in thousands):

	2011	2010	2009
Net realized gains on securities	**$644,777**	$182,060	$ 10,440
Write-down of investments (a)	**(3,586)**	(2,474)	(31,420)
Net unrealized gains (losses) on trading securities	**285**	(92)	(126)
	$641,476	$179,494	$(21,106)

(a) Consists of provisions to write down investments resulting from declines in fair values believed to be other than temporary.

In 2011, the Company sold 117,400,000 common shares of Fortescue and recognized net securities gains of $628,197,000. In 2010, the Company sold 30,000,000 common shares of Fortescue and recognized a net security gain of $94,918,000 and sold its investment in Light and Power Holdings, Ltd. ("LPH") and recognized a net security gain of $66,200,000.

Proceeds from sales of investments classified as available for sale were $4,217,334,000, $838,197,000 and $2,112,574,000 during 2011, 2010 and 2009, respectively. Gross gains of $638,863,000, $104,392,000 and $18,653,000 and gross losses of $5,235,000, $683,000 and $21,696,000 were realized on these sales during 2011, 2010 and 2009, respectively.

18. Other Results of Operations Information:

Investment and other income for each of the three years in the period ended December 31, 2011 consists of the following (in thousands):

	2011	2010	2009
Interest on fixed maturity investments	**$ 30,996**	$ 22,148	$ 26,784
Dividend income	**18,360**	3,654	3,945
Other investment income	**1,774**	1,169	1,352
Income related to Fortescue's Pilbara project (see Note 6)	**214,455**	149,257	66,079
Gain on sale of Las Cruces	–	383,369	–
Gain on forgiveness of debt	**81,848**	–	–
Bargain purchase related to Keen (see Note 3)	–	–	49,345
Gains on sale of real estate and other assets, net of costs	**3,312**	2,561	12,767
Income related to settlement of insurance claims	–	106	5,272
Gain related to lawsuits and other settlements	**141**	3,446	10,453
Gain on buyback of debt	–	–	6,693
Government grants reimbursement	**5,366**	11,143	–
Rental income	**11,126**	12,417	14,149
Winery revenues	**38,161**	23,569	20,735
Other	**27,836**	36,525	39,683
	$433,375	$649,364	$257,257

As reflected in the table above, other income for the other operations segment includes government grants that reimbursed the Company for certain of its prior expenditures related to energy projects, which were fully expensed as incurred.

Taxes, other than income or payroll, amounted to $21,713,000, $22,213,000 and $18,305,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

Advertising costs amounted to $11,551,000, $10,284,000 and $9,251,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

Research and development costs charged to expense were $22,152,000, $5,476,000 and $3,525,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

19. Income Taxes:

The principal components of deferred taxes at December 31, 2011 and 2010 are as follows (in thousands):

	2011	2010
Deferred Tax Asset:		
Securities valuation reserves	**$ 49,893**	$ 52,444
Other assets	**78,289**	85,490
NOL carryover	**1,730,465**	1,962,914
Intangible assets, net and goodwill	**23,037**	–
Other liabilities	**12,386**	23,433
	1,894,070	2,124,281
Valuation allowance	**(109,181)**	(109,181)
	1,784,889	2,015,100
Deferred Tax Liability:		
Unrealized gains on investments	**(148,007)**	(822,095)
Property and equipment	**(45,784)**	(4,452)
Other	**(6,212)**	(12,995)
	(200,003)	(839,542)
Net deferred tax asset	**$1,584,886**	$1,175,558

As of December 31, 2011, the Company had consolidated federal NOLs of $1,228,800,000 that may be used to offset the taxable income of any member of the Company's consolidated tax group. In addition, the Company has $3,509,350,000 of federal NOLs that are only available to offset the taxable income of certain subsidiaries. Unused NOLs that expire prior to 2020 aggregate $2,568,000. The Company also has various state NOLs that expire at different times, which are reflected in the above table to the extent the Company estimates its future taxable income will be apportioned to those states. Uncertainties that may affect the utilization of the Company's tax attributes include future operating results, tax law changes, rulings by taxing authorities regarding whether certain transactions are taxable or deductible and expiration of carryforward periods.

At December 31, 2010, the Company concluded that it was more likely than not that it would have future taxable income sufficient to realize a significant portion of the Company's net deferred tax asset; accordingly, $1,157,111,000 of the deferred tax valuation allowance was reversed as a credit to income tax expense. See Note 2 for more information.

Under certain circumstances, the ability to use the NOLs and future deductions could be substantially reduced if certain changes in ownership were to occur. In order to reduce this possibility, the Company's certificate of incorporation includes a charter restriction that prohibits transfers of the Company's common stock under certain circumstances.

The provision (benefit) for income taxes for each of the three years in the period ended December 31, 2011 was as follows, excluding amounts allocated to income (losses) related to associated companies and discontinued operations (in thousands):

	2011	2010	2009
State income taxes	**$ 7,930**	$ 3,162	$(1,890)
Resolution of state tax contingencies	–	(600)	(2,025)
Federal income taxes:			
Deferred	**239,297**	–	–
Decrease in valuation allowance	–	(1,157,111)	–
Foreign income taxes	**23,026**	15,231	11,023
	$270,253	$(1,139,318)	$ 7,108

19. Income Taxes, continued:

At December 31, 2009, the Company had a full valuation allowance against its net federal deferred tax asset, including its available NOLs. As a result, the Company did not record any regular federal income tax expense for 2009. Prior to September 30, 2010, the Company had been recording provisions or benefits for deferred federal minimum taxes payable, due to unrealized security gains reflected in accumulated other comprehensive income and in income related to associated companies. If these gains were realized, the Company would be able to use its NOLs to fully offset the federal income taxes that would be due, but prior to the election described below the Company would have to pay federal minimum taxes. Although the payment of federal minimum taxes generates a minimum tax credit carryover, prior to the fourth quarter of 2010 it would have been fully reserved for in the net deferred tax asset valuation allowance. Accordingly, for the year ended December 31, 2009, the Company recorded provisions for deferred federal minimum taxes payable of $22,678,000 and $11,594,000 in accumulated other comprehensive income and income related to associated companies, respectively.

The Worker, Homeownership, and Business Assistance Act of 2009 provided taxpayers a special election for extended net operating loss carryback benefits, and with respect to any net operating loss for which the election was made, eliminated the limitation that applies to using the NOL to reduce alternative minimum taxable income. In 2010, the Internal Revenue Service provided additional guidance with respect to application of the law, and the Company made the election with respect to its 2008 NOL. As a result, approximately $1,940,000,000 of the NOLs referred to above can be used to fully offset federal minimum taxable income, and no federal regular or minimum income tax would be payable on such income. During 2010, the Company reversed deferred federal minimum tax liabilities which had been recorded in prior periods of $11,594,000 to income related to associated companies and $22,678,000 to accumulated other comprehensive income.

The table below reconciles the expected statutory federal income tax to the actual income tax provision (benefit) (in thousands):

	2011	2010	2009
Expected federal income tax	**$238,346**	$ 129,151	$(84,404)
State income taxes, net of federal income tax benefit	**5,585**	3,162	(1,890)
Decrease in valuation allowance	–	(1,157,111)	–
Tax expense not provided on income recorded prior to the reversal of deferred tax valuation allowance	–	(134,230)	–
Tax benefit of current year losses fully reserved in valuation allowance	–	–	101,927
Accounting expense for warrants in excess of tax deduction	**7,141**	–	–
Resolution of tax contingencies	–	(600)	(2,025)
Permanent differences	**2,552**	5,079	(17,523)
Foreign taxes	**14,967**	15,231	11,023
Other	**1,662**	–	–
Actual income tax provision (benefit)	**$270,253**	$(1,139,318)	$ 7,108

Reflected above as resolution of tax contingencies are reductions to the Company's income tax provision for the expiration of the applicable statute of limitations and the favorable resolution of certain federal and state income tax contingencies.

19. Income Taxes, continued:

The following table reconciles the total amount of unrecognized tax benefits as of the beginning and end of the periods presented (in thousands):

	Unrecognized Tax Benefits	Interest	Total
As of January 1, 2009	$ 7,900	$3,200	$11,100
Additions to unrecognized tax benefits	200	–	200
Additional interest expense recognized	–	600	600
Audit payments	(200)	(100)	(300)
Reductions as a result of the lapse of the statute of limitations and completion of audits	(1,200)	(800)	(2,000)
Balance, December 31, 2009	6,700	2,900	9,600
Additions to unrecognized tax benefits	–	–	–
Additional interest expense recognized	–	500	500
Audit payments	(100)	(100)	(200)
Reductions as a result of the lapse of the statute of limitations and completion of audits	(300)	(300)	(600)
Balance, December 31, 2010	6,300	3,000	9,300
Additions to unrecognized tax benefits	–	–	–
Additional interest expense recognized	–	500	500
Audit payments	–	–	–
Reductions as a result of the lapse of the statute of limitations and completion of audits	–	–	–
Balance, December 31, 2011	$ 6,300	$3,500	$ 9,800

If recognized, the total amount of unrecognized tax benefits reflected in the table above would lower the Company's effective income tax rate. Over the next twelve months, the Company believes it is reasonably possible that the aggregate amount of unrecognized tax benefits related to uncertain tax positions will decrease by approximately $300,000 upon the resolution of certain assessments. The statute of limitations with respect to the Company's federal income tax returns has expired for all years through 2007. The Company's New York State and New York City income tax returns are currently being audited for the 2006 to 2008 period.

20. Pension Plans and Postretirement Benefits:

Prior to 1999, the Company maintained a defined benefit pension plan covering employees of certain units who met age and service requirements. This plan was frozen in 1998; in 2010 the plan was terminated and settled. A contribution of $9,636,000 was made to the plan and the Company recognized a settlement charge of $12,728,000 during 2010.

Pursuant to the WilTel sale agreement the responsibility for WilTel's defined benefit pension plan was retained by the Company. All benefits under this plan were frozen as of the date of sale.

20. Pension Plans and Postretirement Benefits, continued:

A summary of activity with respect to defined benefit pension plans for 2011 and 2010 is as follows (in thousands):

	2011	2010
Projected Benefit Obligation:		
Projected benefit obligation at beginning of period	**$207,889**	$235,846
Interest cost	**11,233**	12,295
Actuarial loss	**39,028**	19,313
Settlement payment	**–**	(50,200)
Benefits paid	**(6,201)**	(9,365)
Projected benefit obligation at December 31,	**$251,949**	$207,889
Change in Plan Assets:		
Fair value of plan assets at beginning of period	**$145,124**	$167,652
Actual return on plan assets	**7,166**	6,898
Employer contributions	**43,823**	32,511
Settlement payment	**–**	(50,200)
Benefits paid	**(6,201)**	(9,365)
Administrative expenses	**(1,036)**	(2,372)
Fair value of plan assets at December 31,	**$188,876**	$145,124
Funded Status at end of year	**$(63,073)**	$(62,765)

As of December 31, 2011 and 2010, $104,424,000 and $68,094,000, respectively, of the net amount recognized in the consolidated balance sheet was reflected as a charge to accumulated other comprehensive income (loss) (substantially all of which were cumulative losses) and $63,073,000 and $62,765,000, respectively, was reflected as accrued pension cost.

Employer contributions expected to be paid in 2012 are $3,000,000.

Pension expense related to the defined benefit pension plans charged to results of continuing operations included the following components (in thousands):

	2011	2010	2009
Interest cost	**$11,233**	$11,944	$12,433
Expected return on plan assets	**(6,091)**	(7,936)	(7,679)
Actuarial loss	**2,659**	1,929	2,290
Amortization of prior service cost	**–**	2	3
Net pension expense	**$ 7,801**	$ 5,939	$ 7,047

At December 31, 2011, the plan's assets at fair value consisted of the following (in thousands):

		Fair Value Measurements Using	
	Total Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
Cash and cash equivalents	**$ 15,479**	**$ 15,479**	**$ –**
Bonds and notes:			
U.S. Government and agencies	**27,076**	**27,076**	**–**
Foreign governments	**2,185**	**2,185**	**–**
All other corporates	**126,035**	**123,689**	**2,346**
Other (primarily receivable on sale of securities)	**18,101**	**18,101**	**–**
Total	**$188,876**	**$186,530**	**$2,346**

20. Pension Plans and Postretirement Benefits, continued:

At December 31, 2010, the plan's assets at fair value consisted of the following (in thousands):

	Total Fair Value Measurements	Fair Value Measurements Using Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)
Cash and cash equivalents	$ 21,748	$ 21,748
Bonds and notes:		
U.S. Government and agencies	9,154	9,154
U.S. Government-Sponsored Enterprises	3,040	3,040
States, municipalities and political subdivisions	325	325
All other corporates	110,857	110,857
Total	$145,124	$145,124

The estimated fair values for securities measured using Level 1 inputs are determined using publicly quoted market prices in active markets. Certain of the corporate bonds are measured using Level 2 inputs. Although these bonds trade in brokered markets, the market for certain bonds is sometimes inactive. The fair values of these investments are based on reported trading prices, bid and ask prices and quotes obtained from independent market makers in the securities. At December 31, 2011, the plan did not have any fair value measurements using unobservable inputs (Level 3).

The current investment objectives are designed to minimize investment losses due to rising interest rates while providing a stable and predictable stream of investment income. To further mitigate investment losses, the Company has placed certain investment restrictions and limitations over plan assets. The restrictions and limitations include the following:

- Fixed income securities will all be rated BBB- or better at the time of purchase, there will be no more than 5% at market in any one security (U.S. government and agency positions excluded), no more than a 30-year maturity in any one security and investments in standard collateralized mortgage obligations are limited to securities that are currently paying interest, receiving principal, do not contain leverage and are limited to 10% of the market value of the portfolio.

- Plan assets are split into two separate portfolios, each with different duration and asset mix. The Investment Grade ("IG") portfolio consists of investment grade fixed income corporate bonds with a maximum duration of 5 years. The Fixed Income ("FI") portfolio consists of investment grade bonds, short and mid-term government instruments, and cash and cash equivalents with a maximum duration of 2 years.

The IG and FI portfolios are managed to maximize the value of plan assets by minimizing exposure to changes in market interest rates. This investment strategy provides the Company with more flexibility in managing the plan should interest rates rise and result in a decrease in the discounted value of benefit obligations.

To develop the assumption for the expected long-term rate of return on plan assets, the Company considered the following underlying assumptions: 2.5% current expected inflation, 1.5% to 1.7% real rate of return for short duration risk-free investments, .2% inflation risk premium and .75% default risk premium for the portion of the portfolio invested in corporate bonds. The Company then weighted these assumptions based on invested assets and assumed that investment expenses were offset by expected returns in excess of benchmarks, which resulted in the selection of the 4.25% expected long-term rate of return assumption for 2011.

20. Pension Plans and Postretirement Benefits, continued:

Changes in plan assets and benefit obligations recognized in other comprehensive income (loss) for the years ended December 31, 2011, 2010 and 2009 are as follows (in thousands):

	2011	2010	2009
Net loss arising during period	**$(38,989)**	$(23,120)	$(5,161)
Settlement charge	–	16,891	–
Recognition of amortization in net periodic benefit cost:			
Prior service cost	–	2	3
Actuarial loss	**2,659**	2,095	2,435
Total	**$(36,330)**	$ (4,132)	$(2,723)

The estimated net loss for the defined benefit pension plan that will be amortized from accumulated other comprehensive income (loss) into net periodic benefit cost in 2012 is $5,928,000.

The Company uses a December 31 measurement date for its plans. Excluding the defined pension benefit plan terminated in 2010, the assumptions used relating to the defined benefit pension plan is as follows:

	2010	2009
Discount rate used to determine benefit obligation at December 31,	**4.40%**	5.50%
Weighted-average assumptions used to determine net cost for years ended December 31,:		
Discount rate	**5.50%**	6.00%
Expected long-term return on plan assets	**4.25%**	6.00%

The following pension benefit payments are expected to be paid (in thousands):

2012	$ 4,453
2013	4,784
2014	6,371
2015	8,360
2016	9,243
2017 – 2021	67,536

The Company and its consolidated subsidiaries have defined contribution pension plans covering certain employees. Contributions and costs are a percent of each covered employee's salary. Amounts charged to expense related to such plans were $2,904,000, $2,570,000 and $2,265,000 for the years ended December 31, 2011, 2010 and 2009, respectively.

Several subsidiaries provide certain health care and other benefits to certain retired employees under plans which are currently unfunded. The Company pays the cost of postretirement benefits as they are incurred. Accumulated postretirement benefit obligations and amounts recognized in the consolidated statements of operations and in accumulated other comprehensive income (loss) were not significant.

21. Derivative Instruments:

As part of National Beef's operations, it is exposed to market risks from changes in commodity prices. To manage these risks, National Beef may enter into forward purchase contracts for cattle and exchange traded futures contracts for cattle or grain. While these instruments help mitigate market risks, they are not designated and accounted for as hedges; accordingly, the gains and losses associated with changes in fair value of derivative financial instruments are recorded

21. Derivative Instruments, continued:

to net sales or cost of goods sold in the period of change. Certain firm commitments for live cattle purchases and all firm commitments for boxed beef sales are designated as normal purchases and sales and not recorded at fair value.

Exchange-traded contracts have been entered into under a master netting agreement. None of the derivatives entered into have credit-related contingent features. National Beef has $10,683,000 in cash collateral posted for its derivative liabilities which is included in prepaids and other current assets as of December 31, 2011. See Note 25 for fair value information on National Beef's commodity contracts.

22. Commitments and Contingencies:

The Company and its subsidiaries rent office space and office equipment under noncancellable operating leases with terms varying principally from one to thirty years. Rental expense (net of sublease rental income) was $13,892,000 in 2011, $14,138,000 in 2010 and $11,421,000 in 2009. Future minimum annual rentals (exclusive of month-to-month leases, real estate taxes, maintenance and certain other charges) under these leases at December 31, 2011 are as follows (in thousands):

2012	$ 20,741
2013	18,542
2014	15,995
2015	10,847
2016	6,807
Thereafter	32,926
	105,858
Less: sublease income	(986)
	$104,872

Pursuant to an agreement that was entered into before the Company sold CDS to HomeFed in 2002, the Company agreed to obtain project improvement bonds for the San Elijo Hills project. These bonds, which are for the benefit of the City of San Marcos, California and other government agencies, are required prior to the commencement of any development at the project. CDS is responsible for paying all third party fees related to obtaining the bonds. Should the City or others draw on the bonds for any reason, CDS and one of its subsidiaries would be obligated to reimburse the Company for the amount drawn. At December 31, 2011, $1,224,000 was outstanding under these bonds, substantially all of which expires in 2012 and 2013.

As more fully discussed in Note 4, the Company has agreed to reimburse Berkshire Hathaway for up to one-half of any losses incurred under a $2,500,000,000 surety policy securing outstanding commercial paper issued by an affiliate of Berkadia. As of December 31, 2011, the aggregate amount of commercial paper outstanding was $2,000,000,000.

The Hard Rock Biloxi's casino is constructed over water on concrete pilings; however, the threat of hurricanes is a risk to the facility. Premier's current insurance policy provides up to $242,000,000 in coverage for damage to real and personal property including business interruption coverage. The coverage is provided by a panel of U.S., Bermuda and London based insurers and is comprised of a $50,000,000 primary layer and three excess layers. The coverage is syndicated through several insurance carriers, each with an A.M. Best Rating of A- (Excellent) or better. Although the insurance policy is an all risk policy, any loss resulting from a weather catastrophe occurrence, which is defined to include damage caused by a named storm, is sublimited to $100,000,000 with a deductible of $5,000,000.

Effective December 30, 2004, National Beef finalized an agreement with the City of Dodge City, Kansas, whereby in consideration of certain improvements made to the city water and wastewater systems, National Beef committed

22. Commitments and Contingencies, continued:

to make a series of service charge payments totaling $19,300,000 over a 20 year period. Payments under the commitment will be $800,000 in each of the years 2012 through 2016, with the remaining balance of $6,500,000 to be paid in subsequent years.

National Beef makes verbal commitments to cattle producers to purchase cattle approximately one week in advance of delivery of those cattle to its plants. The actual value paid for these cattle is determined after the cattle are delivered, weighed and inspected at the Company's facilities. The total value of verbal commitments to purchase cattle as of December 31, 2011 was $101,399,000.

All of Linkem's outstanding shares, including the shares owned by the Company, are pledged as collateral for its bank credit line, which was fully drawn at December 31, 2011.

Subsidiaries of the Company have outstanding letters of credit aggregating $36,524,000 at December 31, 2011.

23. Litigation:

The Company and its subsidiaries are parties to legal proceedings that are considered to be either ordinary, routine litigation incidental to their business or not significant to the Company's consolidated financial position. The Company does not believe that any of the foregoing actions will have a significant adverse effect on its consolidated financial position or liquidity, but any amounts paid could be significant to results of operations for the period.

24. Earnings (Loss) Per Common Share:

Basic and diluted earnings (loss) per share amounts were calculated by dividing net income (loss) by the weighted-average number of common shares outstanding. The numerators and denominators used to calculate basic and diluted earnings (loss) per share for the three year periods ended December 31, 2011, 2010 and 2009 are as follows (in thousands):

	2011	2010	2009
Numerator for earnings (loss) per share:			
Net income attributable to Leucadia National Corporation common shareholders for basic earnings per share	**$25,231**	$1,939,312	$550,280
Interest on 3¾% Convertible Notes	**–**	3,707	7,199
Net income attributable to Leucadia National Corporation common shareholders for diluted earnings per share	**$25,231**	$1,943,019	$557,479
Denominator for earnings (loss) per share:			
Denominator for basic earnings (loss) per share – weighted-average shares	**244,425**	243,379	241,437
Stock options	**73**	42	2
Warrants	**75**	–	–
3¾% Convertible Notes	**–**	4,251	6,410
Denominator for diluted earnings (loss) per share	**244,573**	247,672	247,849

Options to purchase 1,639,375, 1,865,625 and 2,247,590 weighted-average shares of common stock were outstanding during the years ended December 31, 2011, 2010 and 2009, respectively, but were not included in the computation of diluted per share amounts as the effect was antidilutive.

24. Earnings (Loss) Per Common Share, continued:

The denominator for diluted earnings (loss) per share does not include weighted-average common shares of 4,000,000 for the year ended December 31, 2011 related to outstanding warrants to purchase common shares at $33.84 per share, as the effect was antidilutive. Warrants to purchase 4,000,000 and 4,000,000 weighted-average common shares at $28.515 per share were outstanding during the years ended December 31, 2010 and 2009, respectively, but were not included in the computation of diluted per share amounts as the effect was antidilutive.

For the year ended December 31, 2011, 4,283,518 shares related to the 3¾% Convertible Notes were not included in the computation of diluted per share amounts as the effect was antidilutive.

Outstanding stock options and stock appreciation rights of a subsidiary are not included above since the subsidiary operates at a net loss and the effect is antidilutive.

25. Fair Value of Financial Instruments:

Aggregate information concerning assets and liabilities at December 31, 2011 and 2010 that are measured at fair value on a recurring basis is presented below (dollars in thousands):

	December 31, 2011		
		Fair Value Measurements Using	
	Total Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
Investments classified as current assets:			
Investments available for sale:			
Bonds and notes:			
U.S. Government and agencies	$ 139,952	$ 139,952	$ –
All other corporates	5,719	5,719	–
Other	306	–	306
Non-current investments:			
Investments available for sale:			
Bonds and notes:			
U.S. Government-Sponsored Enterprises	622,191	–	622,191
All other corporates	66,542	26,703	39,839
Equity securities:			
Common stocks:			
Banks, trusts and insurance companies	50,971	50,971	–
Industrial, miscellaneous and all other	1,313,688	1,313,688	–
Other	501	–	501
Investments in associated companies	1,198,029	1,198,029	–
Total	$3,397,899	$2,735,062	$662,837
Commodity contracts – other current assets	$ 3,816	$ 88	$ 3,728
Other current liabilities:			
Commodity contracts	$ (2,802)	$ –	$ (2,802)
Other	(955)	(955)	–
Total	$ (3,757)	$ (955)	$ (2,802)

25. Fair Value of Financial Instruments, continued:

	December 31, 2010		
		Fair Value Measurements Using	
	Total Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets or Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)
Investments classified as current assets:			
Investments available for sale:			
Bonds and notes:			
U.S. Government and agencies	$ 247,017	$ 247,017	$ –
All other corporates	6,572	6,324	248
Non-current investments:			
Investments available for sale:			
Bonds and notes:			
U.S. Government and agencies	7,716	–	7,716
U.S. Government-Sponsored Enterprises	823,383	–	823,383
All other corporates	192,533	150,193	42,340
Equity securities:			
Common stocks:			
Banks, trusts and insurance companies	49,276	49,276	–
Industrial, miscellaneous and all other	2,593,331	2,593,331	–
Investments in associated companies	1,314,227	1,314,227	–
Total	$5,234,055	$4,360,368	$873,687
Other current liabilities	$ (2,413)	$ (1,878)	$ (535)

At December 31, 2011 and 2010, the Company did not have significant fair value measurements using unobservable inputs (Level 3) for assets and liabilities measured at fair value on a recurring basis. As more fully discussed in Notes 3 and 14, the fair value of the redeemable noncontrolling interests of National Beef was determined based on the amount paid by the Company for its interest, which was acquired on December 30, 2011. In future periods, these interests will be carried at fair value on a recurring basis, based on significant unobservable inputs (Level 3).

The estimated fair values for securities measured using Level 1 inputs are determined using publicly quoted market prices in active markets. The Company has a segregated portfolio of mortgage pass-through certificates issued by U.S. Government agencies (GNMA) and by U.S. Government-Sponsored Enterprises (FHLMC or FNMA) which are carried on the balance sheet at their estimated fair value. Although the markets that these types of securities trade in are generally active, market prices are not always available for the identical security. The fair value of these investments are based on observable market data including benchmark yields, reported trades, issuer spreads, benchmark securities, bids and offers. The estimates of fair value of the portfolios of mortgage pass-through certificates and corporate bonds are considered to be based on Level 2 inputs.

At December 31, 2011, the Company did not have significant assets and liabilities that were measured at fair value on a nonrecurring basis. Aggregate information concerning assets and liabilities at December 31, 2010 that are measured at fair value on a nonrecurring basis is presented below (in thousands):

25. Fair Value of Financial Instruments, continued:

	December 31, 2010			
		Fair Value Measurements Using		
	Total Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Long-lived assets held and used (a)	$20,600	$ –	$20,600	$ –
Long-lived assets held for sale (b)	7,000	–	7,000	–
Other non-current investments (c)	2,200	–	–	2,200

(a) At December 31, 2010, the Company evaluated for impairment the carrying value of MB1's real estate assets, recorded an impairment charge of $47,074,000 and reduced the carrying amount to its fair value of $18,094,000. As of December 31, 2010, the Company also wrote down to fair value one of its real estate projects based on an appraisal and prices for similar assets, and recognized an impairment charge of $2,357,000, which is included in selling, general and other expenses. See Note 2 for more information.

(b) Consists of a corporate aircraft at December 31, 2010 for which the fair value was primarily based on prices for similar assets. The Company recognized an impairment loss of $1,449,000 for 2010 which is included in selling, general and other expenses.

(c) At December 31, 2010, represents an investment in a non-public security of $2,177,000. The investment in the non-public security is accounted for under the cost method of accounting for which the Company primarily reviewed issuer financial statements to determine its fair value.

The information in the tables above includes assets that are measured at fair value on a non-recurring basis as of the indicated balance sheet dates. However, prior to year-end the Company recorded impairment charges for assets that resulted in write-downs to fair value in earlier periods. For the years ended December 31, 2011, 2010 and 2009, net securities gains (losses) include impairment charges for investments aggregating $3,586,000, $2,474,000 and $31,420,000, respectively; see Note 2 for further information.

During 2009, the Company recorded impairment charges for other assets and investments in associated companies aggregating $139,000,000, which were principally classified as selling, general and other expenses and losses related to associated companies. This amount primarily consisted of $68,800,000 related to long-lived assets, principally with respect to MB1, $36,544,000 related to the Company's investment in Keen (while it was classified as an associated company) and $32,348,000 related to the Company's investment in Garcadia (an associated company); see Notes 2 and 3 for further information.

The following table presents fair value information about certain financial instruments, whether or not recognized on the balance sheet. Fair values are determined as described below. These techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. The fair value amounts presented do not purport to represent and should not be considered representative of the underlying "market" or franchise value of the Company. The methods and assumptions used to estimate the fair values of each class of the financial instruments described below are as follows:

(a) Investments: The fair values of marketable equity securities and fixed maturity securities (which include securities sold not owned) are substantially based on quoted market prices, as disclosed in Note 6.

Other non-current investments which do not trade publicly include private equity fund investments where the Company's voting interest isn't large enough to apply the equity method of accounting, a portfolio of non-agency mortgage-backed bond securitizations where the underlying assets are various individual mortgage loans, the zero-coupon note component of the FMG Note, and various other non-publicly traded investments.

25. Fair Value of Financial Instruments, continued:

For the investments in private equity funds and the FMG zero-coupon note, the Company has concluded that the carrying amount approximates the fair value of these investments based primarily on reviews of issuer financial statements or statements of net asset value. For the bond securitization portfolio, future cash flows are re-estimated on a regular basis for each security to determine if impairment charges are required; accordingly the Company has concluded that the carrying amount of these securities approximates their fair values. The fair values of the Company's other non-publicly traded investments that are accounted for under the cost method were assumed to be at least equal to the carrying amount. For these non-publicly traded investments, the Company reviews cash flows and/or other information obtained from investee companies on a regular basis to determine if impairment charges are required.

(b) Cash and cash equivalents: For cash equivalents, the carrying amount approximates fair value.

(c) Notes receivable: The fair values of variable rate notes receivable are estimated to be the carrying amount.

(d) Long-term and other indebtedness: The fair values of non-variable rate debt are estimated using quoted market prices and estimated rates that would be available to the Company for debt with similar terms. The fair value of variable rate debt is estimated to be the carrying amount. The fair value of the MB1 debt at December 31, 2010 was the amount paid by the Company's subsidiary for the collateralized property in the foreclosure sale; see Note 2.

(e) Redeemable noncontrolling interests were valued based on the amount paid by the Company to acquire National Beef on December 30, 2011; see Note 3 for more information.

(f) Swap agreements: The fair values of the interest rate swap at December 31, 2010 was based on rates then available for similar agreements. At December 31, 2011, the Company did not have any swap agreements.

The carrying amounts and estimated fair values of the Company's financial instruments at December 31, 2011 and 2010 are as follows (in thousands):

	2011		2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets:				
Investments:				
Current	**$ 150,135**	**$ 150,135**	$ 264,572	$ 264,572
Non-current	**2,226,875**	**2,226,875**	3,832,659	3,832,659
Cash and cash equivalents	**168,490**	**168,490**	441,340	441,340
Notes receivable:				
Current	**1,675**	**1,675**	740	740
Non-current	**13,531**	**13,531**	2,633	2,633
Commodity contracts	**3,816**	**3,816**	–	–
Financial Liabilities:				
Indebtedness:				
Current	**447,612**	**447,612**	543,780	461,350
Non-current	**1,875,571**	**1,944,879**	1,548,469	1,677,656
Securities sold not owned	**955**	**955**	1,878	1,878
Commodity contracts	**2,802**	**2,802**	–	–
Redeemable noncontrolling interests	**235,909**	**235,909**	–	–
Swap agreements:				
Interest rate swaps	–	–	(535)	(535)

26. Segment Information:

The Company's reportable segments consist of its operating units, which offer different products and services and are managed separately. National Beef processes, packages and delivers fresh and frozen beef and beef by-products for sale to customers in the U.S. and international markets. Idaho Timber primarily remanufactures, manufactures and/or distributes wood products. Conwed Plastics manufactures and markets lightweight plastic netting used for a variety of purposes. The Company's land based contract oil and gas drilling operations segment is conducted through Keen, a provider of drilling services to oil and natural gas exploration and production companies in the Mid-Continent Region of the U.S. The Company's gaming entertainment segment is conducted through Premier, which owns the Hard Rock Biloxi. The Company's domestic real estate operations consist of a variety of commercial properties, residential land development projects and other unimproved land, all in various stages of development. The Company's medical product development segment is conducted through Sangart. Other operations primarily consist of the Company's wineries and energy projects.

Prior to its consolidation in November 2009, the Company's investment in Keen was classified as an investment in an associated company.

Associated companies include equity interests in other entities that the Company accounts for under the equity method of accounting. Investments in associated companies that are accounted for under the equity method of accounting include HomeFed, Linkem, JHYH, Berkadia, and Garcadia. Associated companies also include the Company's investments in Jefferies and Mueller, which are accounted for at fair value rather than under the equity method of accounting.

Corporate assets primarily consist of the deferred tax asset, investments and cash and cash equivalents and corporate revenues primarily consist of investment and other income and securities gains and losses. Corporate assets include the Company's investment in Fortescue and in the Inmet common shares. Corporate assets, revenues, overhead expenses and interest expense are not allocated to the operating units.

Conwed Plastics has a manufacturing and sales facility located in Belgium, National Beef has sales offices in and exports its products to various countries and the Company owns a small Caribbean-based telecommunications provider; these are the only foreign operations with non-U.S. revenue or assets that the Company consolidates. Unconsolidated non-U.S. based investments include the investments in Fortescue, Inmet and Linkem.

Certain information concerning the Company's segments is presented in the following table. Consolidated subsidiaries are reflected as of the date a majority controlling interest was acquired, which was November 2009 for Keen and December 30, 2011 for National Beef. However, since operating activities for National Beef subsequent to the acquisition during 2011 were not significant they have not been included in the Company's 2011 consolidated statement of operations. Associated Companies are not considered to be a reportable segment, but are reflected in the table below under income (loss) from continuing operations before income taxes and identifiable assets employed.

	2011	2010	2009
		(In thousands)	
Revenues and other income (a):			
Manufacturing:			
Idaho Timber	**$ 159,026**	$ 172,908	$142,709
Conwed Plastics	**85,961**	87,073	82,094
Oil and Gas Drilling Services (b)	**136,146**	116,560	60,459
Gaming Entertainment	**117,238**	114,809	103,583
Domestic Real Estate	**96,501**	17,075	30,637
Medical Product Development	**378**	123	5,147
Other Operations (c)	**69,038**	67,119	51,764
Corporate (d)	**906,480**	744,337	98,815
Total consolidated revenues and other income	**$1,570,768**	$1,320,004	$575,208

26. Segment Information, continued:

	2011	2010	2009
		(In thousands)	
Income (loss) from continuing operations before income taxes:			
Manufacturing:			
Idaho Timber	$ (3,787)	$ 547	$ (12,680)
Conwed Plastics	5,916	8,803	11,578
Oil and Gas Drilling Services (b)	3,533	(13,937)	46,738
Gaming Entertainment	12,616	(2,159)	2,379
Domestic Real Estate	80,919	(54,935)	(71,298)
Medical Product Development	(42,696)	(25,443)	(23,818)
Other Operations (c)	(24,374)	(17,487)	(26,434)
Income (loss) related to Associated Companies	(612,362)	375,021	805,803
Corporate (d)	648,861	473,614	(167,619)
Total consolidated income from continuing operations before income taxes	$ 68,626	$ 744,024	$ 564,649
Depreciation and amortization expenses:			
Manufacturing (e):			
Idaho Timber	$ 5,299	$ 6,131	$ 8,631
Conwed Plastics	6,509	9,068	8,476
Oil and Gas Drilling Services	21,051	25,447	3,103
Gaming Entertainment	16,785	16,657	16,532
Domestic Real Estate	3,461	6,163	8,408
Medical Product Development	845	870	836
Other Operations (e)	9,922	7,183	8,125
Corporate	23,296	20,979	18,441
Total consolidated depreciation and amortization expenses	$ 87,168	$ 92,498	$ 72,552
Identifiable assets employed:			
Beef Processing	$1,786,855	$ –	$ –
Manufacturing:			
Idaho Timber	71,859	84,436	94,211
Conwed Plastics	56,539	60,822	67,940
Oil and Gas Drilling Services	224,563	237,212	257,086
Gaming Entertainment	243,888	253,221	266,951
Domestic Real Estate	254,885	255,027	311,571
Medical Product Development	27,893	16,950	26,702
Other Operations	226,306	167,535	158,326
Investments in Associated Companies	1,991,795	2,274,163	2,764,885
Corporate	4,378,606	6,000,932	2,652,422
Assets of discontinued operations	–	–	162,270
Total consolidated assets	$9,263,189	$9,350,298	$6,762,364

(a) Revenues and other income for each segment include amounts for services rendered and products sold, as well as segment reported amounts classified as investment and other income and net securities gains (losses) in the Company's consolidated statements of operations.

(b) As more fully discussed above, investment and other income for oil and gas drilling services includes a bargain purchase gain of $49,345,000 in 2009.

26. Segment Information, continued:

(c) Other operations includes pre-tax losses of $28,598,000, $16,076,000 and $25,324,000 for the years ended December 31, 2011, 2010 and 2009, respectively, for the investigation and evaluation of various energy related projects. There were no significant operating revenues or identifiable assets associated with these activities in any period; however, other income includes $5,366,000 and $11,143,000 in 2011 and 2010, respectively, with respect to government grants to reimburse the Company for certain of its prior expenditures, which were fully expensed as incurred.

(d) Net securities gains (losses) for Corporate aggregated $641,480,000, $179,494,000 and $(21,106,000) during 2011, 2010 and 2009, respectively. Corporate net securities gains (losses) are net of impairment charges of $3,586,000, $2,474,000 and $31,420,000 during 2011, 2010 and 2009, respectively. In 2011, security gains included gains of $628,197,000 from the sale of certain of the Company's common shares of Fortescue. In 2010, security gains include a gain of $66,200,000 from the sale of the Company's investment in LPH and a gain of $94,918,000 from the sale of certain of the Company's common shares of Fortescue. Corporate investment and other income includes the gain on sale of Las Cruces of $383,369,000 in 2010.

(e) Includes amounts classified as cost of sales.

(f) For the years ended December 31, 2011, 2010 and 2009, interest expense was primarily comprised of Corporate; interest expense for other segments was not significant.

27. Selected Quarterly Financial Data (Unaudited):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share amounts)			
2011				
Revenues and other income	$284,034	$753,441	$ 236,058	$297,235
Income (loss) from continuing operations	$ 12,429	$183,288	$(292,017)	$112,994
Income (loss) from discontinued operations, net of taxes	$ (1,722)	$ 2,325	$ (108)	$ 1,482
Gain on disposal of discontinued operations, net of taxes	$ 79	$ 845	$ 773	$ 4,588
Net (income) loss attributable to the noncontrolling interest	$ (279)	$ (149)	$ 330	$ 373
Net income (loss)	$ 10,507	$186,309	$(291,022)	$119,437
Basic earnings (loss) per common share attributable to Leucadia National Corporation common shareholders:				
Income (loss) from continuing operations	$ .05	$.75	$(1.19)	$.46
Income (loss) from discontinued operations	(.01)	.01	–	.01
Gain on disposal of discontinued operations	–	–	–	.02
Net income (loss)	$ .04	$.76	$(1.19)	$.49
Number of shares used in calculation	244,082	244,521	244,580	244,583
Diluted earnings (loss) per common share attributable to Leucadia National Corporation common shareholders:				
Income (loss) from continuing operations	$ .05	$.74	$(1.19)	$.46
Income (loss) from discontinued operations	(.01)	.01	–	.01
Gain on disposal of discontinued operations	–	–	–	.01
Net income (loss)	$ .04	$.75	$(1.19)	$.48
Number of shares used in calculation	244,620	249,026	244,580	248,874

27. Selected Quarterly Financial Data (Unaudited), continued:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share amounts)			
2010				
Revenues and other income	$259,295	$ 289,200	$185,865	$ 585,644
Income (loss) from continuing operations	$196,332	$(246,292)	$262,458	$1,676,589
Income (loss) from discontinued operations, net of taxes	$ (4,827)	$ 10,014	$(12,370)	$ (2,665)
Gain on disposal of discontinued operations, net of taxes	$ –	$ –	$ 39,882	$ 21,115
Net (income) loss attributable to the noncontrolling interest	$ (26)	$ 1,134	$ (2,215)	$ 183
Net income (loss)	$191,479	$(235,144)	$287,755	$1,695,222
Basic earnings (loss) per common share attributable to Leucadia National Corporation common shareholders:				
Income (loss) from continuing operations	$ .81	$(1.01)	$1.08	$6.89
Income (loss) from discontinued operations	(.02)	.04	(.05)	(.01)
Gain on disposal of discontinued operations	–	–	.15	.08
Net income (loss)	$ .79	$ (.97)	$1.18	$6.96
Number of shares used in calculation	243,291	243,312	243,317	243,546
Diluted earnings (loss) per common share attributable to Leucadia National Corporation common shareholders:				
Income (loss) from continuing operations	$ .80	$(1.01)	$1.07	$6.77
Income (loss) from discontinued operations	(.02)	.04	(.05)	(.01)
Gain on disposal of discontinued operations	–	–	.15	.08
Net income (loss)	$ .78	$ (.97)	$1.17	$6.84
Number of shares used in calculation	247,594	243,312	247,572	247,847

Income (loss) from continuing operations includes a credit to income tax expense of $1,157,111,000 in the fourth quarter of 2010, resulting from the reversal of a portion of the deferred tax valuation allowance. Income (loss) from continuing operations includes a credit to income tax expense of $11,594,000 in the third quarter of 2010, resulting from the reversal of deferred federal minimum tax liabilities which had been recorded in prior periods.

Schedule II – Valuation and Qualifying Accounts
LEUCADIA NATIONAL CORPORATION AND SUBSIDIARIES
For the years ended December 31, 2011, 2010 and 2009
(In thousands)

In 2011 and 2010, the totals of quarterly per share amounts do not equal annual per share amounts because of changes in outstanding shares during the year.

		Additions			Deductions		
Description	Balance at Beginning of Period	Charged to Costs and Expenses	Recoveries	Other	Write Offs	Other	Balance at End of Period
2011							
Allowance for doubtful accounts	**$ 4,710**	**$ 658**	**$ –**	**$ –**	**$ 1,494**	**$ –**	**$ 3,874**
Deferred tax asset valuation allowance	**$ 109,181**	**$ –**	**$ –**	**$ –**	**$ –**	**$ –**	**$ 109,181**
2010							
Allowance for doubtful accounts	$ 3,971	$ 1,111	$ 2	$ –	$ 374	$ –	$ 4,710
Deferred tax asset valuation allowance	$1,835,161	$ –	$ –	$ –	$ –	$1,725,980[a]	$ 109,181
2009							
Allowance for doubtful accounts	$ 3,109	$ 1,623	$ 12	$ –	$ 773	$ –	$ 3,971
Deferred tax asset valuation allowance	$2,307,281	$ –	$ –	$109,156[b]	$ –	$ 581,276[c]	$1,835,161

(a) During 2010, the Company's revised projections of future taxable income enabled it to conclude that it was more likely than not that it will have future taxable income sufficient to realize a significant portion of the Company's net deferred tax asset; accordingly, $1,157,111,000 of the deferred tax valuation allowance was reversed as a credit to income tax expense.

(b) Represents the tax effect of losses during 2009, which were reserved for in the deferred tax asset valuation allowance.

(c) Primarily represents the tax effect of the change in unrealized gains (losses) on investments.

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Commercial Mortgage Servicing

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Manufacturing

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Chris Hatzenbuhler, President
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Oil and Gas Drilling Services

Keen Energy Services, LLC
4905 South Perkins Road
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Edward S. Jacob, III, Chief Executive Officer
(405) 743-2132
www.keenenergyservices.com

Gaming Entertainment

Hard Rock Hotel & Casino Biloxi
777 Beach Boulevard
Biloxi, Mississippi 39530-4300
Duncan McKenzie, President and General Manager
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Crimson Wine Group

5901 Silverado Trail
Napa, California 94558-9749
Erle Martin, Chief Executive Officer
Patrick DeLong, Chief Financial Officer

Pine Ridge Vineyards
Michael Beaulac, Winemaker and General Manager
Gustavo Avina, Vineyard Manager
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Archery Summit
Anna Matzinger, Winemaker
Leigh Bartholomew, Vineyard Director
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Chamisal Vineyards
Fintan du Fresne, Winemaker
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www.chamisalvineyards.com

Seghesio Family Vineyards
Ted Seghesio, Winemaker
Pete Seghesio, Winegrower
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Medical Product Development

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Brian O'Callaghan, Chief Executive Officer
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Real Estate

Leucadia National Corporation – Corporate Office
Joseph M. O'Connor, Vice President
(212) 460-1966

Leucadia National Corporation

Directors

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Chairman

Joseph S. Steinberg[1]
President

Paul M. Dougan[2 3 4]
Private Investor

Alan J. Hirschfield[2]
Private Investor

James E. Jordan[1 2 3 4]
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Jeffrey C. Keil[1 2]
Private Investor

Jesse Clyde Nichols, III[2 3 4]
Private Investor

Michael Sorkin
Vice Chairman
N M Rothschild Corporate Finance Limited

Officers

Ian M. Cumming
Chairman

Joseph S. Steinberg
President

Thomas E. Mara
Executive Vice President

Joseph A. Orlando
Vice President and Chief Financial Officer

Justin R. Wheeler
Vice President and Chief Operating Officer

Barbara L. Lowenthal
Vice President and Comptroller

Rocco J. Nittoli
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Auditors

PricewaterhouseCoopers LLP
300 Madison Avenue
New York, New York 10017-6204

The Common Stock is listed for trading on the New York Stock Exchange under the symbol "LUK."

The 7¾% Senior Notes due 2013 are listed for trading on the New York Stock Exchange under the symbol "LUK."

[1] Executive Committee
[2] Audit Committee
[3] Compensation Committee
[4] Nominating and Corporate Governance Committee

Table of Exhibits

for Response to Notice of Intent to Terminate
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

Tab	Document	Significance
18.	Letter from Henry Global	One of largest brokers in China has expressed interest in promoting project

亨瑞国际咨询集团
Henry Global Consulting Group

1609 W. Valley Blvd., Suite 328
Alhambra, CA 91803
USA

Peter Medlyn
Chief Executive Officer
Tennessee Regional Center, LLC
109 S. Broadway
Knoxville, TN 37902

February 2, 2012

Dear Mr. Medlyn,

We are pleased to have the opportunity to further explore the Big Elk Resort project with you and your team.

Last year, Henry Global Consulting Group aggregated over $350 million in EB-5 investment including $93 million allocated to a hotel in Manhattan, $90 million to an office-condominium in San Jose, $80 million to a mixed-use retail complex in Orange County and $42 million to a college dormitory in Milwaukee.

We look forward to the opportunity to learn more about Big Elk Resort and to better understand how we may be able to assist you with its funding needs.

Kind regards,

Frank Xu
Senior Vice President
Henry Global Consulting Group

www.visa800.com

Table of Exhibits

for Response to Notice of Intent to Terminate
File No.: RCW1031910190
Regional Center: Tennessee Regional Center, LLC

19.	Blog report about Henry Global, mentioning it is one of the largest EB-5 migration consulting firms with over 50 offices in China	RC plans to use migration agent in China with resources to market project

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EB-5 News Blog: Regional Centers in the USA

EB5NewsBlog.org by Brian B. Su, CEO of Artisan Business Group, Inc. - If you're developing an EB-5 Regional Center or ready to market your projects, or want us to assist in developing investment structure and evaluating project viability and marketability, please email Mr. Brian Su at artisanbusiness@yahoo.com or call Tyler McKay at 217.899.6661. Let us supercharge your EB-5 capital-raising process!

Only a few Booths left! Exhibit at the Invest in America 2013 (Shanghai) Summit!

Monday, November 1, 2010

Henry Global Joins Brian Su to Visit Vermont

Mr. John Jiang, managing director of Henry Global USA, will join Mr. Brian Su, Artisan Business Group, and Mr. Lu Sun, VP of MasLink Group of Beijing, to visit seven new projects in the State of Vermont November 11-13. Henry Global Group is one of the largest EB-5 migration consulting firms headquartered in Beijing, with over 50 offices in China and North America. MasLink Group is another licensed migration consulting firm based in Beijing with offices around China. Artisan Business Group, Inc., is an Illinois based EB-5 China consulting and advisory firm that has been assisting many EB-5 Regional Centers and projects in developing market in China and Asia. For more information, log on http://www.ArtisanBusinessGroup.com

Posted by Brian Su at 11:05 PM

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2013 Event Schedules

Phone Consultation with Mr. Su

141

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June 20, 2013 at 8:00 AM

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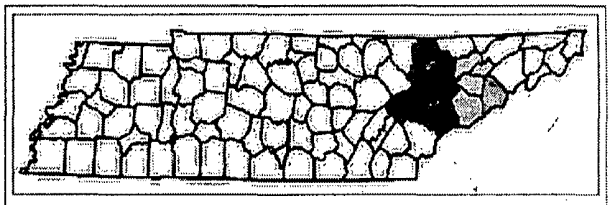
Knoxville metropolitan area

Coordinates: 35.972882°N 83.942161°W

From Wikipedia, the free encyclopedia

The **Knoxville metropolitan area** is the metropolitan area centered around Knoxville, Tennessee, the largest city in East Tennessee.



Location of the Knoxville-Sevierville-La Follette CSA (as of 2010) and its components:

- Knoxville Metropolitan Statistical Area
- Morristown Metropolitan Statistical Area
- La Follette Micropolitan Statistical Area
- Harriman Micropolitan Statistical Area
- Newport Micropolitan Statistical Area
- Sevierville Micropolitan Statistical Area

Contents

- 1 History of federal government metropolitan area definitions
  - 1.1 Definition as of February 2013
- 2 Knoxville Economic Area
- 3 See also
- 4 References
- 5 External links

History of federal government metropolitan area definitions

U.S. federal government definitions of the Knoxville metropolitan area have varied over time. The metropolitan area was first defined in 1947 as the Knoxville Standard Metropolitan Area, and consisted of Anderson, Blount and Knox counties. Union was added in 1970, and the area was renamed the Knoxville Standard Metropolitan Area. Grainger, Jefferson and Sevier counties were added in 1980, and it became the Knoxville Metropolitan Statistical Area. Grainger and Jefferson counties lost metropolitan status in 1990. Loudon County was added in 2000.

As defined at the time of the 2010 U.S. Census, the Knoxville area was the third largest Metropolitan Statistical Area (MSA) in Tennessee and consisted of five Tennessee counties:

- Anderson
- Blount
- Knox
- Loudon
- Union

The population of this MSA, as recorded in the 2010 Census, was 698,030, making it the 73rd largest metropolitan statistical area in the United States.[1]

The Knoxville MSA was the chief component of the larger Knoxville-Sevierville-La Follette TN Combined Statistical Area (CSA), which also included the Morristown Metropolitan Statistical Area (Hamblen, Grainger, and Jefferson counties) and the Sevierville (Sevier County), La Follette (Campbell County), Harriman (Roane County), and Newport (Cocke County) Micropolitan Statistical Areas. The combined population of this CSA as of the 2000 Census was 935,659. The population of the Knoxville-Sevierville-La Follette Combined Statistical Area was 1,055,086 according to the 2010 Census, representing a growth of 11.32 percent since the 2000 Census.

Definition as of February 2013

In new federal definitions of metropolitan areas announced in February 2013, the Knoxville Metropolitan Statistical Area was redefined.[2] Campbell, Grainger, Morgan and Roane Counties were added to the MSA, making it a nine-county metropolitan region.[3] Three of the four added counties were previously classified as components of the CSA, when Campbell and Roane counties were treated as the LaFollette and Harriman micropolitan areas, respectively, while Grainger County was part of the Morristown Metropolitan Statistical Area. Morgan County was not previously included in any metropolitan or micropolitan area, nor was it previously considered part of the CSA. The 2010 population of the redefined MSA was 837,571,[4] making it 64th largest of MSAs in the United States.

The February 2013 announcement also included a new definition of the CSA associated with the Knoxville metropolitan area, renaming it the Knoxville-Morristown-Sevierville, TN Combined Statistical Area. In addition to the Knoxville MSA, the CSA includes the Morristown MSA and the Newport, Tennessee, and Sevierville Micropolitan Statistical Areas.[2] The newly defined CSA consists of the same twelve counties as the previous CSA, plus Morgan County. As of 2010, the Knoxville CSA ranked as 51st largest in the United States with a 2010 census population of 1,077,073. It has an estimated 1,091,370 residents as of 2012,

making it the 50th largest CSA.[5]

Knoxville Economic Area

As of 2004, the federal government's Bureau of Economic Analysis (BEA) identified the Knoxville Economic Area as consisting of the Knoxville-Sevierville-LaFollette CSA (as it was then defined) plus Bell County, Kentucky, and Claiborne, Hancock, Monroe, Morgan and Scott counties in Tennessee.[6][7] BEA defines economic areas as metropolitan or micropolitan statistical areas that form regional centers of economic activity, plus the surrounding counties that are determined to be economically related to these centers of activity, based on a combination of census commuting data and newspaper circulation data supplied by the Audit Bureau of Circulations.[7] The Knoxville Economic Area was one of 179 economic areas that the BEA identified in the United States as of 2004.[8]

See also

- Table of United States Micropolitan Statistical Areas
- Tennessee census statistical areas

References

1. ^ Metropolitan and Micropolitan Statistical Areas, U.S. Census Bureau
2. ^ a b *Revised Delineations of Metropolitan Statistical Areas, Micropolitan Statistical Areas, and Combined Statistical Areas, and Guidance on Uses of the Delineations of These Areas.* Office of Management and Budget Bulletin 13-01. February 28, 2013.
3. ^ "Knoxville metropolitan area expands". WBIR.com. March 27, 2013.
4. ^ "Table CPH-T-5. Population Change for Metropolitan and Micropolitan Statistical Areas in the United States and Puerto Rico (February 2013 Delineations): 2000 to 2010". U.S. Census Bureau. March 2013. Retrieved May 13, 2013.
5. ^ "Table 2. Annual Estimates of the Population of Combined Statistical Areas: April 1, 2010 to July 1, 2012" (CSV). *2012 Population Estimates.* United States Census Bureau, Population Division. March 2013. Retrieved March 17, 2013.
6. ^ "News Release: New BEA Economic Areas for 2004". Bureau of Economic Analysis. November 17, 2004.
7. ^ a b "BEA Economic Areas (EAs)". Bureau of Economic Analysis. Retrieved April 3, 2013.

8. ^ Kenneth P. Johnson and John R. Kort (November 2004). "2004 Redefinition of the BEA Economic Areas". *Survey of Current Business*. pp. 68–75.

External links

- Knoxville Metro Area at the Open Directory Project

Retrieved from "http://en.wikipedia.org/w/index.php?title=Knoxville_metropolitan_area&oldid=557665682"
Categories: Knoxville metropolitan area | Metropolitan areas of Tennessee | Geography of Knoxville, Tennessee

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OPERATING AGREEMENT

OF

BIG ELK RESORT, LLC

EXHIBIT C

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OPERATING AGREEMENT
OF
BIG ELK RESORT, LLC

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IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date first above written.

BIG ELK RESORT, LLC,
a Tennessee limited liability company

By: **Pengda-Redt International Investment Fund, LLC**, a Tennessee limited liability company, as its Managing Member

By:_____

Dated:_____

BIG ELK RESORT, LLC
OPERATING AGREEMENT

SIGNATURE PAGE

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(Signature)

Print Name:_____

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Tax I.D. or Social Security #:_____

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TABLE OF CONTENTS

PAGE

1. DEFINITIONS. 1
2. FORMATION. 2
3. NAME AND PLACE OF BUSINESS. 2
4. PURPOSE AND SCOPE OF PARTNERSHIP. 2
5. TITLE. 2
6. COMMENCEMENT, TERM. 2
7. CAPITAL CONTRIBUTIONS. 2
8. RIGHTS AND DUTIES OF THE MANAGING MEMBER. 2
9. PARTNER FEES, SALARIES AND EXPENSES. 2
10. PROFITS, LOSSES AND DISTRIBUTIONS. 2
11. SALE, DISSOLUTION AND LIQUIDATION. 2
12. INVESTING MEMBERS. 2
13. RESTRICTIONS ON TRANSFER OF INVESTING MEMBER INTERESTS. 2
14. TRANSFER OF MANAGING MEMBER'S INTEREST. 2
15. MISCELLANEOUS FINANCIAL AND ACCOUNTING MATTERS. 2
16. AMENDMENTS. 2
17. POWER OF ATTORNEY. 2
18. MEETINGS; MEANS OF VOTING. 2
19. WITHDRAWALS. 2
20. REPRESENTATIONS OF THE MEMBERS. 2
21. MISCELLANEOUS. 2

SCHEDULE 1

DISCLOSURES

1. TENNESSEE REGIONAL CENTER LLC, the General Partner of such limited partnership and the General Partner's affiliated entities have requested certain advice and representation from the Firm concerning the TENNESSEE REGIONAL CENTER LLC project, including TENNESSEE REGIONAL CENTER, Investor compliance issues, business model matters and related business and real estate matters. We will not opine to anyone except the foregoing entities on any aspect of the project, except to advise and assist prospective investors to qualify for lawful permanent residence on the basis of investment in the project.

2. If a disagreement arises between the Client and TENNESSEE REGIONAL CENTER LLC, the General Partner of such limited partnership or the General Partner's affiliated entities, a conflict of interest may arise which would prohibit the Firm from providing legal representation to any party. In the event that such a dispute arises, the Client and TENNESSEE REGIONAL CENTER LLC, the General Partner of such limited partnership or the General Partner's affiliated entities will need to obtain separate legal counsel to advise them of their respective rights and responsibilities in connection with the dispute.

3. Investors seeking the Firm's assistance to comply with the EB-5, Investor Program in connection with the TENNESSEE REGIONAL CENTER LLC project must reach their own determination that the investment is appropriate for them. A Client who enters this Fee Agreement for Legal Services is certifying and does hereby certify to the Firm that he or she has reached a firm, final decision to invest in the TENNESSEE REGIONAL CENTER LLC project independently of any representations made by or attributed to the Firm regarding the nature or quality of this project.

4. The Firm may have represented, or may now represent the Client and TENNESSEE REGIONAL CENTER LLC in related or unrelated transactions and may have received confidential information from the Client or TENNESSEE REGIONAL CENTER LLC. If the Firm's past or present representation of any party in a related or unrelated matter is of concern to the Client, whether the Client was the Firm's client or another party may have been the Firm's client, please contact an attorney in the Firm to review these concerns before signing this Fee Agreement to determine if you want the Firm to represent the Client.

5. The Firm hereby informs Client that it is routine to experience delays in preparation and processing of immigration petitions and applications which arise due to the nature and complexity of the application, governmental procedures and regulations, circumstances and personal arrangements of the Client, dependence on information from the Client, and numerous outside sources. Client acknowledges that these matters are outside and beyond the control of the Firm. Client agrees that the Firm shall not be liable in any manner for any delays on account of the foregoing.

6. If the Client or any of his or her family is in the United States, the Client must ensure that at all times the Client and all such family members will remain in valid immigration status and that upon expiry of their immigration status, the required departures from the United States will occur so that neither the Client nor any of the Client's family members begin to accrue unlawful status or otherwise prejudice the orderly completion and adjudication of each petition and application referenced above. This may result in having to wait for the outcome of these immigration applications and petitions outside the United States.

7. The Firm may not and does not guarantee the success of any application or petition to U.S., Citizenship and Immigration Services (CIS), a sub-agency of DHS or a U.S. Consul, an agent of DOS, which agencies are the sole determiners of such applications or petitions. The Firm's fees are not contingent upon the success of any petitions or applications. You have informed me of the steps that must be taken with regard to our engagement and we are to the payment of the following fee of $[redacted] per investor, such sum to be released by the escrow agent from amounts forwarded by the investor as part of the developer fee. Such fee shall be released to you upon receipt by the escrow agent and pursuant to the escrow agreement with the escrow agent.

(b)(4)

8. **Dual Representation.**

Dated this ____ day of _____, 2009

Larry J. Behar P.A.

By : _____
LARRY J. BEHAR, ATTORNEY AT LAW

Tennessee Regional Center, LLC

By : _____
Peter Medlyn, Manager

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TENNESSEE REGIONAL CENTER, LLC

Agent's Fee Agreement

(b)(4)

(b)(4)

AGENT:

_____

Tennessee Regional Center, LLC:
By:

_____
Peter Medlyn (Managing Member)

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309
310
311
312
313

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Tennessee

Regional Center Desigantion
Volumes 3.0 & 4.0

APPLICATION FOR REGIONAL CENTER DESIGNATION

Tennessee Regional Center

VOLUME 3.0: Management

3.1 Organizational Charts
3.2 List of Subcontractors /Vendors
3.3 Projected Tenant
3.4 USCIS EB-5 Structure
3.5 Projected Cash Flow/ Cost Development
3.6 History of Developers

VOLUME 4.0: Banking

4.1 Bank Nominations
4.2 Escrow Agreement and Trust Account Application
4.3 Escrow Accounts/ Charts
4.4 Wire Transfer Instructions
4.5 MoneyCorp

AMERICAN RESORT MANAGEMENT, LLC

Big Elk Resort

Organizational Chart

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Senior Management

Directorship positions denote management staff dedicated to overseeing relevant functions within individual resort components.

Source: American Resort Management 10.2009

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Big Elk Resort Organizational Chart
Resort Hotel/Arcade/Restaurant/Spa

Source: American Resort Management 10.2009

AMERICAN RESORT MANAGEMENT, LLC

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Big Elk Resort Organizational Chart
Indoor Water Park

Source: American Resort Management 10.2009

Big Elk Resort Staffing Guides

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Source: American Resort Management 10.2009

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Staffing Levels:

Total Staffing Levels

Full Time Equivalents:

Source: American Resort Management 10.2009

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Benefits:

Source: American Resort Management 10.2009

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Hourly Part Time Staff

Source: American Resort Management 10.2009

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Big Elk Resort
List of Subcontractors

Big Elk Resort
List of Subcontractors

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BIG ELK RESORT SUMMARY:

U.S. Department of Homeland Security
20 Massachusetts Ave
Washington, DC 20529

U.S. Citizenship and Immigration Services

HQPRD 70/6.2.8

Interoffice Memorandum

To: All Service Center Directors
Regional Directors

From: William R. Yates /S/
Associate Director
Operations

Date: January 19, 2005

Re: Establishment of an Investor and Regional Center Unit

PURPOSE

Effective the date of this memo, oversight for policy and regulation development, field guidance, form design, case auditing, and training regarding Regional Center adjudications and associated investor petitions within the EB-5 Investor Program, shall reside with PRD/Investor and Regional Center Unit (IRCU). Given the well documented past abuses in the alien investor program, and the complexity and sensitivity of the issues and factors relating to both Regional Centers as well as with individual alien investor cases, there is a need for effective oversight, coordination and uniform standards governing all aspects of EB-5 matters.

DISCUSSION

PRD/IRCU will maintain liaison and regularly consult with Headquarters Service Center Operations (SCOPS), Field Operations (OFO), Administrative Appeals Office (AAO), as well as with the Texas and California Service Centers with respect to the Immigrant Investor Pilot Program, Regional Centers, I-526 and I-829 alien investor petitions. In addition, PRD/IRCU will work directly with both SCOPS and the Office of Fraud Detection and National Security (FDNS) to enhance the integrity of the EB-5 program.

This action is a major step in CIS' establishment of a nationwide and coordinated adjudicative alien investor EB-5 program, which will strengthen and protect the integrity of the program while promoting the intent of Congress to encourage investment and increase employment within the United States. The IRCU's functions and responsibilities are as follows:

1. Sole adjudicative jurisdiction for Regional Center applications pursuant to the Immigrant Investor Pilot Program for purposes of approval, denial and Requests for Evidence (RFE's).

2. Monitor and follow up on the actions of approved Regional Centers to ensure compliance with the terms, scope, and conditions of their approval/designation relative to their approved business plans and indirect job creation methodologies.

3. Develop and propose EB-5 program, policy, and regulation changes/improvements to USCIS management.

Attachment

Investor and Regional Center Unit Mission and Organization

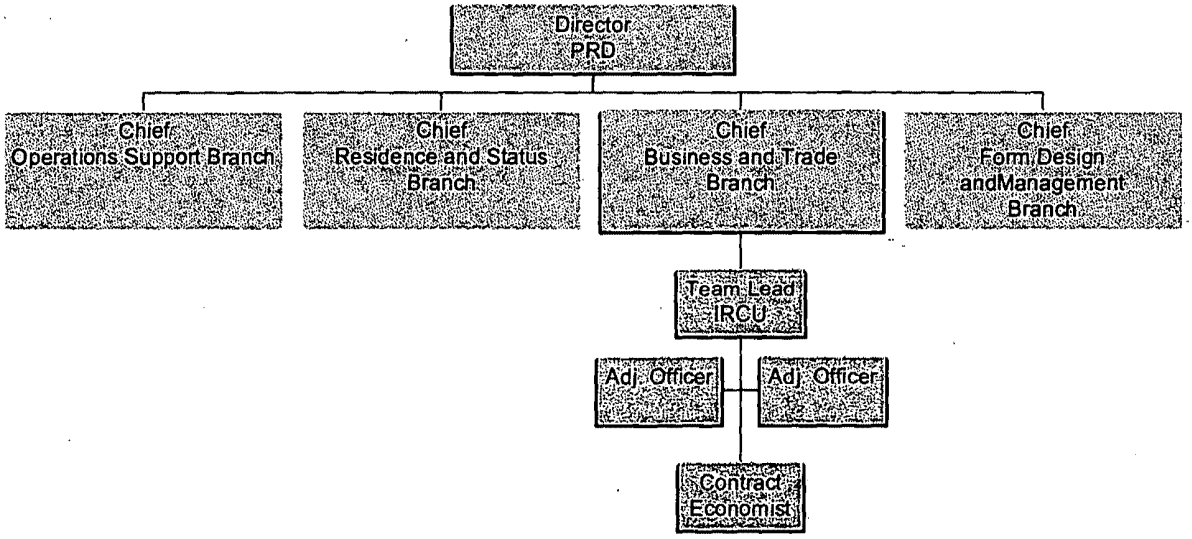
Mission:

The Investor and Regional Center Unit (IRCU) is a special project team within the Business and Trade Branch, Office of Program and Regulations Development. The new unit has oversight for all policy and regulatory development, form design and training regarding the EB-5 Program and Regional Center adjudications.

To carry out its mission, IRCU works closely with the Office of Service Center Operations (SCOPS), the California and Texas service centers, field offices, and the Department of State's Bureau of Consular Affairs in the administration of the law, and clarifying processing procedures regarding the adjudication of I-526 and related I-829 alien investor petitions. IRCU maintains liaison and works closely with SCOPS and the Office of Fraud Detection and National Security related to EB-5 and regional center program integrity, fraud detection and prevention.

IRCU provides outreach to the business community, professional associations and coordinates with DHS and other federal agencies as directed, and participates on panels and public forums about the EB-5 program, regulations, and policies.

IRCU Organizational Structure Within PRD



4. Monitor and be responsible for the policy coordination relating to CIS wide I-526 and related I-829 Immigrant Investor cases.

5. In coordination with SCOPS, conduct quarterly evaluations and an annual analysis of Regional Center activities in terms of number of alien investors, aggregate investment capital, average value of investments per alien investor, aggregate total of direct and indirect jobs per each regional center, and review total number of alien investors petitioning through each regional center per year.

6. Coordinate with the SCOPS and FDNS, to develop program and process integrity improvements and assessments for purposes of strengthening fraud detection and preventing abuses of the program by mala fide promoters and investors.

7. In coordination with SCOPS, develop and update Executive Level Review Criteria (ELRC) for purposes of identifying and selecting I-526 and I-829 Regional Center affiliated cases to review and/or adjudicate for both audit and "special handling" to verify consistent application of applicable regulations and policies, and to provide oversight, guidance and provide priority adjudication of sensitive high visibility cases.

8. In coordination with SCOPS conduct random and focused audits and quality assurance reviews of individual and groups of both Regional Center affiliated I-526 and I-829 cases, and non-Regional Center affiliated cases, in accordance with ELRC procedures.

9. In coordination with SCOPS, conduct both Regional Center and EB-5 regulatory/policy training for CAO's and DAO's adjudicating individual EB-5 alien petitions as well as petitions affiliated with a regional center.

10. Maintains and updates the USCIS web content on the EB-5 program and Pilot Program information.

Attached is the mission and organizational structure for PRD/IRCU.

POINT OF CONTACT

For additional information and clarification of this action, please contact Thomas Cook, Director, HQPRD, through appropriate channels.

CC: Carlos Iturregui, HQOPS
Dominick Gentile, HQREC
Michael Aytes, HQIU
Robert Devine, HQOCC
Robert Wiemann, AAO
Terry O'Reilly, HQOFO
Don Crocetti, HQFDNS

Attachment

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BIG ELK RESORT

DEVELOPMENT COSTS & INCOME - EXPENSE PROFORMA

SOURCE OF FUNDS

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BIG ELK RESORT

DEVELOPMENT COSTS & INCOME - EXPENSE PROFORMA (IN CASE OF INVESTOR SHORTFALL)

SOURCE OF FUNDS

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RESORT	Big Elk Resort 400 rooms
LOCATION	Gatlinburg, TN

AMERICAN RESORT MANAGEMENT, LLC

What We Are

American Resort Management, LLC is a full service hospitality management company located in Erie, Pennsylvania. American Resort Management, LLC concentrates on development, operation, and long term management contracts for: select and full service hotels, indoor water park resorts, outdoor water parks, family entertainment centers, and Franchised as well as independent restaurants.

Services offered include: feasibility study analysis, ownership representation during construction, and the long term day-to-day management of Ownership's assets and business. We also provide interior design and procurement, accounting and cost control, rate and yield management, sales and marketing services, human resource management, and career development for our managed properties.

American Resort Management, LLC provides valuable practical development and management experience for the hottest industry trend of indoor water park resorts. Our team is prepared to assist owners with projects of any size. Driven by success, our focus is to provide excellence resulting in measurably higher returns. We operate our projects to the highest standards in the hospitality industry. From vision to reality, American Resort Management will be there during every critical phase.

Our aim is clear:

To establish strong, profitable operations by providing well-maintained facilities staffed with friendly, well-trained individuals who embrace our commitment to exceed our guests' expectations with each stay.

- Implement our marketing techniques to generate maximum revenue share.
- Provide necessary controls to ensure higher than average bottom line returns on ownership investments.

Primary Functions:

- Project Development - From concept to completion
- Property Management - Consistent delivery of successful results

Our Vision

Achieving successful partnerships through excellence in the guest experience and exceeding owner's expectations for return on investment.

Success is obtained through valued and dedicated associates, lead by a skilled management team, delivering on a commitment of professional service to our guests, associates and clients.

AMERICAN RESORT MANAGEMENT, LLC

Services Offered

American Resort Management, LLC offers a wide array of development and management services that are personalized for each client. Meticulous attention to detail is evident in everything we do.

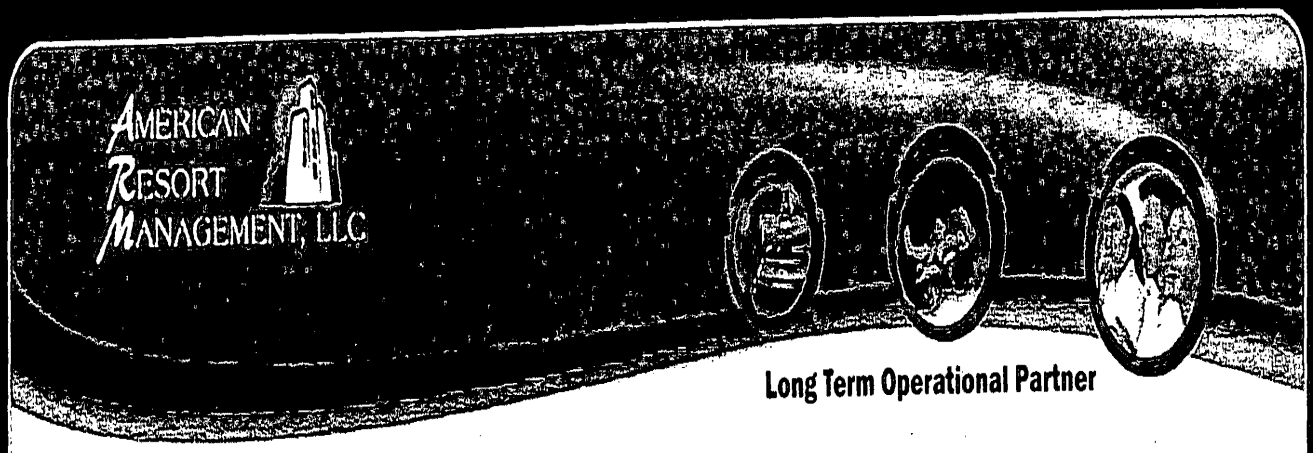
Our resources include a dedicated team of professionals with proven track records in their respective disciplines. Combined, the talents of our team are a perfect fit for any project.

Segments of the hospitality industry currently being served by American Resort Management include:

- Full and Limited Service Hotels
- Indoor Water Park Resorts
- Conference Centers
- Independent Hotels
- Boutique Hotels
- Franchise Restaurants
- Independent Restaurants

Services:

- Concept Development
- Pre-opening Services
- Property Management
- Operations
- Sales & Marketing
- Accounting
- Human Resources
- Reservation Center
- Yield & Rate Management
- Purchasing Services
- Renovation Coordination
- Asset Management



Long Term Operational Partner

Trusted Advisor & Consultant

Project Planning & Design

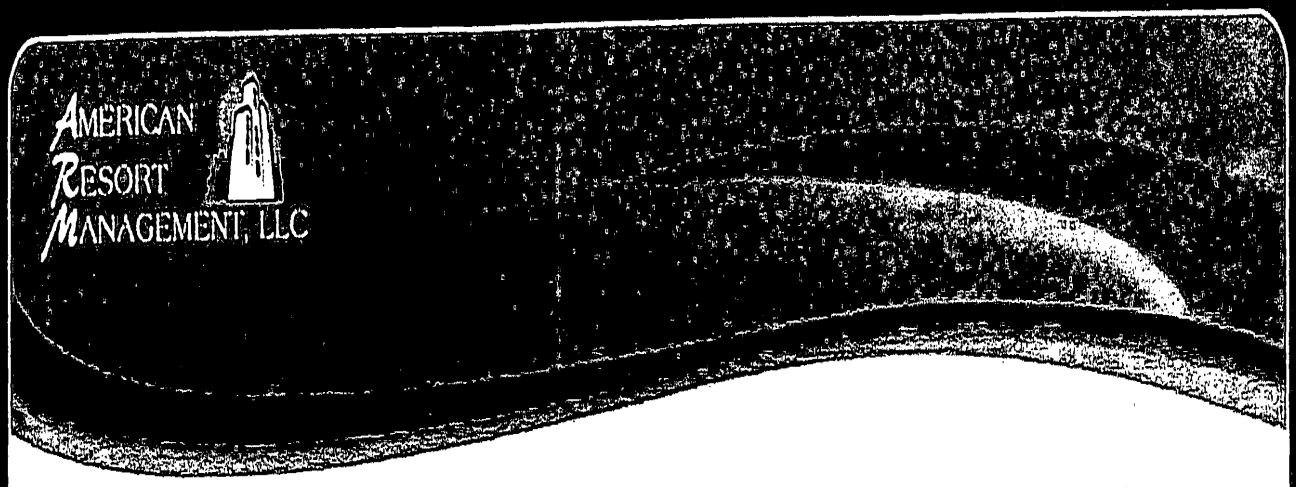
Leadership Through Opening

American Resort Management, LLC

Operators of and Consultants to: Hotels, Indoor Water Parks, Resorts, Conference Centers and Restaurants

American Resort Management, LLC // 3618 West 12th Street // Erie, PA 16505 // o. 814.833.2631 // f. 814.833.2667

WWW.AMERICANRESORTMANAGEMENT.COM



Resort & Hotel Property Management

As resorts and hotels continue to open throughout North America, it is apparent that the long term stability and financial success of your property will be dependent upon how well it is operated. American Resort Management, LLC is second to none in providing operational excellence and fantastic guest experiences, both of which are key to generating the highest return on investment for the owner.

Operations is the central nervous system of any property. Our dedicated and extremely qualified management team will provide professional, consistent leadership. Key individuals in each department will operate the facility in a manner clearly defined by our intensive and ongoing "guestology" training and operational philosophies. Seamless operations are delivered as part of the overall guest experience. Guests will receive the same "professionally casual" service whether they are checking in to their room or enjoying any of the resort's amenities.

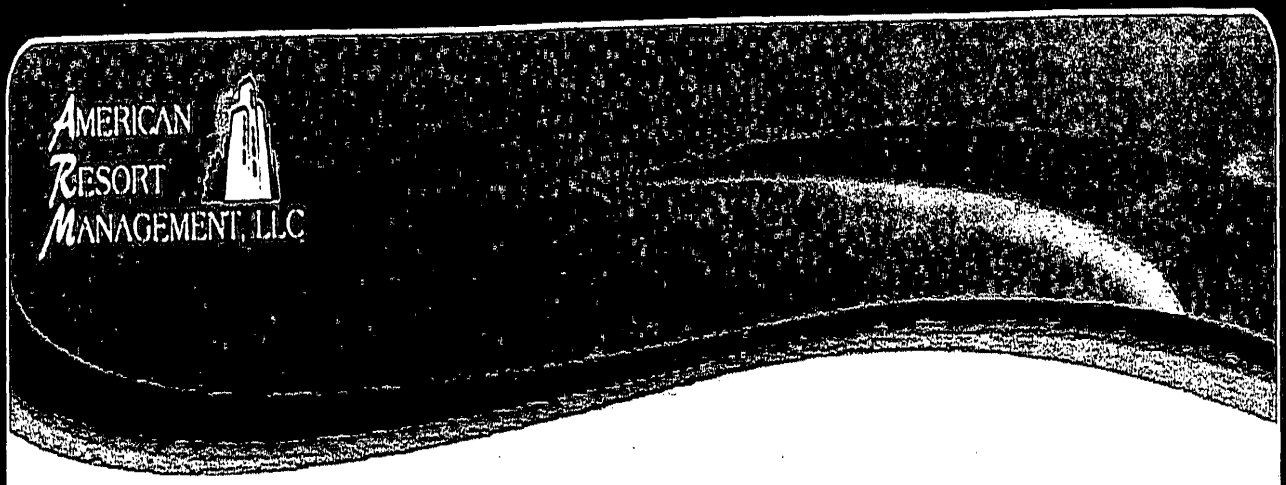
The corporate offices at American Resort Management, LLC will monitor all aspects of the resort's daily performance through its reporting systems for revenue, expense and labor controls. Daily reports are reviewed by our corporate team and operational adjustments are discussed with the on site management team as needed. Yield and rate management is also directed at the corporate level. Routine sales and marketing meetings are conducted on site and by teleconference. Audits are conducted by members of the executive team on a routine basis, ensuring optimal performance is being achieved. Many cost savings will be realized from the efforts of the corporate staff. Volume purchasing, insurance negotiations, and FF&E procurement are just a few programs offered by American Resort Management, LLC.

Restaurants

As restaurants continue to open throughout North America, it is apparent that the long term stability and financial success of your restaurant will be dependent upon how well it is operated. At American Resort Management, LLC we have taken Food and Beverage service to a higher level. Whether at one of our stand alone nationally franchised properties or within the hotel, American Resort Management, LLC looks at food and beverage operations just as an independent restaurant owner would. Focusing on quality products and exceptional service, our goal is to exceed the guest's expectations every time, creating loyal repeat guests.

American Resort Management, LLC provides the following services to the restaurant and hotel industry: facility management, site selection, concept development, existing business evaluation, menu design and costing, consulting services, and business and marketing development.

The corporate offices at American Resort Management, LLC will monitor all aspects of the restaurant's daily performance through its reporting system for revenue, expense and labor controls. Daily reports are reviewed by our corporate team and operational adjustments are discussed with the on-site management team as needed. Routine sales and marketing meetings are conducted on site and by teleconference. Audits are conducted by members of the executive team on a routine and random basis, ensuring optimal performance is being achieved. Many cost savings will be realized from the efforts of the corporate staff. Volume purchasing, insurance negotiations and FF&E procurements are just a few programs offered by American Resort Management, LLC.



Sales & Marketing

The sales and marketing efforts will take place at the property and corporate levels simultaneously. Annual marketing plans are developed and implemented by various team members. Targeted and broad base marketing programs will deliver the property's message to the desired demographics resulting in Rev Par's higher than industry standards.

The property's sales office will conduct direct sales initiatives within the marketplace. Significant efforts are placed on the value of good word of mouth advertising and an ambassador program will be coordinated through the location's sales office. The corporate sales office will closely monitor the performance and efforts of the property's staff. Weekly conference calls and quarterly site visits will ensure all programs and initiatives are properly implemented and conducted.

Human Resources

The single biggest controllable expense in your resort is labor. Furthermore, the ability to hire the right person for the right job, reduce turnover, and keep your staff motivated is critical to your resort's ability to provide the best guest experience possible. The executive team at American Resort Management, LLC has developed a "guestology" approach to the guest experience. Within this program are the written standards for hiring, training, and retention. Developing well trained, informed associates is not a philosophy, it is a way of life.

Accounting

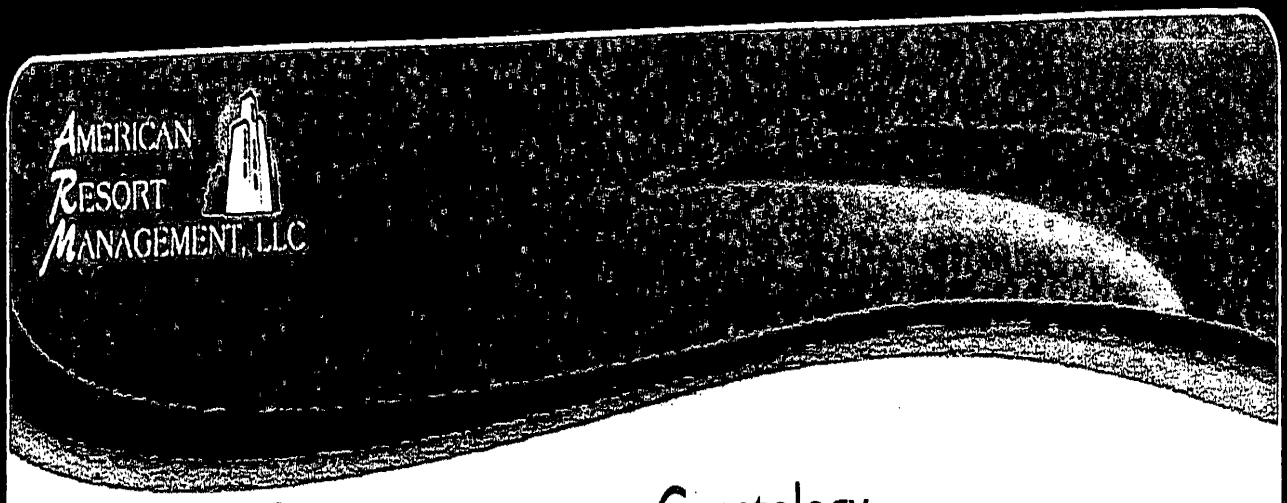
A centralized, comprehensive accounting department provides oversight to each Resort. Our accounting department is responsible for the production of:

- Financial Statements
- Monthly P & L's
- Annual Budgets
- Monthly Forecasts
- Cash Management
- Bank Reconciliation
- Accounts Receivable
- Payroll
- Accounts Payable
- Data Entry
- Tax Obligations

The accounting office also performs routine and random internal property audits for adherence to pricing, purchasing and inventory controls, daily cash control, and payroll reviews.

Administrative

Communication is an important key and American Resort Management, LLC's administrative staff ensures effective dialogue between the corporate office, resort property and owners. The administrative staff is responsible for reviewing all guest feedback and mystery shopping reports. Guest experience issues are dealt with in a timely and appropriate manner.



Reservation Center

Whether your resort contains a franchised hotel or independent lodging operation, American Resort Management, LLC will demonstrate the importance of having a dedicated reservation center to properly represent your resort.

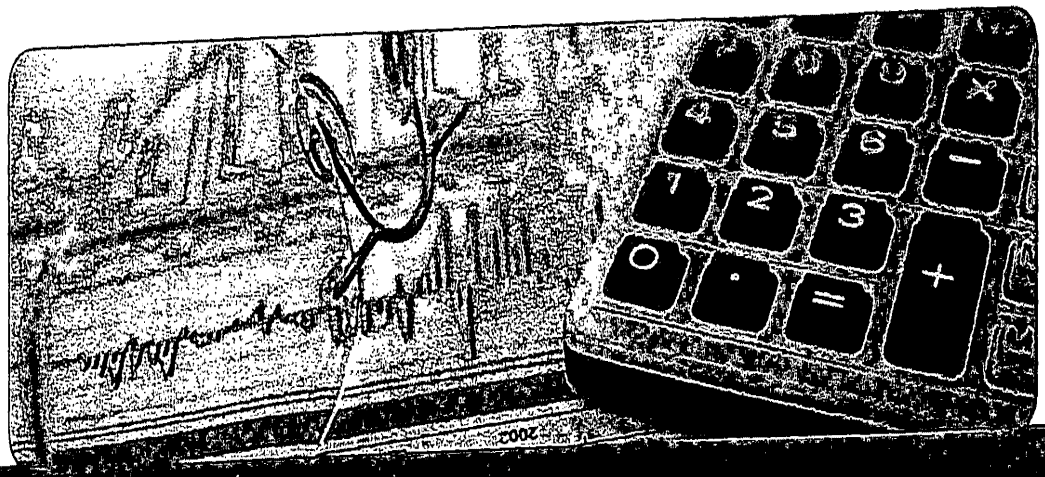
American Resort Management, LLC provides expert reservation center management services. With years of experience in yield and rate management, your reservation center will consistently generate the highest revenues possible. Our corporate office will make suggestions as to which hardware, software and telecommunications equipment to use. Members of our corporate team will develop a sales strategy and training program to ensure that the conversion ratio to calls is above the industry standard.

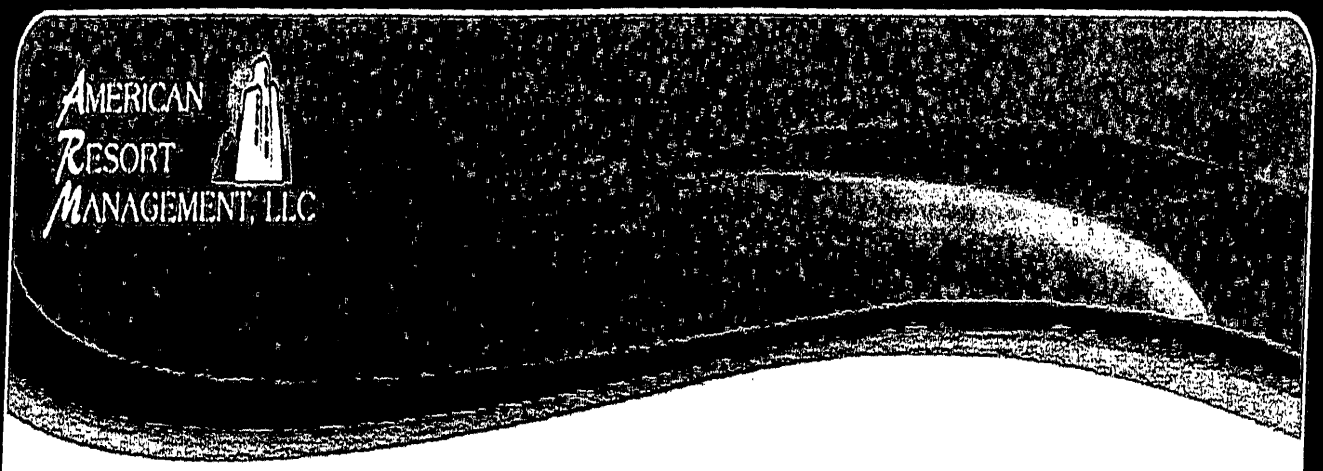
Working closely with the sales and marketing team, our corporate sales office will make recommendations to the reservation center regarding stay patterns, value added packages, discounts or opportunities to yield peak rates.

Guestology

The executives at American Resort Management, LLC have received many major awards from various national franchises for outstanding guest satisfaction. Today's term is now "guest experience". The guest experience starts from the first perception a future guest receives before making the commitment to stay at your resort. The guest experience then never truly ends. The term "guestology" refers to an understanding that every decision made at any level has an effect on the "guest experience". With that in mind, decisions must be carefully thought out to avoid being a deterrent to the ultimate "guest experience".

American Resort Management, LLC partners with companies that truly believe in providing the best positive guest experience possible. A guest who knows they are receiving good value for their money will typically spend more during their visit. Another component in the "guestology" approach involves human resources. To achieve the greatest "guest experience" possible, interactive training with all associates takes place daily. Learning that teachable moments occur all the time, our management team guides and motivates associates when the opportunity presents itself.





Distressed Properties

There are a variety of reasons for a property to fall in to a distressed situation. The ARM Hospitality Management Team, a division if American Resort Management, LLC, prides itself on the ability to ascertain a client's needs then formulate and implement action plans designed to exceed the client's goals. As a consultant, ARM Hospitality Management will perform a Cost/Benefit Analysis for both keeping the property operational as well as closing the property to make capital improvements. The Team will also create an in-depth evaluation and analysis of current operations in order to identify areas where financial ratios are off and to determine which need immediate attention.

As a Management Company and Receiver, ARM Hospitality Management has identified three key elements to be addressed in rehabilitating a distressed property:
1. Sales and Marketing 2. Standardized Operating Procedures 3. Guest Service Culture

In order to set the stage for long-term profitable operations, the ARM Hospitality Management Team will evaluate the competitive market in order to develop a dynamic sales and marketing plan guaranteed to produce results exceeding owner expectations. With distressed properties it is often necessary to focus the initial sales and marketing efforts on "re-branding" the property. Projecting a positive image, winning back past guests and attracting new business will go hand in hand. By enhancing the property's business reputation the property will increase their market share.

The Team will improve operating efficiencies by implementing the ARM Hospitality Management Standard Operating Procedures. The first step in analyzing and controlling the cash situation at the property will be to seize bank accounts and secure accounting for all funds then move to new accounts. Tightening the cost controls will involve taking and accurate inventory of each department, analyze current service contacts and restructure where possible.

Once operations have been standardized and the Sales and Marketing Plan has been implemented it is necessary to set the stage for successful guest experiences. An exceptional guest experience starts with an exceptional staff. ARM Hospitality Management will implement a guest service culture designed to benefit the property with satisfied employees who provide exceptional guest service at all levels. This service culture will induce guests to visit repeatedly and to spend more money with each visit.

Timely, accurate reporting will allow the property owner to see the financial results on a regular basis. Monthly reporting to include comprehensive financial reports will be accompanied by a narrative citing wins and losses for the month so that ownership gets and accurate picture of the progress at the property.

ARM Hospitality Management is an approved operator for franchises such as Intercontinental Hotel Group, Hilton, Hyatt, Starwood, Choice Hotels and numerous independent hotels. We also have experience in the role of Receiver.

AMERICAN RESORT MANAGEMENT, LLC

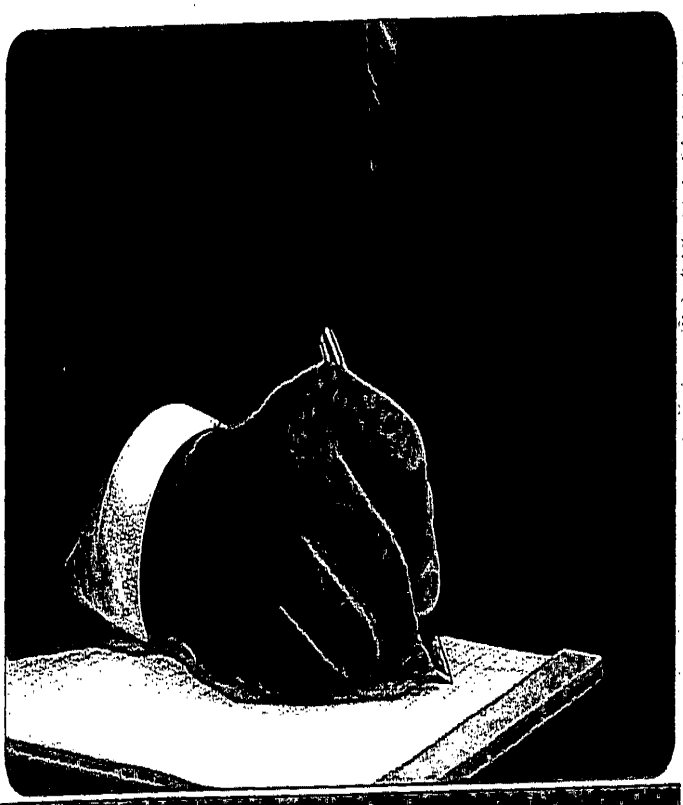
Who We Are

The best locations, designs and products cannot succeed without an experienced and dedicated team that demonstrates the necessary skills and leadership to bring it all to life. From our executive team, to valued associates, we provide leadership to all aspects of our client's project. American Resort Management, LLC always conducts business at managed properties as we do at our owned properties and we treat every guest as family.

American Resort Management, LLC is a "hands-on" management company. Our team of seasoned veterans, each averaging over 20 plus years in the industry, has worked together for more than 10 years. American Resort Management, LLC prides itself on its success of providing more attention and service to each project than most management companies today. Our unique experiences and focus on superior guest experiences in the Drive To Destination Resorts, Water Park Resorts, hotel and restaurant industries makes our team invaluable to the successful projects we partner in.

Our staff includes team members specializing in:

- Concept Development
- Financial Analysis
- Operations
- Sales & Marketing
- Accounting
- Revenue Management
- Human Resources
- Training & Development



AMERICAN RESORT MANAGEMENT, LLC

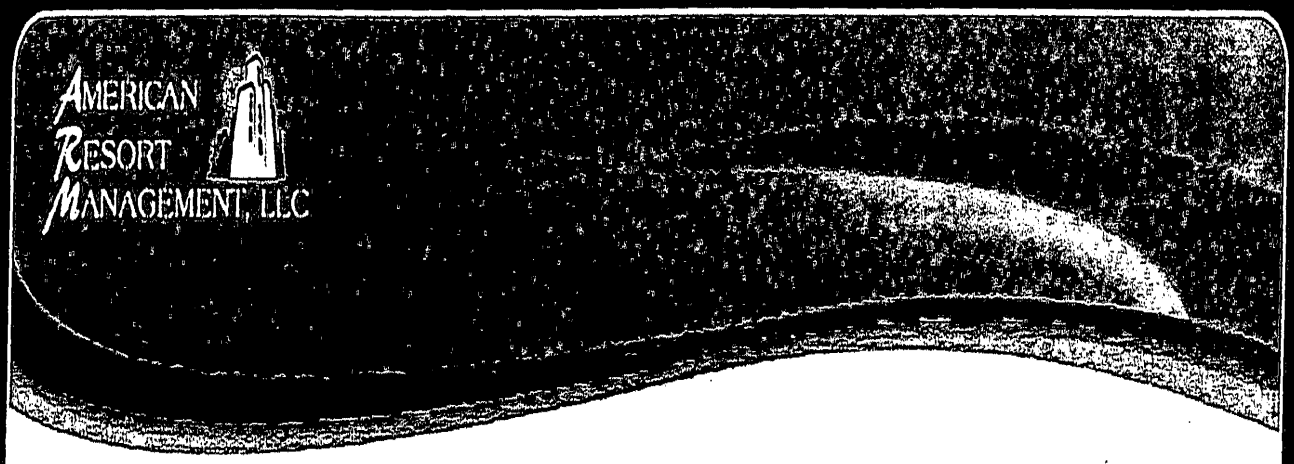
Jeffrey D Mona, CHA - President and Cofounder

As President, Mr. Mona coordinates the efforts of the development team, sales and marketing, financial projections and oversees daily operations. Prior to co-founding American Resort Management, LLC, Mr. Mona's hospitality industry experience was very diverse.

From 1987 to 1996 Mr. Mona was employed with Buckhead Hotel Management. He held various positions from General Manager to Regional Manager for several full service hotels and conference centers ranging in size from 150 rooms to 600 rooms for properties such as: the Holiday Inn, Lake Shore Drive, Chicago (596 rooms); Coral Beach Resort, South Carolina (300 rooms); The Chesterfield Red Carnation Hotels, Palm Beach, Florida and London, England; Days Inn Main Gate, Orlando, Florida (600 rooms) and various other properties. In 1994 Alpha Company was formed which started the development and operation of Barge Casinos in Mississippi and Louisiana. Typical responsibilities were directing property level management, financial analysis and projections, yield and rate management, oversight and structuring of corporate accounting, human resources, financing, and renovations.

In 1996 Mr. Mona accepted the position as Vice President of Operations for a family run hotel group to position and grow the company as a hotel management and development company. In his 10 years there, the original family properties were sold off and all new construction of 8 full and limited service hotels was completed (Marriott, Holiday Inn, Comfort Inn) and 9 franchised and independent upscale restaurants as well as a 100,000 square foot indoor water park and a 25,000 square foot conference center were developed; annual sales volume was at $88M. Mr. Mona was directly responsible for developing the infrastructure to support the new direction and growth of the company, i.e. developed industry standardized accounting practices, purchasing, human resources, property management oversight, monthly financial analysis, new project financing, concept development, worked with architects and designers on new projects, developed a reservation center, menu development and service manuals for fine dining, created policy and procedure manuals for the company, created an internal full self sufficient maintenance department, created an in-house marketing department with graphics, web design, and marketing director.

Mr. Mona's professional affiliations include serving on numerous tourism and chamber boards; past President of the Crawford County Convention Bureau, Northwest Pennsylvania Regional Planning Board and committee member for World Water Park Association. He is also actively involved in several not for profit boards and charities as well as serving as a Trustee for the public trust that oversees Conneaut Lake Park.



Richard Coleman, CHA - Cofounder

Executive Vice President, Operations and Development

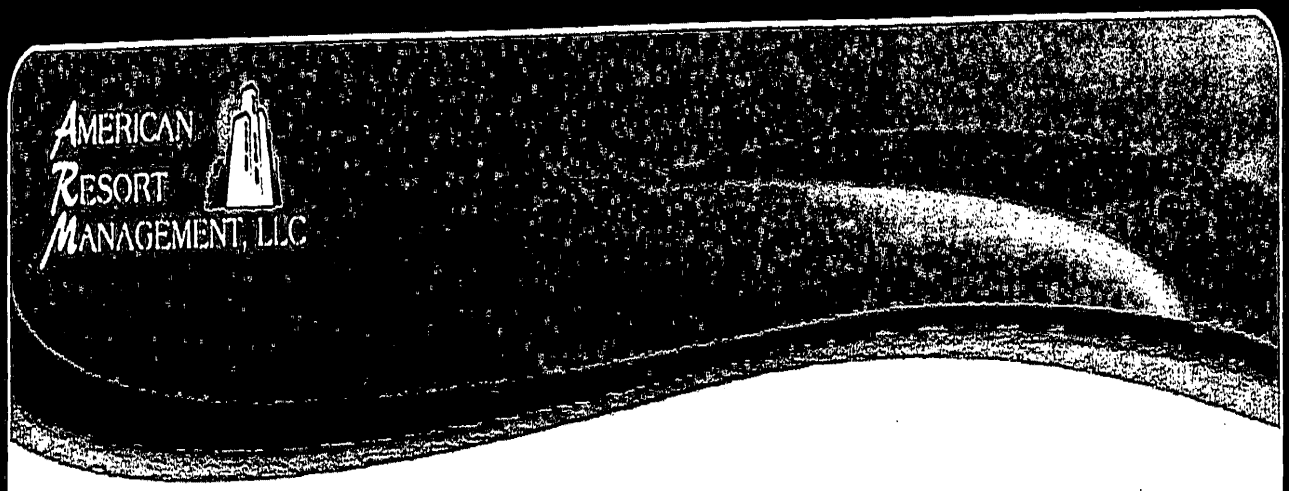
Mr. Coleman has been involved in the hospitality industry for over 20 years. His career has encompassed all aspects of hotel, food and beverage, conference center and indoor water park operations. He has extensive experience ranging from the development and opening of to the daily management of single and multi unit operations, representing many major hospitality companies.

Mr. Coleman has focused his career on providing the best guest experience possible through the efforts of recruiting, training, and motivating management and staff. He has written, produced and implemented dozens of orientation, training and retention programs.

Prior to co-founding American Resort Management, LLC, Mr. Coleman was Director of Operations for a hotel and restaurant management company with responsibilities including operations of Splash Lagoon Indoor Water Park Resort as well as 8 other franchised hotels. He was directly involved in the planning and development of the 90,000 square foot facility. He developed and implemented all policies and procedures for facility operations. Mr. Coleman designed and opened the arcade, gift shop, and food and beverage areas and assisted in the creation of the reservation center. He also oversaw the sales and marketing efforts and was responsible for all areas of human resource development and training.

A frequent lecturer and guest speaker, Mr. Coleman works tirelessly promoting the need for a return to more personalized and "old world" service. Mr. Coleman has written and delivered dozens of property specific orientation programs for managers and associates that motivate individuals to reach for excellence. Mr. Coleman also created and developed the "Aloha Spirit" Orientation and Training Programs as well as the "Housekeeping Games" Employee Retention Program.

Mr. Coleman holds the following certifications and memberships: Certified Hotel Administrator from the American Hotel & Lodging Association, member of International Association of Amusement Parks and Attraction, certified Ride Inspector for the State of Pennsylvania Department of Agriculture.



Thomas Makowski - Cofounder

Executive Vice President - Project Management and Aquatic Construction

Mr. Makowski has over 30 years of experience in the construction, development and operation of water parks and flat surface pool construction throughout the United States. Mr. Makowski began his career building wave pools in Erie, PA. Construction and wave pool design lead Mr. Makowski to develop several patents and processes for the construction of Wave Pools leading to significant reductions in construction time and cost. In addition Mr. Makowski has worked on the development and patenting of several therapy pool designs.

Mr. Makowski is responsible for the engineering, design and construction review for all of American Resort Managements projects under Development. His extensive design and construction experience have lead to less costly, more efficient designs for several projects. Mr. Makowski also serves as the head of all construction management projects and also is responsible for assisting our strategic partners with the oversight of the construction of their facility, efficient set-up of maintenance, and pool care procedures. For existing facilities and post construction, he directs the long term operations of the facility maintenance, preventative maintenance programs, and air and water quality assurance programs.

Mr. Makowski has been involved in the design and construction of more thaqn 30 Water Parks. In addition he has been involved in the design and construction of many indoor water parks including Splash Lagoon in Erie, PA, Wana Waves in Shipshewanna, IN and Splash Universe in Dundee, MI.

AMERICAN RESORT MANAGEMENT, LLC

Laura Salisbury

Vice-President of Sales & Marketing

Ms. Salisbury has been involved in the hospitality industry for more than twenty years. She graduated Summa Cum Laude from Baker College, majoring in Marketing Management and then began her career in the airline industry before moving into hotel sales and operations management. Before joining American Resort Management, Laura was responsible for overseeing both overall sales and operations for multiple hotels as an executive member of a national hotel management company, where her portfolio included diverse properties in major, mid and small markets, including full-service and all-suite hotels ranging in size from 60 to 600 rooms.

Laura has extensive experience in the preparation and implementation of sales & marketing plans and operating budgets, along with the monitoring of their results. She works directly with the property management and hotel sales teams to ensure the effectiveness of the sales and marketing efforts. Laura is responsible for recruiting, training and developing all sales personnel and is experienced in developing standard operating procedures and training programs.

Laura is dedicated to providing hands-on leadership, developing strong selling relationships and implementing sales & marketing programs to ensure profitability and the maximization of revenue. Throughout her career, Laura has been actively involved in city and state tourism organizations and numerous hospitality sales associations, including MPI, SGMP, SYTA, NTA and ABA.

AMERICAN RESORT MANAGEMENT, LLC

Jennifer Pulver

Director of Marketing & Creative Services

Jennifer has been providing income development, marketing and graphic design solutions for more than fifteen years. Graduating from University of Buffalo with a Bachelor's degree in both graphic design and communication, with her communication concentration in public relations, Ms. Pulver offers innovative marketing, sales, public relations, and creative development experience.

Ms. Pulver began her career working in the hospitality industry as a manager of entertainment and public relations before taking on a position at the American Cancer Society and Aspire of WNY, where she spent over 8 years developing expert skills in planning, development, and implementation of income activities through relationship management, grass roots marketing and public relations. She developed a strong expertise in alternate marketing strategies which she currently utilizes to supplement marketing budgets.

Making the transition back to for-profit field, Ms. Pulver accepted a position with a hospitality based company in Erie, PA as a Marketing Manager. She was responsible for marketing efforts across 20 nationally franchised hotels, restaurants and independent entertainment properties including Marriott and Applebee's concepts before joining the team at American Resort Management.

Currently, Ms. Pulver is responsible for the creation of marketing and advertising collateral as well as insuring that American Resort Management properties are featured prominently through internet search engines and across the web. Jennifer is committed to the tracking and adjustment of each property's marketing plan to match the dynamic, changing landscape in the marketing world. Working with the management teams, Jennifer actively seeks out advertising, public relations and communications options both online and transitional to formulate successful marketing programs for each property.

AMERICAN RESORT MANAGEMENT, LLC

Jon Foulkrod

Chief Financial Officer

Mr. Foulkrod has been a Certified Public Accountant since 1984. After receiving a B.A. in Accounting and Political Science from Thiel College, Mr. Foulkrod served in a variety of positions within the hospitality industry. Mr. Foulkrod's extensive experience includes:

Audit Manager - Deloitte & Touche
Director of Finance - Saint Vincent Health Systems
Vice President of Finance & Administration - Alliance Health Network
Principal - Foulkrod & Associates, Inc.

As Chief Financial Officer for American Resort Management, LLC, Mr. Foulkrod oversees the financial preparations for projects. He focuses on analyzing potential ventures for American Resort Management as well as its clients. He works closely with lending institutions and equity groups as well as prepares executive summaries and lending packets for potential investors.

Mr. Foulkrod has been a member of the American Institute of Certified Public Accountants since 1987 as well as the Pennsylvania Institute of Certified Public Accountants. He is very active in the community including once serving as a council person and Mayor of Washington Township, a member and Treasurer of the Kiwanis Club of Edinboro, Treasurer of the H.G. Gillespie Foundation and a member and State Treasurer of the Pennsylvania State Council of Knights of Columbus.

AMERICAN RESORT MANAGEMENT, LLC

Katherine A. Dudenhoefer

Marketing and Yield Management

Ms. Dudenhoefer brings over 15 years of experience in the hospitality and resort industry to the American Resort Management, LLC team. Ms. Dudenhoefer earned her Bachelor's Degree in Business from Penn State University while working her way up through the ranks of hotel operations. Having worked in various management positions in the hospitality industry, Ms. Dudenhoefer provides a balanced approach to hotel operations. Her attention to detail when dealing with operational issues is, in part, from her ability to view these issues from different angles.

While earning her degree, Ms. Dudenhoefer began her hospitality career working for an Erie, Pennsylvania based hotel, water park resort and restaurant management company. The sense of ownership and urgency Ms. Dudenhoefer displays in all tasks she undertakes contributed to her promotion to first Front Office Manager and then to Customer Service Manager of six franchised hotels. Her dedication to the guest experience and employees made the transition to hotel General Manager a natural fit. Ms. Dudenhoefer made it a priority to learn each department from the ground up. This knowledge was key in making informed decisions when addressing the cost-efficiency of hotel operations.

As a member of another management team for Theraldson Corporation at the Homewood Suites in Erie, Pennsylvania, Ms. Dudenhoefer gained experience in opening galas, setting up business to business relationships, hiring, training and employee award programs.

From hotel management, Ms. Dudenhoefer moved in to Sales and Marketing with Splash Lagoon Indoor Waterpark Resort. During her tenure at Splash Lagoon, she was instrumental in developing the reservation center and all yield rate strategies.

AMERICAN RESORT MANAGEMENT, LLC

Currently Managed

SKYLINE HOTEL & CONFERENCE CENTER
Independence, Ohio

Wild Moon RANCH & RESORT
Rising Fawn, Georgia

DOUBLE H RESORTS
Rothbury, Michigan

STEAMBOAT LANDING
Canandaigua, New York

FORT RAPIDS INDOOR WATERPARK RESORT
Columbus, Ohio

Atlantis MARINE WORLD LONG ISLAND'S AQUARIUM
Riverhead, New York

BEST WINGS USA
QUAKER STEAK & LUBE
2 Locations

CASTLE ROCK RESORT & WATERPARK
Branson, Missouri

Sheraton HOTELS & RESORTS
Independence, Ohio

Under Development

HICKORY CREEK water works & resort
Mokena, Illinois

LAC-MIRABEL
Montreal, Canada

COLORADO CROSSING
Colorado Springs, Colorado

INDOOR WATERPARK RESORT
Fairmont, West Virginia

CROSSWINDS RESORT
Baltimore, Maryland

HYATT SUMMERFIELD SUITES
Mokena, Illinois
Buford, Georgia

HYATT PLACE
Riverhead, New York
Catskills, New York

GLACIER LAKES
Rochester, New York

Approved Franchise Operator For

Hampton Inn
CROWNE PLAZA HOTELS & RESORTS
DOUBLETREE HOTEL
CANDLEWOOD SUITES
HOTEL indigo
Hilton Garden Inn
Holiday Inn EXPRESS

AMERICAN RESORT MANAGEMENT, LLC

Fort Rapids Indoor Waterpark Resort

This 60 million dollar resort features:

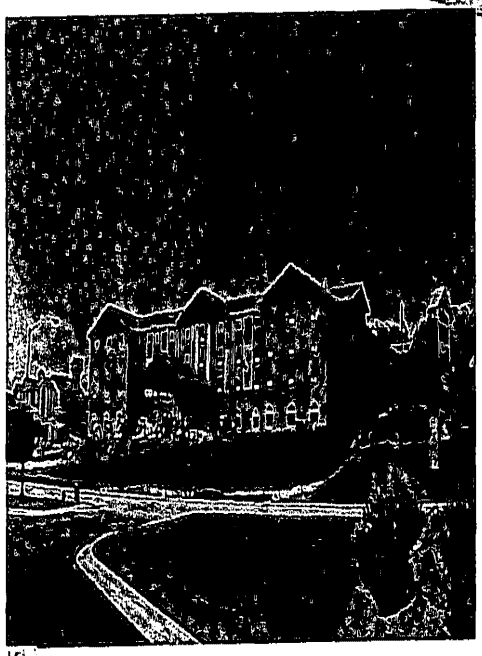
- 337 Deluxe Guest Rooms and Villa Suites
- 60,000 square foot Indoor Water Park
- 15,000 square feet of Flexible Conference Center Space
- Themed "Branding Iron" Restaurant and Lounge
- 5,000 square foot Gold Rush Arcade

American Resort Management, LLC has been selected to:

- Provide third party management services
- Reposition resort in the market place

AMERICAN RESORT MANAGEMENT, LLC

Castle Rock Resort & Water Park



Located in the heart of Branson's entertainment district, Castle Rock features:

- 200 Rooms and Family Suites
- 28,000 square foot Indoor Water Park
- Outdoor sundeck, wading pool, activity pool and tot's activity pad
- Full-service restaurant and catering services

American Resort Management, LLC has been selected to:

- Provide long-term management services
- Act as Owner's Representative
- FF&E Procurement
- Operations Development
- Reservation Center Development
- Sales & Marketing Development

AMERICAN RESORT MANAGEMENT, LLC

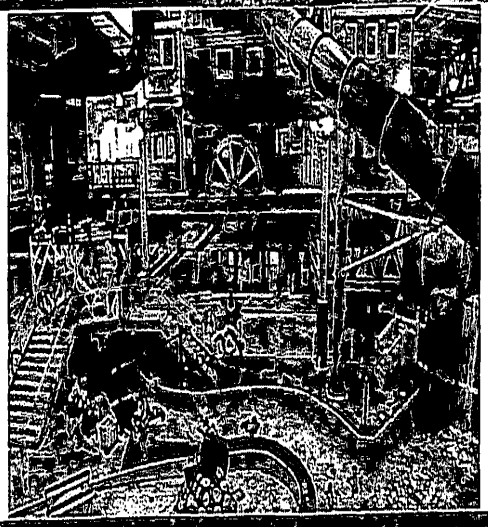
Double JJ Ranch & Resort

Double JJ Ranch & Resort is Western Michigan's premiere four season, full service resort. With over 1,000 scenic acres to enjoy, the Double JJ offers a variety of activities to satisfy everyone.:

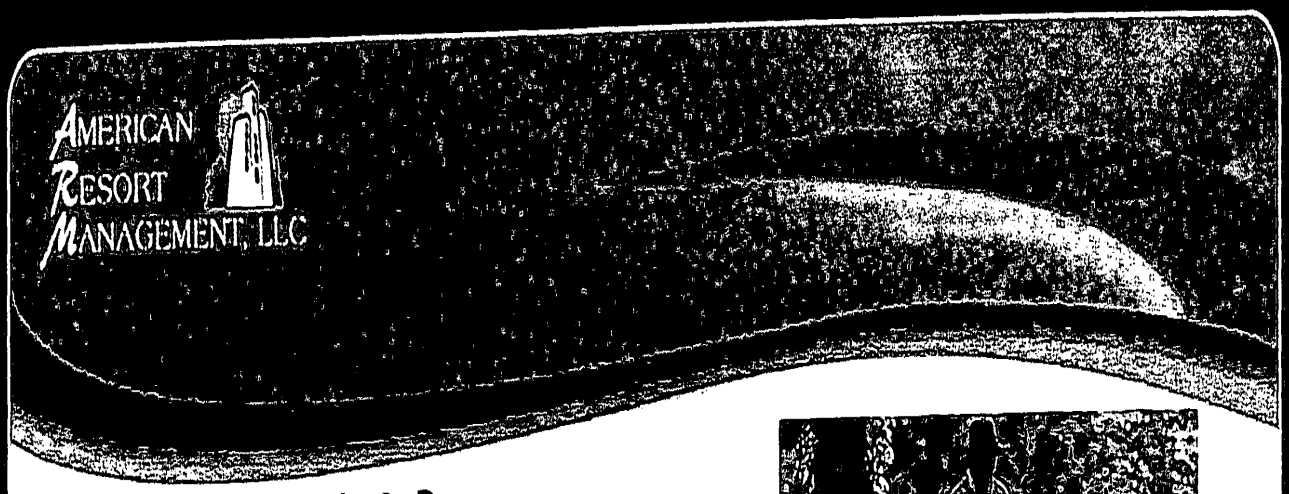
- Horseback riding on miles of scenic trails
- The 60,000 s.f. Gold Rush indoor water park
- Arthur Hill designed Thoroughbred 18 hole Championship Golf Course
- Winter activities include dog sledding and snowmobiling
- Rodeo Shows
- Step in to the Old West in Back Forty town
- Outdoor water park
- Multiple restaurants and louges

The Double JJ Ranch offers accomodations to fit any style of vacation

- Thoroughbred Suites
- Homestead Condominiums
- Back Forty Cabins & Log Homes
- RV Park
- Campground



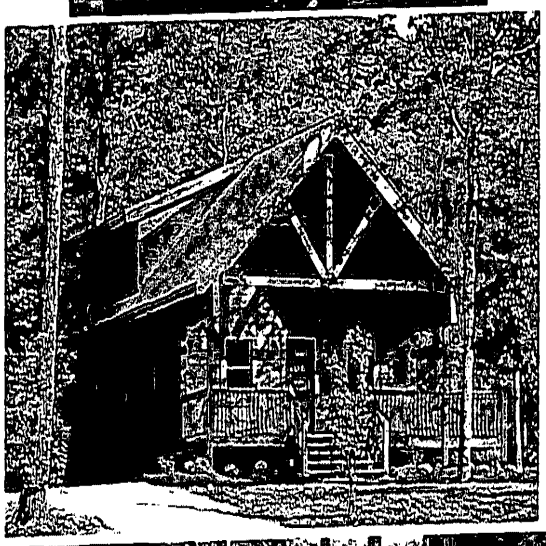
Home of the annual Rothbury Festival featuring headliners such as Bob Dylan, Black Crowes, Dave Matthews, Willie Nelson and John Mayer.



Wild Moon Ranch & Resort

Located on the Georgia side of Lookout Mountain, 30 minutes South of Chattanooga, Tennessee Wild Moon Ranch features:

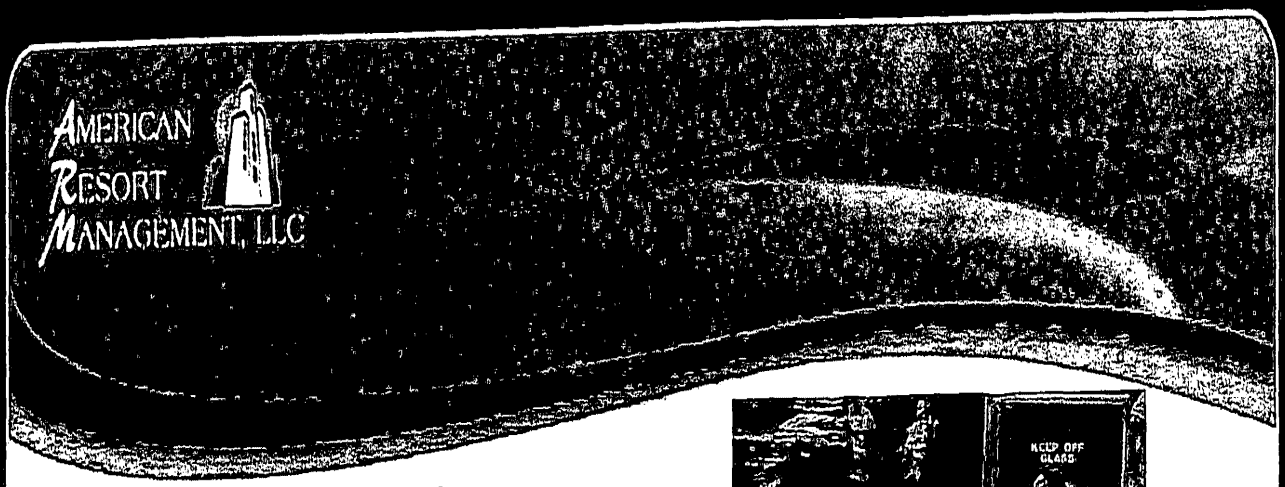
- 2 & 3 Bedroom Mountain Resort Cabins
- Horseback Riding
- Circle D Arena and Equestrian Center
- Fishing Village with private lake
- 8,500 sq. ft. Ranch House with club room, barbecue pavillion, tennis courts, pool & jacuzzi
- Mill Creek Clubhouse for events and meetings
- In-cabin spa services
- Nearby Southern Trace 9 hole Golf Course



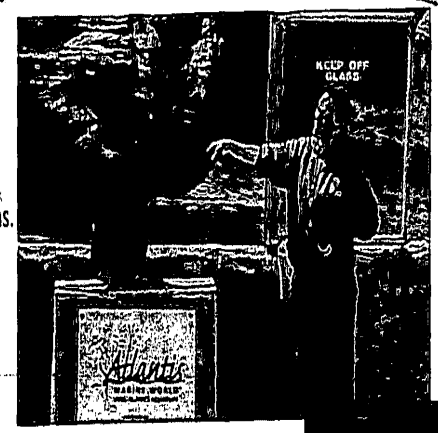
The resort is currently in the middle of an expansion program that includes:

- Additional Resort Cabins
- Indoor /Outdoor Water Park Complex and Family Entertainment Center
- Some specialty retail
- Additional Family Friendly Activity Areas

* Past Consulting Contract



Atlantis Marine World



Atlantis Marine World has become one of Long Island's top year-round tourist attractions. The Atlantis Marine World Aquarium currently offers visitors the opportunity to:

- Go on a Shark Dive
- Snorkel with the Rays
- Get your feet wet in a Salt Marsh
- Climb a Rock Wall
- Take a scenic and educational River Tour
- See the Western Hemisphere's largest all-living Coral Reef display
- Help preserve marine species and environments

Expansion plans are in progress and include:

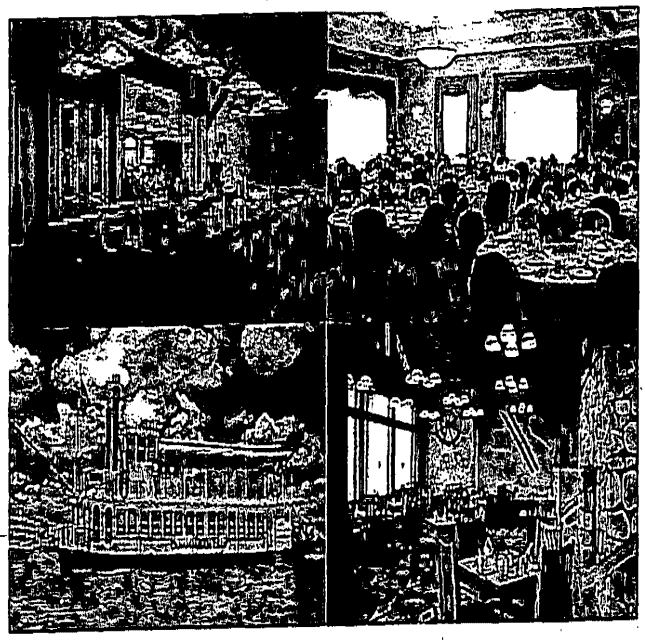
- Increasing conference and event capabilities
- A 101 room Hyatt Place with commanidng River views
- Leisure travelers will enjoy numerous vacation packages featuring Atlantis Marine World as well as other regional attractions

American Resort Management, LLC has been selected to:

- Participate as a member of development team offering services from concept through completion
- FF&E Procurement
- Operations Development
- Reservation Center Development
- Sales & Marketing Development
- Management Services to Hotel

AMERICAN RESORT MANAGEMENT, LLC

Steamboat Landing Resort & Conference Center



Located at the northern tip of Lake Canandaigua, Steamboat Landing features scenic lake views from:

- The Cove Restaurant
- Flagship Banquet & Conference Center
- The Canandaigua Lady

Steamboat Landing Resort expansion plans include:

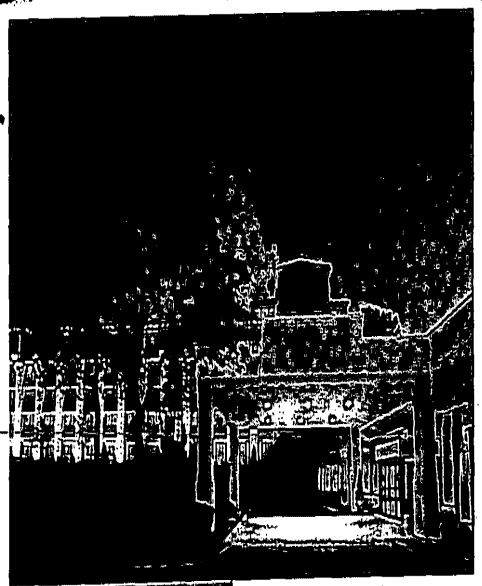
- 6,000 s.f. of additional conference space
- 150 deluxe hotel rooms and suites
- Full service day spa
- 2,000 s.f. of retail space

American Resort Management, LLC has been selected to:

- Provide management services
- Participate as a member of development team offering services from concept through completion
- Act as Owner's Representative
- FF&E Procurement
- Operations Development
- Reservation Center Development
- Sales & Marketing Development
- Management Services to Resort Expansion

AMERICAN RESORT MANAGEMENT, LLC

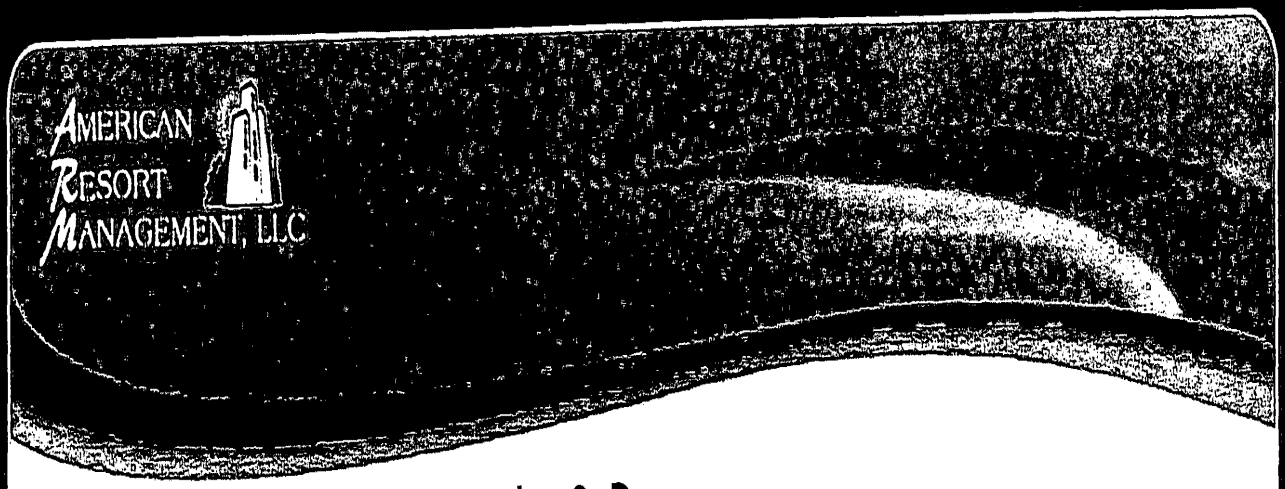
Skyline Hotel & Conference Center



Located just eight miles south of Cleveland, Ohio in the heart of the Independence business district. The Skyline Hotel & Conference Center features:

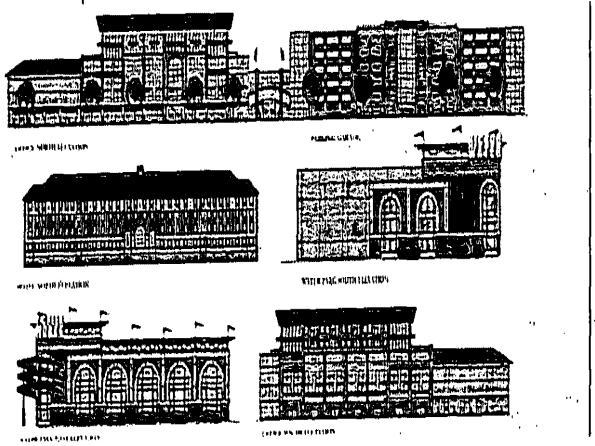
- 179 Newly Renovated Guest Rooms & Suites
- Club Level guest rooms
- Club Lounge
- 10,000 square feet of flexible meeting space
- State-of-the-art Fitness Center
- Business Center
- Indoor Swimming Pool
- Sun Deck
- Whirlpool
- 12 miles from Cleveland Hopkins Airport with Complimentary Shuttle Service

The Skyline Hotel & Conference Center is also home to **Aura Bistro** contemporary Italian American restaurant, which showcases the creations of Cleveland's Award Winning Chef Jihad Hachicho.



Hickory Creek Waterworks & Resort

Located on Interstate 80 in Mokena, Illinois, Hickory Creek Waterworks & Resort will be a premiere mixed use and drive to destination resort only one hour from downtown Chicago.

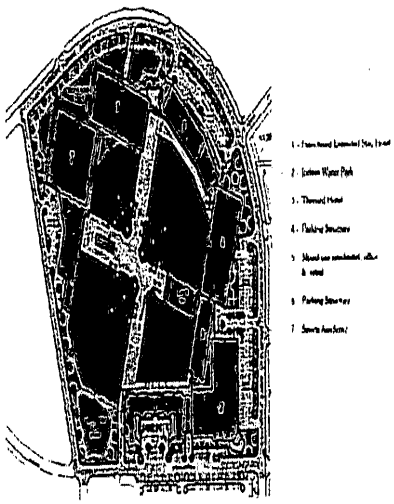


The Resort will include:

- 120 Room Hyatt Summerfield Suites Extended Stay Hotel
- 105 Room Themed Independent Hotel
- 45,000 square foot Indoor Water Park and Family Entertainment Center

The resort will be situated on a campus that will include:

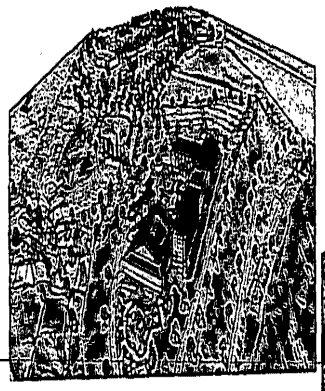
- 4 Artificial Turf Multi-Purpose Athletic Fields
- 100,000 square foot Indoor Sports Training Academy
- 95,000 square foot Mixed Use Office/Retail/Residential Building

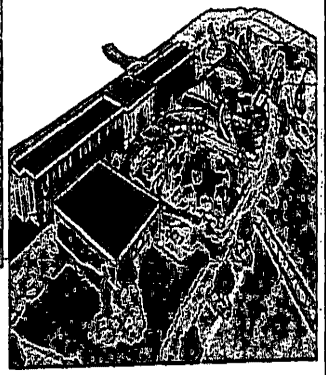


American Resort Management, LLC has been selected to:

- Participate as a member of development team offering services from concept through completion
- Provide management services
- Act as Owner's Representative
- FF&E Procurement
- Operations Development
- Reservation Center Development
- Sales and Marketing Development

Volcano Island Resort



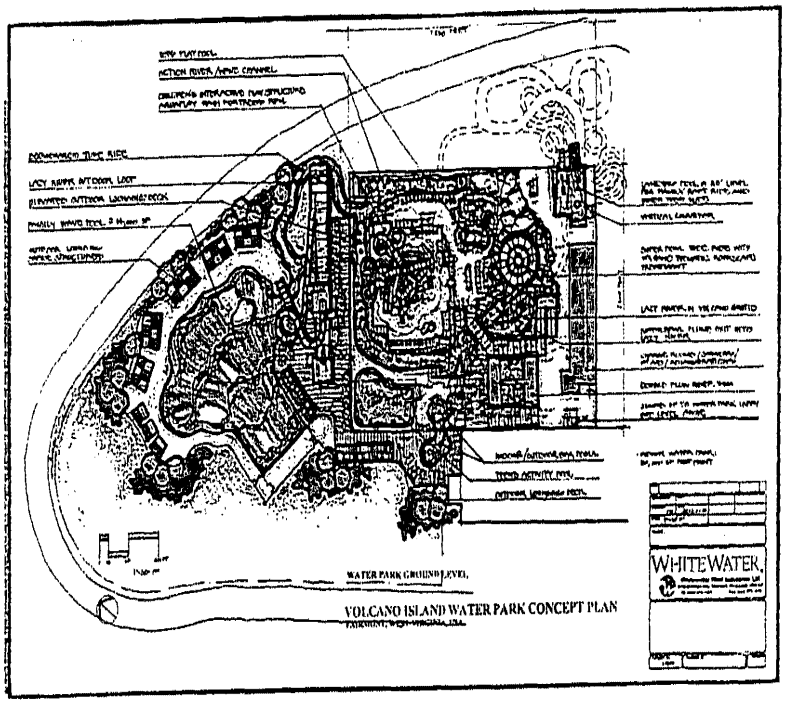


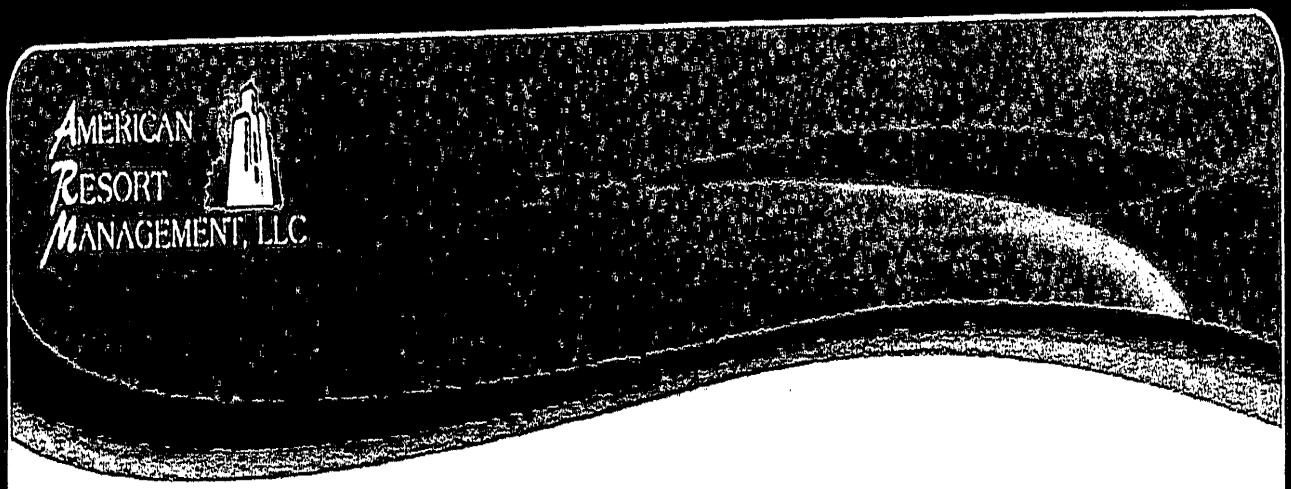
Volcano Island Indoor Water Park Resort is being developed in Fairmont, West Virginia. This 80 million dollar resort will feature:

- 300 Rooms and Suites
- 50,000 square foot Indoor Water Park
- 20,000 square foot Conference Center
- 60 Slip Marina
- Lifestyle Center

American Resort Management, LLC has been selected to:

- Participate as a member of development team offering services from concept through completion
- Act as Owner's Representative
- FF&E Procurement
- Operations Development
- Reservation Center Development
- Sales and Marketing Development
- Corporate Identity and Branding
- Management Contract





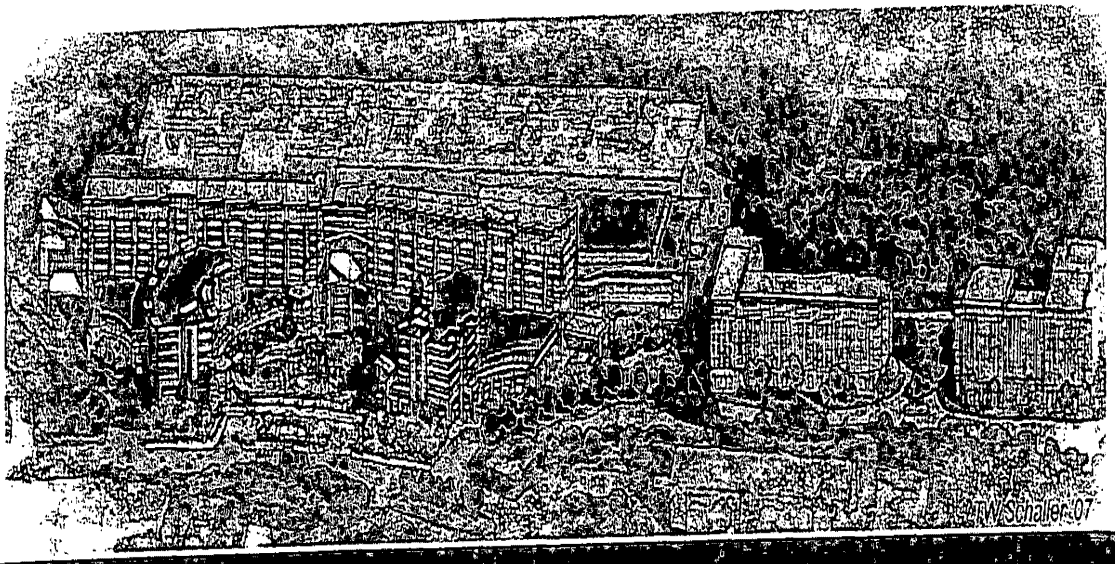
Crosswinds Resort

Crosswinds Resort is a 200 million dollar drive to destination resort that will be located just minutes from Baltimore Washington International Airport. This mega resort will feature:

- 1,000 Hotel Rooms
- 100,000 square foot Indoor Water Park
- 80,000 square foot Conference Center
- 50,000 square foot Grand Ballroom
- Multiple Restaurants
- Entertainment Village

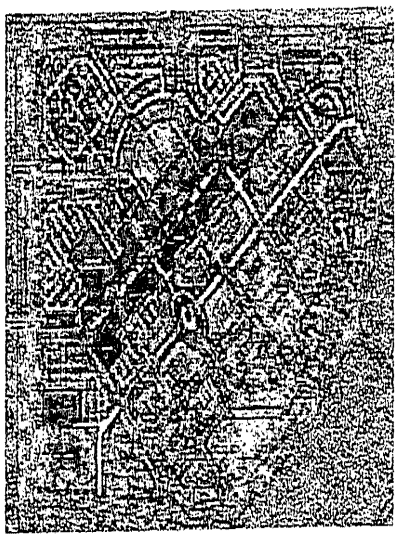
American Resort Management, LLC has been selected to:

- Participate as a member of the development team offering services from concept through completion
- Feasibility Study Analysis
- Develop Business Plan
- Act as Owner's Representative
- FF&E Procurement
- Operations Development
- Reservation Center Development
- Sales and Marketing Development
- Management Contract



Colorado Crossing Indoor Water Park Resort

Located in Colorado Springs, Colorado, this premiere drive to destination resort will be situated on over 123 scenic acres containing the Colorado Crossing Lifestyle and Town Center.



The Resort will include:

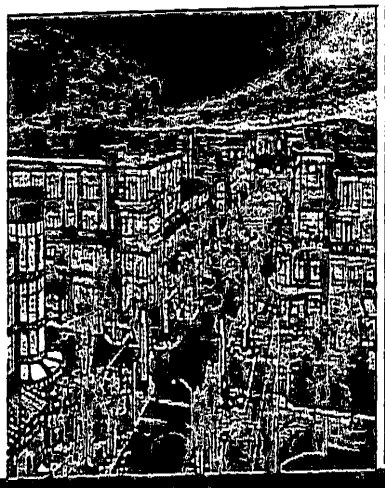
- 300 Room Independent Themed Hotel
- 30,000 square foot Flexible Conference Space
- 45,000 square foot Indoor Water Park and Family Entertainment Center

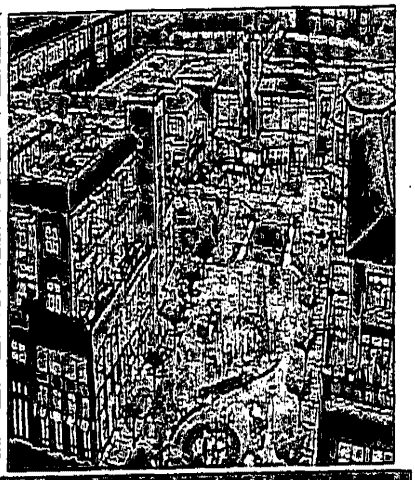
The resort will be situated on a campus that will include:

- Over 800,000 square feet of Specialty and Big Box Retail
- Movie Theaters and Nationally Recognized Restaurants
- Over 800,000 square feet of Residential and Class "A" Office Space

American Resort Management, LLC has been selected to:

- Provide Management Services
- Participate as a member of development team offering services from concept through completion
- Operations Development
- Reservation Center Development
- Sales and Marketing Development





AMERICAN RESORT MANAGEMENT, LLC

Glacier Lakes Resort

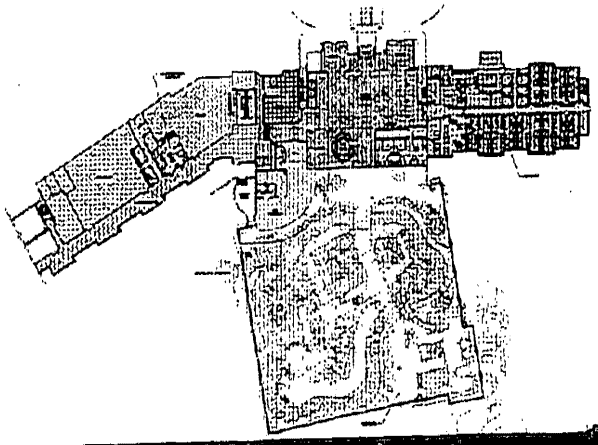
Glacier Lakes Resort is being developed in Rochester, New York.

This 80 million dollar resort will feature:

- 275 Rooms and Suites
- 50,000 square foot Indoor Water Park
- 20,000 square foot Conference Center
- Lifestyle Center

American Resort Management, LLC has been selected to:

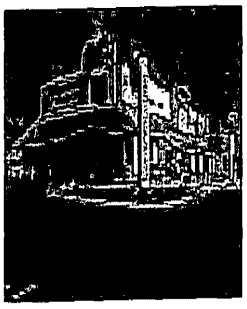
- Participate as a member of development team offering services from concept through completion
- Act as Owner's Representative
- FF&E Procurement
- Reservation Center Development
- Operations Development
- Management Contract

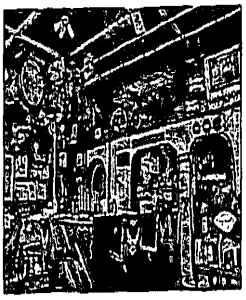


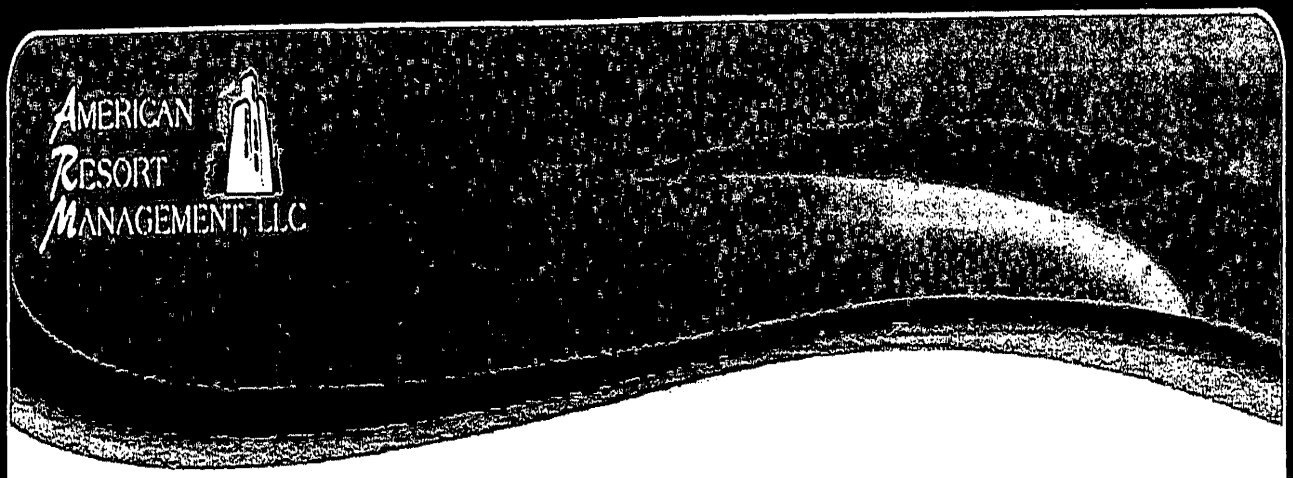
Quaker Steak & Lube

Two locations - Knoxville, TN and Charlotte, NC

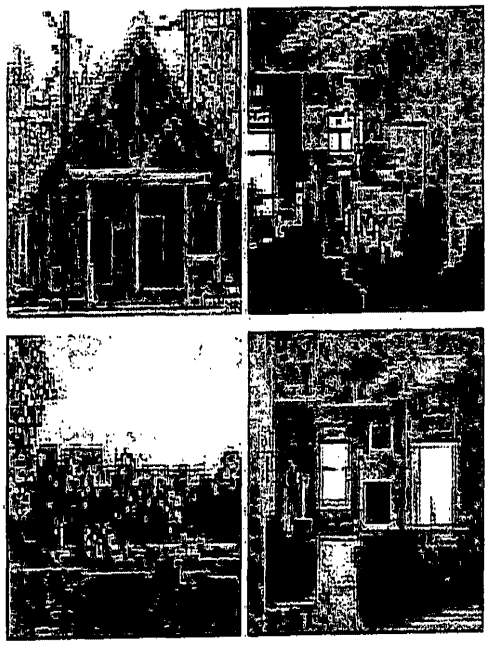
Quaker Steak & Lube is a race, bike, and car enthusiast's dream. The family friendly restaurant has an extensive menu that features award winning wings with over 20 sauces to choose from.







Mille Lacs Golf Resort & Marina



Located 90 miles north of the Twin Cities, Mille Lacs Golf Resort and Marina features:

- 2 & 3 Bedroom Resort Cabins
- 18 Hole Championship Golf Course
- 60 Slip Marina
- 8,000 square foot Clubhouse
- Year Round Activities

The resort is currently in the middle of an expansion program that includes:

- Additional Resort Cabins
- Indoor Water Park Complex
- Additional Activity Areas

American Resort Management, LLC has been selected to:

- Provide management services
- Participate as a member of development team offering services from concept through completion
- Act as Owner's Representative
- FF&E Procurement
- Operations Development
- Reservation Center Development
- Sales & Marketing Development
- Management Services to Resort Expansion

* Past Management Contract

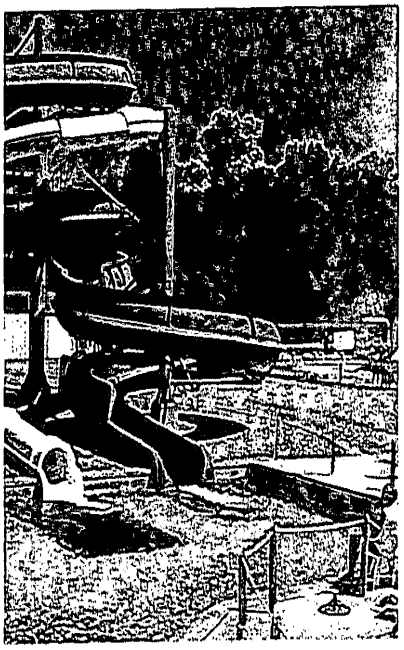
AMERICAN RESORT MANAGEMENT, LLC

Bluff Falls Water Park & Family Fun Center

Bluff Falls Water Park and Family Fun Center is a year round entertainment center with something for everyone.

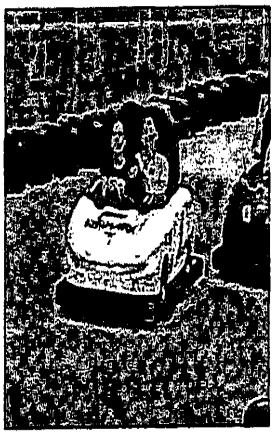
The Bluff Falls outdoor water park features:

- 3 Body and Tube Slides
- 43 foot tall water activity complex
- 18,000 gallon Wave Pool
- 1,000 foot Lazy River
- Children's Activity Pool
- Multiple Picnic Pavilions



Indoor dry enteratinment options:

- Arcade
- Pool tables
- Air hockey
- Concessions
- Gift Shop

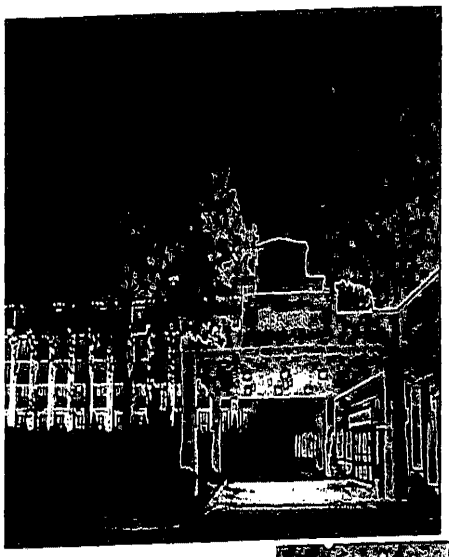


American Resort Management, LLC:

- Provided third party management services
- Repositioned resort in the market place

AMERICAN RESORT MANAGEMENT, LLC

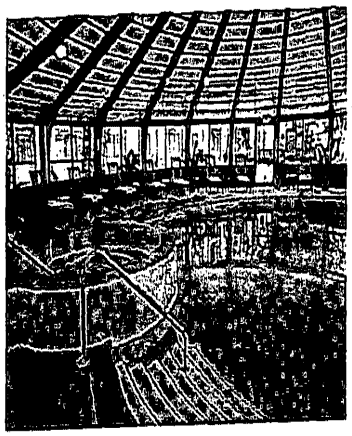
Sheraton Independence



Located just eight miles south of Cleveland, Ohio in the heart of the Independence business district. The Sheraton Hotel & Conference Center features:

- 179 Newly Renovated Guest Rooms & Suites
- Club Level guest rooms
- Club Lounge
- 10,000 square feet of flexible meeting space
- State-of-the-art Fitness Center
- Business Center
- Indoor Swimming Pool
- Sun Deck
- Whirlpool
- 12 miles from Cleveland Hopkins Airport with Complimentary Shuttle Service

The Sheraton Hotel & Conference Center is also home to **Aura Bistro** contemporary Italian American restaurant, which showcases the creations of Cleveland's Award Winning Chef Jihad Hachicho.



R.E.D.T.

State Devel

Real Estate Development Trust

REDT blends a unique group of highly talented professionals covering all disciplines of real estate design, development, construction marketing and management coupled with local industry team partners in order to successfully deliver the best possible product in any market place without suffering unnecessary overhead. Our team has played a vital role in real estate projects totaling more than 3 billing through out Texas, Arizona, North Carolina, Virginia, Georgia, Florida and Tennessee.

www.REDTllc.com

Who We Are

REDT is a collation of talented, high energy, entrepreneurially driven, professionals coupled with industry partners from all major design/build disciplines. The officer of **REDT**, Ronald Hensarling, Peter Medlyn, Robert Woerner and David Buschman are highly qualified, knowledgeable, enthusiastic professionals with more than 100 years of combined experience in all aspects of the real estate field.

We posses a unique experience of discipline, relationships and market knowledge that allows the company to deliver superior results across all property spectrums. At **REDT** we envision and create master- planned condominiums, hotels/motels, subdivisions, single family home communities, active adult and retirement communities, build to suits, commercial properties and resorts.

REDT focuses on locating the best assets, achieving the highest degree of entitlement, implementing state-of-the- art planning, designing, financing, construction, management and sales of prime commercial and residential properties.

www.REDTllc

Ronald Hensarling- Chairman

Ron Has been a dynamic, seasoned investor/developer since 1973. Through his early years, Ron developed a deep appreciation and affinity for his future profession , particularly in areas of hotel operation and management. Ron's experience has lead him to organize and spearhead many companies where he skillfully and successfully combined the benefits of his development and financing experience with the marketing, management and construction capabilities of other qualified specialists and consultants.

Ron's various entities have successfully engaged in almost every phase of real estate activity and ownership including land acquisition, land development, marketing, project coordination, project development, mortgage financing, leasing, skillful construction management, and design/built to suits. These entities have played a major role in real estate projects totaling the in the multimillions. Types of properties developed in Texas, Florida, North Carolina, Virginia, Tennessee and Georgia

www.REDTI

Peter Medlyn- Chief Executive Officer

Peter Medlyn began his career in 1991 with the English firm Hiller Parker where he was responsible for valuing a wide variety of central business district properties , including high rise office buildings, shopping centers, parking garages and apartment buildings.

Recent developments in the East Tennessee market include 35 single family homes and 34 loft houses in the Polo Club with a value of $45 million and the Anthem subdivision, which includes 53 homes at a value of $40 Million.

Peter is also designated as a State Certified General Appraiser by the state of Tennessee and an member of the Australian Institute of Values and Land Economists.

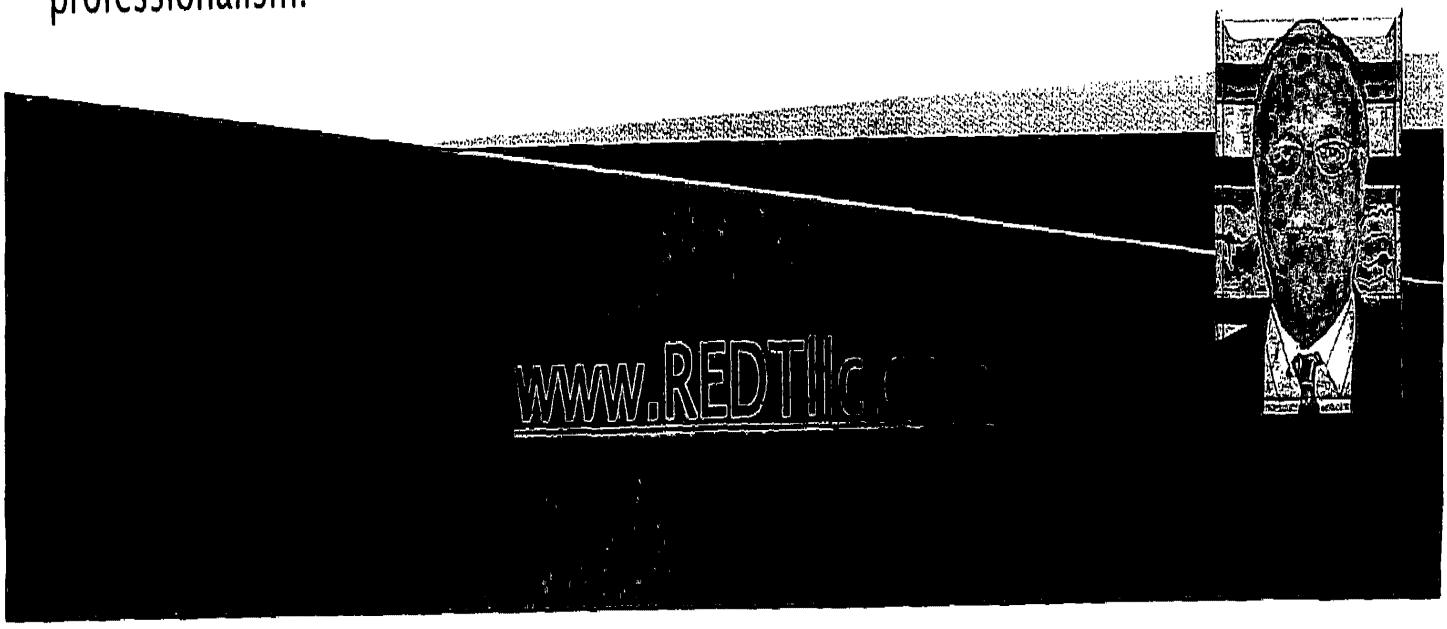
Robert Woerner- Chief Operating Officer

Robert Woerner is a senior real estate executive with 30 years experience in operations, finance, construction, marketing and general management representing more than $645 million of project responsibility and development experience.

Roberts construction and management experience runs the gamut of from concrete tilt-wall to wood and projects ranging from complication "Clean Room" Construction to city airport projects and mid-size office buildings.

Understanding and visualizing the highest and best use of a property is a skill set well defined by Rob. His ability to identify land and bring it to the fully entitled stage for development is well recognized by the industry's professionals.

Robert is a driven, can-do person, embodied with the concept of **REDT**; creating unparallel projects through knowledge,, commitment, dedication, accountability and professionalism.



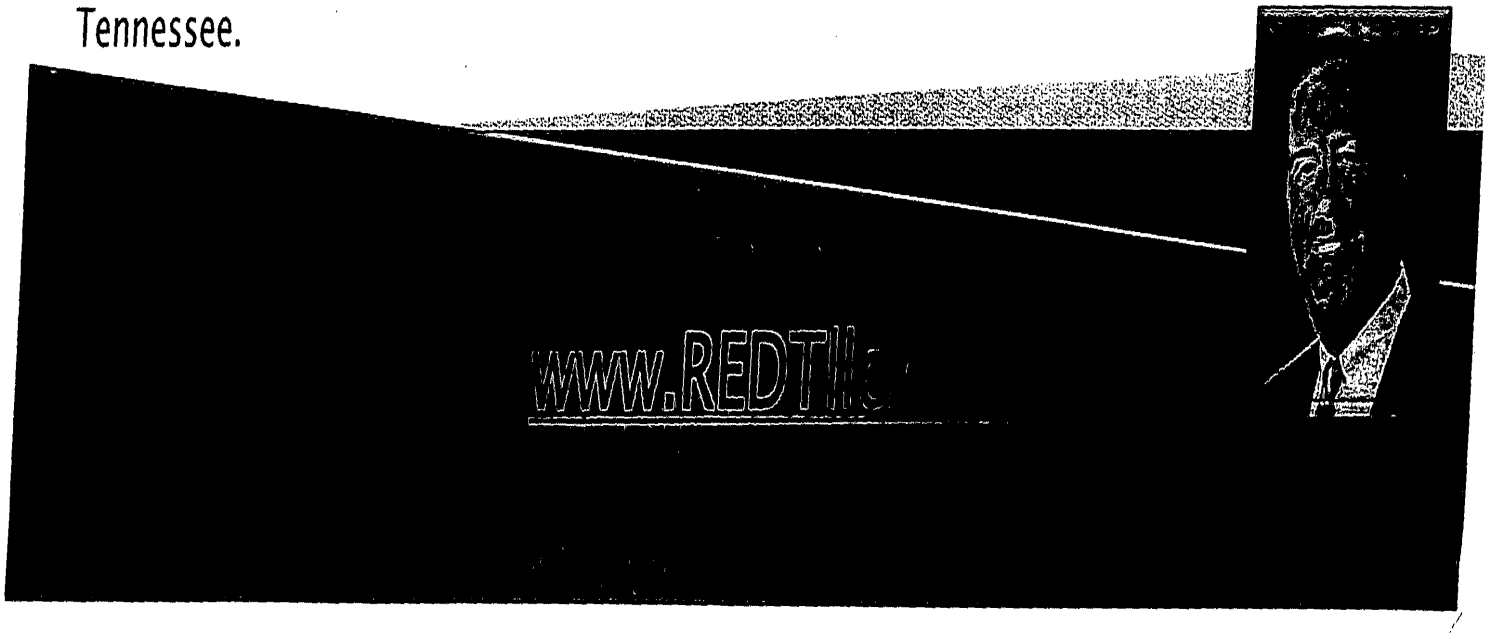
David Buschman- President of Construction/Development

David K. Buschmann, a native Tennessean, brings over 27 years of expertise in specialized construction, design build, construction management, site planning and development. As President of Construction/Development at Real Estate Development Trust LLC, David brings extraordinary vision for strategic planning in land-use development and construction.

Under his effective leadership, David has lead the development of over 30 mixed-use, luxury lifestyle communities, luxury resorts, schools and a host of commercial developments, and has developed over 200 miles of streets, roads, and utility construction.

Mr. Buchman's accomplishments as President of Construction/Development at Breland Companies, a premier builder/developer, home based in Huntsville, Alabama, was the implementing of a multitude of residential and mixed use developments throughout several southern states. His most recent accomplishment is the development of Grand Panama Beach Resort, a 500 million dollar project covering high rise condominiums, retail shopping centers, including Class A Office buildings.

Currently Mr. Buschmann will serve as President of Construction/Development for **REDT**, developing Big Elk Resort, a luxury condo/hotel & water park resort, located in Gatlinburg, Tennessee.



Our Partners

At **REDT**, We believe the commitment of our many lenders and private investment groups over the past 30 years speaks not only of their sponsorship, but also of our projects viability coupled with the ultimate positioning and profitability of our developments within each marketplace. Our private investor groups have been quite diverse, including entertainment personalities: major sports figures from basketball, football and golf, doctors, lawyers and independent business professionals, as well as a private equity capital from Wall Street.

www.REDT

APPLICATION FOR REGIONAL CENTER DESIGNATION

Tennessee Regional Center

VOLUME 3.0: Management

3.1 Organizational Charts
3.2 List of Subcontractors /Vendors
3.3 Projected Tenant
3.4 USCIS EB-5 Structure
3.5 Projected Cash Flow/ Cost Development
3.6 History of Developers

VOLUME 4.0: Banking

4.1 Bank Nominations
4.2 Escrow Agreement and Trust Account Application
4.3 Escrow Accounts/ Charts
4.4 Wire Transfer Instructions
4.5 MoneyCorp

RBC Bank™

November 30, 2009

Mr. Larry J. Behar, P.A.
888 Southeast Third Avenue, Suite 400
Fort Lauderdale, Florida 33316

RE: Acceptance of RBC Bank USA to serve as Escrow Agent for the Tennessee Regional Center Escrow Account

Dear Mr. Behar,

We are pleased to notify you that we have received preliminary approval to serve as Escrow Agent for the Tennessee Regional Center Escrow account. Final account acceptance will be dependent upon the receipt and review of all required account opening documents, as well as completion and approval of any necessary RBC Bank enhanced due diligence reviews.

We appreciate the opportunity to serve as your Escrow Agent, as well as, continuing to building upon our current relationship with you, and your firm. Please do not hesitate to contact me if you have any questions regarding this acceptance letter, and I look forward to speaking with you soon.

Warmest Regards,

Jeff Shadrick, CSOP, RP
Institutional Trust Advisor
RBC Bank USA
Private Asset Management
205-421-2347

CC: Tania Sibonney

Customer No. _____
Account No. _____

RBC BANK (USA) (b)(4) **Escrow Agreement**

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[SIGNATURE PAGE FOLLOWS]

The undersigned have executed this Agreement as of the day and year stated herein.

Escrowor:

Big Elk Resort, LLC

By: _____
Name: **Peter Medlyn**
Title: **Manager of Medlyn Real Estate, Inc, Manager of Big Elk Resort, LLC**

Date _____, 2009

Escrow Agent:

RBC BANK (USA), as Escrow Agent

By: _____
Name: Jeff Shadrick
Title: Institutional Trust Advisor

Date _____, 2009

Escrow Agreement Supplement
(Terms of Disbursement)

[This page intentionally left blank as of the date of execution of Agreement.]

Attachment 1
(Confirmation Receipt)

Escrow Agent's Deposit Receipt

To: Big Elk Resort, LLC,
C/O Peter Medlyn

From: RBC BANK (USA), as Escrow Agent

Date:

(b)(4)

Subject: Escrow Deposit

RBC BANK (USA), as Escrow Agent

By _____
Name: Jeff Shadrick
Title: Institutional Trust Advisor

8803366.3

(b)(4)

Attachment 2
(Disbursement Request)

Big Elk Resort, LLC

By: _____
Name: _____
Title: _____

8803366.3

Attachment 3
(Notice of Disbursement)

(b)(4)

RBC BANK (USA), as Escrow Agent

By: _____
Name: _____
Title: _____

8803366.3

RBC Bank™

Trust Services

1927 First Avenue North ▪ P.O. Box 10686 ▪ Birmingham, AL 35202-0686
(888) 562-3633 ▪ Fax (205) 583-3683

INSTITUTIONAL ACCOUNT APPLICATION

Important Information about Procedures for Opening a New Account: To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. What this means to you: When you open an account, we will as for your name, address, organization documents and other information that will allow us to identify you.

PART 1: CLIENT INFORMATION

Full Legal Name of Entity	Taxpayer Identification Number
Big Elk Resort, LLC.	

Physical Street Address, City, State, Zip (REQUIRED)	Mailing Address ☒ SAME AS PHYSICAL ADDRESS
109 South Broadway Knoxville, TN 37902	

Telephone	Fax	E-mail

Type of business services or purpose of entity	Organized under laws of United States?	SIC Code
Commercial Development / Property management	☒ Yes ☐ No, Country:	

Please check each of the following services offered: (if applicable)

- ☐ 1. Currency exchange or currency dealing
- ☐ 2. Issue, sell, or redeem money orders, traveler's checks or stored value cards
- ☐ 3. Check-cashing services
  - Do you cash checks for any one person over $1,000 a day? ☐ Yes ☐ No N / A
- ☐ 4. Any type of money transmittals such as wires
- ☐ 5. Own or operate ATMs – Please provide list of locations.

Are you a registered Money Services Business? ☐ Yes ☒ No	If you operate in countries other than US, please list specific countries

PART 2: BUSINESS AND OTHER NON-PERSONAL CLIENT DOCUMENTATION

	Business Ownership Structure	Required Business Documentation	State Issued & Date
☐	Corporation / Incorporated Association	☐ Copy of registered Articles of incorporation (in-state corporation) ☐ Copy of Certificate of Authority(out of state corporations) ☐ Corporate Resolution (including authorized signers and specimen signatures)	
☐	Partnership / Limited Partnership / Limited Liability Partnership	☐ Copy of Partnership Agreement ☐ Resolution (including authorized signers and specimen signatures)	
☒	Limited Liability Company	☒ Copy of Articles of Organization ☒ Resolution (including authorized signers and specimen signatures)	Tennessee, USA
☐	Sole Proprietorship	☐ Copy of State or local Business License or Permit (OR) ☐ Certificate of Assumed Name with appropriate governmental authority (OR) ☐ Other Sole Proprietor documentation (i.e. tax returns) ☐ Resolution (including authorized signers and specimen signatures)	
☐	Unincorporated Organizations / Association	☐ Copy of Articles of Organization/ Association (OR) ☐ Copy of letter from IRS assigning TIN ☐ Resolution (including authorized signers and specimen signatures)	
☐	Non-Profit/Non-Governmental Organization (NGO) i.e., churches, local and national charities, civic and social organizations, fundraising	☐ Copy of Articles of Incorporation for Non-Profit (OR) ☐ Copy of Articles of Organization/Association (OR) ☐ Copy of board/governance meeting minutes ☐ Resolution (including authorized signers and specimen signatures) Purpose of Organization:	
☐	Public funds	☐ Resolution or other evidence of authority from local, state, or Federal municipality	Holder Code:
☐	Publicly Traded Company	Name of Exchange:	Symbol:
☐	RBC Bank Internal & Affiliate Accts	☐ Authorization to Open Internal Deposit Account	Date:

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Trust Services

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(888) 562-3633 ▪ Fax (205) 583-3683

PART 3: EXECUTIVE OFFICERS AND PRINCIPALS OWNERS - List all company Principals with 25% or more ownership and Executive Officers

Full Legal Name	Citizenship	Physical Address	Date Of Birth	Title/Ownership
First Middle Last	☐ US Citizen ☐ Resident Alien ☐ Non-Resident Alien If not US Citizen, country of citizenship:	Street: City State Zip Country if not US:	/ / (mm/dd/yyyy)	☐ Exec Officer Title Ownership %
			Politically Exposed Person [1] – Is this person a PEP? ☐ No ☐ Yes	
First Middle Last	☐ US Citizen ☐ Resident Alien ☐ Non-Resident Alien If not US Citizen, country of citizenship:	Street: City State Zip Country if not US:	/ / (mm/dd/yyyy)	☐ Exec Officer Title Ownership %
			Politically Exposed Person [1] – Is this person a PEP? ☐ No ☐ Yes	
First Middle Last	☐ US Citizen ☐ Resident Alien ☐ Non-Resident Alien If not US Citizen, country of citizenship:	Street: City State Zip Country if not US:	/ / (mm/dd/yyyy)	☐ Exec Officer Title Ownership %
			Politically Exposed Person [1] – Is this person a PEP? ☐ No ☐ Yes	
First Middle Last	☐ US Citizen ☐ Resident Alien ☐ Non-Resident Alien If not US Citizen, country of citizenship:	Street: City State Zip Country if not US:	/ / (mm/dd/yyyy)	☐ Exec Officer Title Ownership %
			Politically Exposed Person [1] – Is this person a PEP? ☐ No ☐ Yes	

PART 4: STATEMENT, TAX RECORD RECIPIENTS AND OTHER INTERESTED PARTIES

(NOTE: Addressee Type Code will be assigned by RBC Bank Trust Services)

Recipient Type	Statement	Name and Address	Contact Information
Addressee Type Code	☒ Paper ☒ Electronic Frequency: (circle one) M Q A	Contact Person 1 **Peter Medlyn** Name of Firm **Big Elk Resort, LLC.** Mailing Address 109 South Broadway Knoxville, TN 37902	Relationship to Account **Manager** Phone Fax Number Email
Addressee Type Code	☒ Paper ☒ Electronic Frequency: (circle one) M Q A	Contact Person 2 Name of Firm Mailing Address	Relationship to Account Phone Fax Number Email

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(888) 562-3633 ▪ Fax (205) 583-3683

Addressee Type Code	☐ Paper ☐ Electronic Frequency: (circle one) M Q A	Contact Person 3	Relationship to Account
		Name of Firm	Phone
		Mailing Address	Fax Number
			Email
Addressee Type Code	☐ Paper ☐ Electronic Frequency: (circle one) M Q A	Contact Person 4	Relationship to Account
		Name of Firm	Phone
		Mailing Address	Fax Number
			Email
Addressee Type Code	☐ Paper ☐ Electronic Frequency: (circle one) M Q A	Contact Person 5	Relationship to Account
		Name of Firm	Phone
		Mailing Address	Fax Number
			Email

TIN CERTIFICATION: Under penalties of perjury, I/we certify that: (1) the payee's TIN is correct; (2) the payee is not subject to backup withholding due to failure to report interest and dividend income; and (3) the payee is a U.S. person.

PART 5: AUTHORIZED SIGNER(S) - Each signer must be authorized on the business resolution, including specimen signature. **The Internal Revenue Service does not require your consent to any provision of this document other than the certifications required to avoid backup withholding.**

Full Legal Name	Telephone	Fax Number
Title	Email	
Signature X		Date
Full Legal Name	Telephone	Fax Number
Title	Email	
Signature X		Date
Full Legal Name	Telephone	Fax Number
Title	Email	
Signature X		Date

What is a PEP (politically exposed person)? – A person is considered to be a "PEP" if the individual, or any member of the individual's immediate family, holds a government or senior military position in a country other than the United States (now or at any time in the past). If any person associated with this account has been identified as a PEP, please explain in detail below or on the reverse of this application.

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(b)(4)

FUNDS TRANSFER AGREEMENT

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(b)(4)

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Trust Services

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(888) 562-3633 ▪ Fax (205) 583-3683

CUSTOMER: EB5 / Big Elk Resorts, LLC

By: _____

(Print Name): _____

Title : _____

Date: _____

By: _____

(Print Name): _____

Title : _____

Date: _____

RBC BANK (USA)

By: _____

(Print Name): _____

Its: _____

Date: _____

RBC Bank™

Trust Services
1927 First Avenue North ▪ P.O. Box 10686 ▪ Birmingham, AL 35202-0686
(888) 562-3633 ▪ Fax (205) 583-3683

EXHIBIT 1
FUNDS TRANSFER AGREEMENT
BANK ACCOUNT(S)

This is: [X] Original Exhibit
[ ] Modification Number _____ to Original Exhibit

Listed below are those RBC BANK accounts from which funds may be transferred by the undersigned ("Customer") or an "Authorized Representative" in accordance with the RBC Funds Transfer Agreement dated _____.

	Account Number	Account Name
1	00 -	EB5 / Big Elk Resorts, LLC Escrow Expense Account
2	01 -	EB5 / Big Elk Resorts, LLC Escrow Project Account
3		

Name of Signatory Representative [a]	Title

Signature of Authorized Account Signer	Date

(a) If Signatory Representative is different from original Funds Transfer Agreement, attach Board of Directors Resolution indicating that authority.

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(888) 562-3633 ▪ Fax (205) 583-3683

EXHIBIT 2
FUNDS TRANSFER AGREEMENT
AUTHORIZED REPRESENTATIVE FOR WIRE INITIATION PURPOSES

This is: [X] Original Exhibit
[ ] Modification Number _____ to Original Exhibit

Listed below are the names of the Authorized Representatives, their transfer limits, and the account numbers from which each user is authorized to transfer funds in accordance with the Funds Transfer Agreement between the Customer and RBC BANK. This list supersedes all previously submitted authorized representatives for wire initiation documentation. A new listing must be submitted by the Customer whenever Authorized Representatives for wire initiation are added to, or deleted from the system's authorized user list. Exhibit 3 must be used to request any Authorized Representatives for wire initiation change. Letters are not acceptable. (For Authorized Representatives whose maximum amounts are unlimited, please specify the maximum amount as "NO LIMITATION").

AUTHORIZED REPRESENTATIVES FOR WIRE INITIATION		
Account[a] 1, 2 and/or 3	Name and Phone Number	Maximum Amount
	<< insert Name 1 and Phone #>>	<<insert $ limit>>
	<< insert Name 2 and Phone #>>	<<insert $ limit>>
	<< insert Name 3 and Phone #>>	<<insert $ limit>>
	<< insert Name 4 and Phone #>>	<<insert $ limit>>
	<< insert Name 5 and Phone #>>	<<insert $ limit>>
Authorized RBC Bank Trust Services Employee(s)		NO LIMITATION

Name of Signatory Representative[a]	Title
Signature of Authorized Signer	Date

(a) If Signatory Representative is different from original Funds Transfer Agreement, attach Board of Directors Resolution indicating that authority.

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(888) 562-3633 ▪ Fax (205) 583-3683

EXHIBIT 3
FUNDS TRANSFER AGREEMENT
AUTHORIZED REPRESENTATIVE FOR NOTIFICATION PURPOSES

This is: [X] Original Exhibit
[ ] Modification Number _____ to Original Exhibit

Listed below are the names of the Authorized Representatives who may accept notification of credits received for the Customer. This list supersedes previously submitted Authorized Representatives for wire notification documentation. A new listing must be submitted by the Customer whenever Authorized Representatives for wire initiation are added to, or deleted from the systems authorized user list. Exhibit must be used to request any Authorized Representatives for wire notification change. Letters are not acceptable.

AUTHORIZED REPRESENTATIVES FOR WIRE NOTIFICATION		
Account[a] 1, 2 and/or 3	Name and Phone Number	Maximum Amount
	<<insert Name 1 and Phone #>>	<<insert $ limit>>
	<<insert Name 2 and Phone #>>	<<insert $ limit>>
	<<insert Name 3 and Phone #>>	<<insert $ limit>>
	<<insert Name 4 and Phone #>>	<<insert $ limit>>
	<<insert Name 5 and Phone #>>	<<insert $ limit>>
Authorized RBC Bank Trust Services Employee(s)		NO LIMITATION

Name of Signatory Representative[a]	Title
Signature of Authorized Signer	Date

How to pay Moneycorp

Please arrange for your funds to be transferred to the Moneycorp client account below.

Please note: Moneycorp's Client Accounts are all operated from the UK therefore you will need to arrange for an international wire transfer to our US Dollar Account in the UK

International wire transfers from your US bank can take from 24 to 72 hours, depending on the sending bank. Some US banks will charge you for sending an international wire transfer.

Please ensure you ask Moneycorp for the specific reference to use when sending funds to us.

(b)(4)

Please contact a member of our **Customer Service Team** on **+44 (0)20 7589 4100** if you have any difficulties in arranging your payment to Moneycorp. Our office opening hours are 07:30am to 10:30pm, Monday to Friday and 10:00am to 4:00pm Saturday.

You can also call the **Florida Office** on **+1 321 559 1050** from 07:30am to 5:30pm, Monday to Friday.

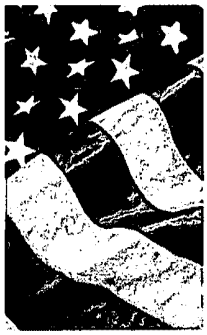
MONEYCORP

Commercial Foreign Exchange

www.moneycorp.com

TTT Moneycorp Limited has been certified to ISO 9000 Quality Assurance since 1996.

100 Brompton Road • Knightsbridge
London • SW3 1ER • England • UK
telephone: +44 (0)20 7589 3400
facsimile: +44 (0)20 7235 4250
email: enquiries@moneycorp.com



Tennessee

Regional Center Desigantion

Volume 5.0

APPLICATION FOR REGIONAL CENTER DESIGNATION

Tennessee Regional Center

VOLUME 5.0: Marketing and Sales

VOLUME 5.0: MARKETING AND SALES

5.1 Brochure
5.2 Letters of Appreciation
5.3 Website
5.4 Marketing Plan/ Exhibit to Marketing Plan
5.5 EB-5 FAQ
5.6 Pictorials
5.7 Aerials
5.8 Project Overview
5.9 EB-5 Print Brochure
5.10 Timeline/ EB5 Steps
5.11 Immigrationflorida.com Homepage
5.12 Mayor Letter
5.13 List of 200 Investors awaiting approval

Our EB-5 Program

Benefits

The Big Elk Resort location qualifies as a targeted employment area reducing the investment required for eligibility for a Green Card to $500,000.

- Annual return of 5% or $25,000 for the initial 3 years
- After 3 years each investor receives ownership of their selected Big Elk Lodge unit plus ownership of one designated parking space in the parking garage
- Investor receives continued income from the unit from the overnight rental program as the Big Elk Lodge will operate as a resort hotel
- Hassle free property investment with monthly returns wired directly to owners bank accounts in China or the U.S.
- Potential for strong capital gains based on Gatlinburg's location adjoining the Great Smoky Mountain National Park and the resorts $20 million indoor water park.
- Two weeks annual unlimited use of the unit, parking and water park for family and friends (some restrictions may apply on holidays).

The EB-5 Immigrant Investor Program is an opportunity for qualified foreign nationals to obtain the U.S. GreenCard.

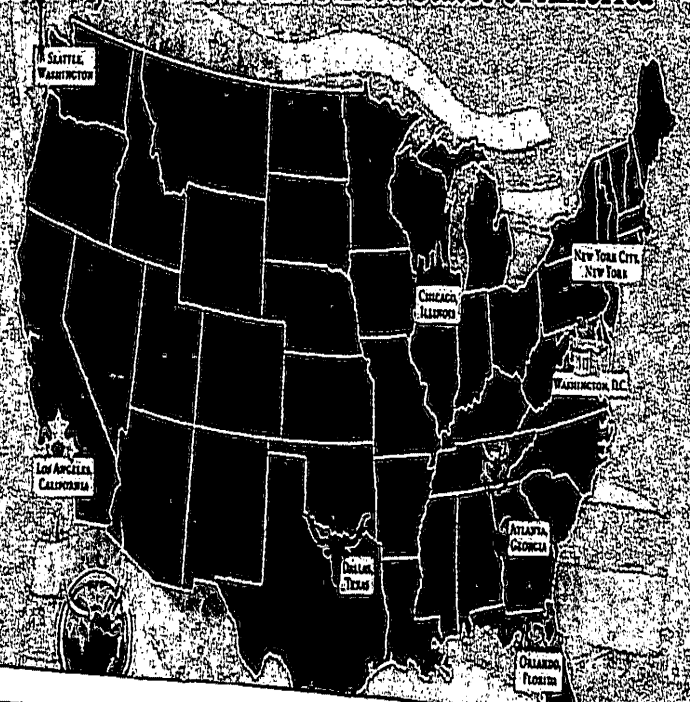
EB-5 Regional Center

Address: Big Elk Resort
109 S Broadway
Knoxville, TN 37902
USA

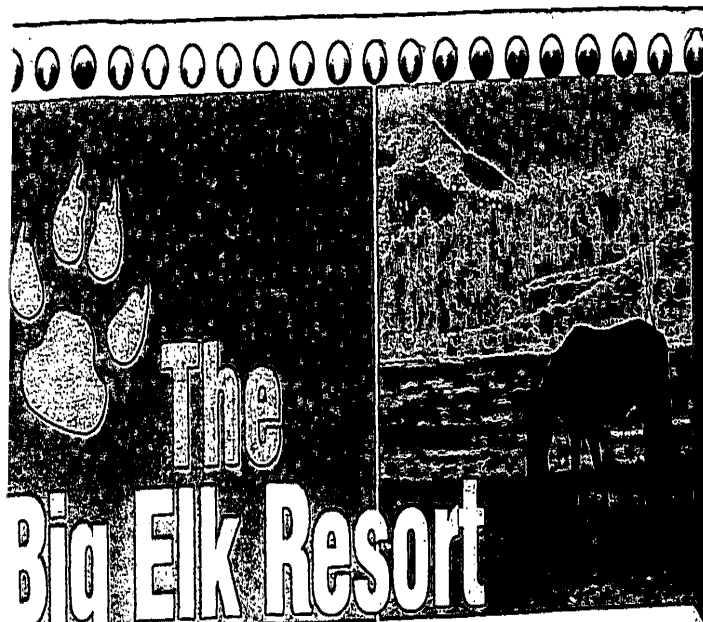
E-Mail: info@EB5-invest.com
Website: www.EB5-invest.com

Big Elk Resort

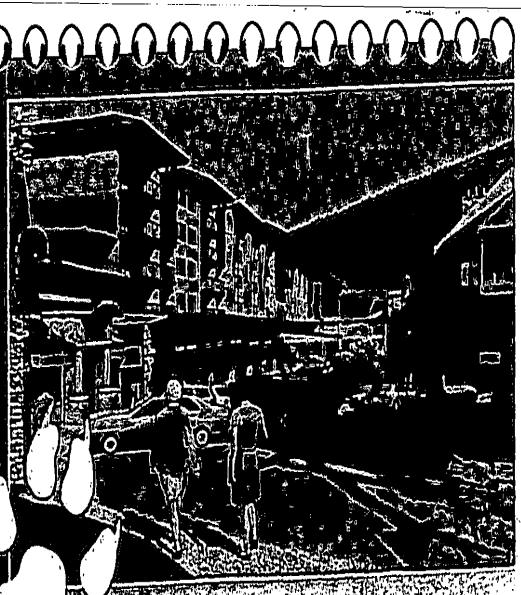
Major cities of the United States of America



The Big Elk Resort USA



Big Elk Resort offers the opportunity for foreign investors to obtain permnent U.S. residency by investing $500,000.



Big Elk Resort in downtown Gatlinburg, Tennessee adjoins the Great Smoky Mountains National Park, with over 9.2 million annual visitors. The Great Smoky Mountains National Park is ranked 12th in Forbes World's 50 Most Visited Tourist Attractions following the Great Wall of China. Big Elk Resort is a unique mixed-use resort and indoor water park that is being qualified as an approved EB-5 Regional Center.

Big Elk Resort will be the Southeastern United States premiere year round resort and entertainment complex. The foremost Immigration Law Firm of Larry J. Behar, P.A. has been selected to qualify Big Elk Resort as an EB5 Regional Center under the United States Citizens and Immigration Services (USCIS) and is available to assist individual investors with immigration issues.

Big Elk Resort Includes

Big Elk Lodge – a 340 unit development fronting along the cascading rapids of the Little Pigeon River each with fireplace and kitchen and most with private balconies

Indoor Water Park - Elaborately themed 53,000 S.F. Indoor water park featuring a dazzling display of water slides, pools and attractions

Indoor Entertainment - 48,000 S.F. adjoining the water park accommodating arcades, restaurants, lounges, gift shop and spa

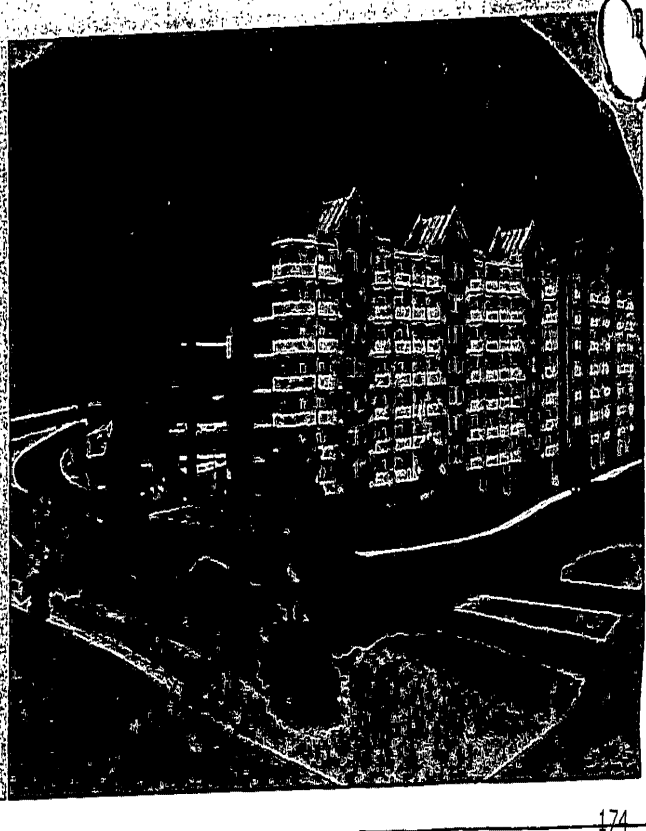
Retail and Restaurants - an additional 130,000 S.F. anchored with the following restaurants: PF Changs, Connors Steak and Seafood, TGI Fridays, Dick's Last Resort Sports Bar, Austin BBQ, Nifa's Mexican and Smoky Mountain Pizza

Parking Garage - Over 900 parking bays with 784 bays located in a four level parking garage.

About Us

The developer REDT, llc is a privately held commercial organization established in 1973 blending a unique group of highly talented professionals covering all disciplines of real estate design, development, construction, marketing and management coupled with local industry team members in order to successfully deliver the best possible product to the market place. The members of REDT, llc have played a vital role in real estate projects through out the US totaling more than $2 billion in Texas, Arizona, North Carolina, Georgia, Virginia, Florida and Tennessee.

The developers have spent over three years working with the government assembling the site and obtaining the necessary entitlements for Big Elk including City, State and Federal approvals as the site adjoins the highly protected Great Smoky Mountains National Park and the Little Pigeon River. Site work, underground utilities and road construction for the Resort are scheduled for completion in 2009. A new city street we are constructing connects Big Elk Resort with a city park via a new state



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...pment Documentation

To facilitate prompt customs clearance and delivery of your international shipment,

SOR12

FedEx. US Airbill Express

FedEx Tracking Number 8574 8396 0925

Form ID No. 0215

Recipient's Copy

RECIPIENT: PEEL HERE

1 From This portion can be removed for Recipient's records.

Date 07/01/2010 FedEx Tracking Number 8574 8396 0925 4

Sender's Name LARRY J. BEHAR Phone 954 524-8888

Company LARRY J BEHAR P A

Address 888 SE 3RD AVE STE 400

Dept/Floor/Suite/Room

City FORT LAUDERDALE State FL ZIP 33316-1159

STAMP #18

JUL 02 2010

2 Your Internal Billing Reference R. Hensarling 2009-112

3 To

Recipient's Name CSC Director Phone

Company USCIS California Serv.Center, ATTN: EB5 Proc.Unit

Recipient's Address 24000 Avila Road - 2nd Floor

We cannot deliver to P.O. boxes or P.O. ZIP codes. Dept/Floor/Suite/Room

Address

To request a package be held at a specific FedEx location, print FedEx address here.

City Laguna Niguel State CA ZIP 92677

0334552512

4a Express Package Service *Packages up to 150 lbs.*

- [x] FedEx Priority Overnight — Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- [ ] FedEx Standard Overnight — Next business afternoon.* Saturday Delivery NOT available.
- [ ] FedEx First Overnight — Earliest next business morning delivery to select locations.* Saturday Delivery NOT available.
- [ ] FedEx 2Day — Second business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- [ ] FedEx Express Saver — Third business day.* Saturday Delivery NOT available.

FedEx Envelope rate not available. Minimum charge: One-pound rate. * To most locations.

4b Express Freight Service *Packages over 150 lbs.*

- [ ] FedEx 1Day Freight* — Next business day.** Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- [ ] FedEx 2Day Freight — Second business day.** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
- [ ] FedEx 3Day Freight — Third business day.** Saturday Delivery NOT available.

* Call for Confirmation. ** To most locations.

5 Packaging

- [ ] FedEx Envelope*
- [x] FedEx Pak* — Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.
- [ ] FedEx Box
- [ ] FedEx Tube
- [ ] Other

* Declared value limit $500.

6 Special Handling — Include FedEx address in Section 3.

- [ ] SATURDAY Delivery — Not available for FedEx Standard Overnight, FedEx First Overnight, FedEx Express Saver, or FedEx 3Day Freight.
- [ ] HOLD Weekday at FedEx Location — Not available for FedEx First Overnight.
- [ ] HOLD Saturday at FedEx Location — Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

Does this shipment contain dangerous goods? One box must be checked.

- [x] No
- [ ] Yes — As per attached Shipper's Declaration.
- [ ] Yes — Shipper's Declaration not required.
- [ ] Dry Ice — Dry ice, 9, UN 1845 ____ x ____ kg
- [ ] Cargo Aircraft Only

Dangerous goods (including dry ice) cannot be shipped in FedEx packaging.

7 Payment Bill to: Enter FedEx Acct. No. or Credit Card No. below.

- [x] Sender — Acct. No. in Section 1 will be billed.
- [ ] Recipient
- [ ] Third Party
- [ ] Credit Card
- [ ] Cash/Check
- Obtain Recip. Acct. No. [ ]

[redacted]

Total Packages	Total Weight		Total Charges
1	4 lbs	[redacted]	Credit Card Auth.

†Our liability is limited to $100 unless you declare a higher value. See the current FedEx Service Guide for details.

8 NEW Residential Delivery Signature Options If you require a signature, check Direct or Indirect.

- [ ] No Signature Required
- [x] Direct Signature — Anyone at recipient's
- [ ] Indirect Signature — If no one is available at

OFFICE OF CITY MANAGER

October 6, 2009

To Whom It May Concern:

Please accept this letter as information regarding a proposed development in the City of Gatlinburg.

Specifically, the City has been following closely the progress of the Big Elk Resort project in our downtown area and we have been very excited to see the development progress with the demolition, site work and new City street for the development nearly complete. The Big Elk Resort will be a wonderful addition to the downtown area of Gatlinburg and we are excited to have the potential of this fine development. We feel very confident that it will be an overwhelming economic success and bring joy to guests and be a blessing to the local residents. The City Administration will continue to offer the Development Team support and resources and look forward to the successful completion and ultimate opening of the Big Elk Resort.

If you have questions or desire additional information, please feel free to contact me. Thank you for your time and attention to this matter.

Sincerely,

Cindy C. Ogle

Cindy Cameron Ogle
City Manager

CCO/jv

City of Gatlinburg • City Hall • 1230 Parkway E., Suite 2 • P.O. Box 5 • Gatlinburg, Tennessee 37738
(865) 436-1400

Henry Global Consulting Services

250 Consumers Rd., Suite 402, Toronto, Ontario Canada M2J 4V6

Tel: (416) 298-0866 Fax: (416) 298-4287 E-mail: info@henryglobal.com

USCIS
2675 Prosperity Avenue
Fairfax
VA 20598

November 2009

To Whom It May Concern,

Our company Henry Global Consulting Group Ltd is the largest migration broker in China with over 30 offices throughout China and over 500 employees. We had previously focused on Canada for immigration, our company alone handled over 1200 immigration cases to Canada last year. With the 3 year extension of the EB5 program we have changed our companies focus to USA immigration.

After seeing the presentation of the proposed Big Elk Resort / Tennessee Regional Center here in Beijing, we are excited to be representing Big Elk Resort. We already have over 100 clients that meet the requirements for the EB5 program and want to invest in the Big Elk Resort / Tennessee Regional Center. The clients are waiting for this Regional Center to receive approval so they can complete application. A copy of a list identifying clients that are waiting for the Big Elk approval is included with this letter.

Please let me know if you require any additional information.

Sincerely

Henry Zou Ph.D.

President

Sign up for our newsletters

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Main Menu

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- News
- About Us
- Area Attractions
- EB-5 Program
- Events
- Downloads
- Gallery

East Tennessee Union | Business Assessment | Stress Free | New Academy | Community

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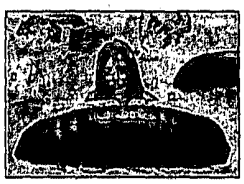
Big Elk Resort USA

Big Elk Resort in downtown Gatlinburg, Tennessee adjoins the **Great Smoky Mountains National Park with over 9.2 million annual visitors.** The Great Smoky Mountains National Park is ranked

Read More

Big Elk Resort Includes



Big Elk Lodge - a 400 unit development fronting along the cascading rapids of the Little Pigeon river each with fireplace and kitchen and most with private balconies. **Indoor Water Park** -

Read More

About Us

The Developer REDT, LLC is a privately held commercial organization established in 1973 blending a unique group of highly talented professionals covering all disciplines of real estate

Read More

Main cities of the United States of America

Our Innovation

REAL ESTATE DEVELOPMENT TRUST, LLC

REDT

Our mission is to design and create unparalleled real estate projects matching the uniqueness of each development with the market economic conditions. Addressing each opportunity with integrity and commitment supported by 100+ years of experience and more than 3 billion dollars in completed projects, RedT is on the move developing projects with trust, accountability and professionalism.

Get Directions Our Head Office

Big Elk Resort
109 S Broadway
Knoxville, TN 37902 - USA

Please enter your address below to get directions

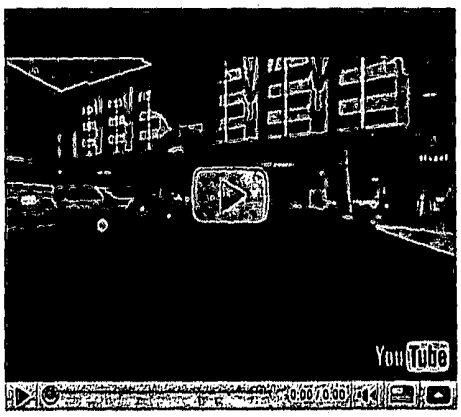
Address:

City:

State:

Zip:

Submit



Most Recent News

President signs to extend EB-5 Regional Center Program for 3 years until Sept. 30, 2012

E-2 or EB-5? Media should know better.

Observations at October 19th 2009 AILA EB-5 Conference in SF

Tennessee State Regional Center Investor Marketing Plan

Tennessee State Regional Center, LLC
109 S Broadway
Knoxville, TN 37902
USA

(b)(4)

Confidentiality Agreement

Signature

Name (typed or printed)

Date

Table of Contents

1. Executive Summary 1
2. Situation Analysis 3
   2.1. Competition 3
3. Marketing Strategy 6
   3.1. Value Proposition 7
   3.2. Critical Issues 8
   3.3. Target Market Strategy 8
      3.3.1. Marketing at Trade Shows/Expos Internationally 9
   3.4. Strategy Pyramid 10
   3.5. Direct/Indirect Marketing Strategy Projection 11
4. Marketing Mix 11
   4.1. Sample Marketing Materials 13
      4.1.1. Tri-Fold Brochure (English) 13
      4.1.2. Tri-Fold Brochure (Chinese) 14
      4.1.3. Magazine Ad (Chinese) 15
      4.1.4. YouTube Video (Chinese) 16
      4.1.5. Facebook 17
      4.1.6. Twitter 18
   4.2. Web Plan 18
      4.2.1. Website Goals 19
      4.2.2. Website Marketing Strategy 19
      4.2.3. Website Flowchart 20
5. Appendix 21
   5.1. PowerPoint Slides 21

1. Executive Summary

Big Elk Resort

Big Elk Resort will be the first project within the Tennessee State Regional Center (TNRC).

Big Elk Resort in downtown Gatlinburg, Tennessee adjoins the Great Smoky Mountains National Park, with over 9.2 million annual visitors. The Great Smoky Mountains National Park is ranked 12th in Forbes World's 50 Most Visited Tourist Attractions following the Great Wall of China. Big Elk Resort is a unique mixed-use resort and indoor water park that is being qualified as an approved EB-5 Regional Center.

Big Elk Resort will be the Southeastern United States premiere year round resort and entertainment complex. One of foremost Immigration Law Firms has been selected to qualify Big Elk Resort as an EB5 Regional Center under the United States Citizens and Immigration Services (USCIS) and is available to assist individual investors with immigration issues.

Big Elk Resort will include:

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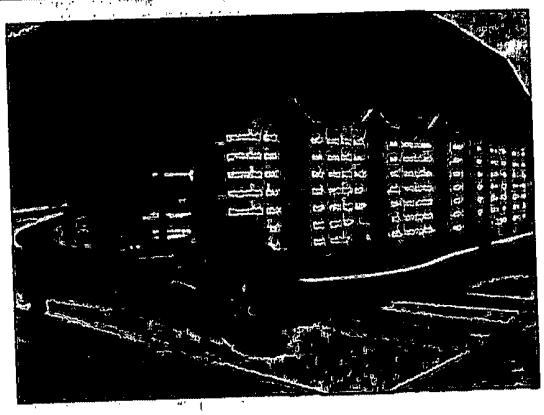

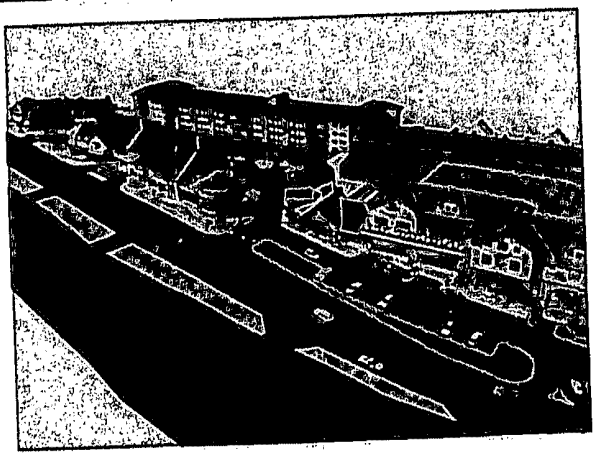

2. Situation Analysis

Compared to 18 months ago, the number of EB-5 Regional Centers has increased substantially. However, currently there is no other Regional Centers in the State of Tennessee.

2.1. Competition

Currently there are 59 other Regional Centers in the United States. After detailed research we have determined the 3-top strongest currently existing Regional Centers to be:

- Vermont Jay Peak Resort
- Philadelphia Investment Fund
- Seattle American Life

The following table breaks out the 59 current Regional Centers, by State.

Name of Regional Center	Geographic Scope
Alabama	
Alabama Center for Foreign Investment, LLC	Alabama
California	
American Logistics [International] Regional Center	South Central Los Angeles, CA with an emphasis on the cities of Carson, Compton, parts of the Cities of Lynwood and Longbeach, the Wilmington area of the City of Los Angeles, and the Willowbrook, West Compton, East Compton and Rancho Dominguez communities in unincorporated areas of Los Angeles County
American Redevelopment RC	Counties of San Bernardino, Riverside and Los Angeles, CA
Bay Area Regional Center LLC	Counties of Alameda, Contra Costa, San Francisco, San Mateo and Solano
California Consortium for Agricultural Export (CCAE)	San Joaquin Valley, CA
California Global Alliance Regional Center	Counties of: Fresno, Kern, Kings, Madera, Merced, Monterrey, San Benito, San Joaquin, Stanislaus, Tulare, San Luis Obispo & Sacramento
California Investment Immigration Fund, LLC	
California Military Bases (CMB)	Former military bases locaed in Sacramento, San Bernardino, and Riverside Counties, CA
California Wineries & Vineyards, LLC Regional Center (CWVRC)	Napa Valley, CA

Name of Regional Center	Geographic Scope
El Monte Regional Center	El Monte, California
Imperial Regional Center	Heber and surrounding areas in Imperial County, CA
Los Angeles Regional Center	Los Angeles County, CA
Los Angeles Regional Center California Film Commission	Los Angeles, CA
Regional Center Properties, Inc.	Los Angeles, San Bernardino, and Riverside, Orange, and San Diego Counties, CA
Regional Center Management Los Angeles	Los Angeles Enterprise zone to Eastside Enterprise zone and the area in between bordered by Glendale Blvd and the Santa Monica Freeway
Riverside PUMA Area RC	Riverside County (PUMA 08001), California
South East Los Angeles RC (SELARC)	City of Vernon, Ca (Southeast of LA)
Victorville Regional Center	Victorville, California
YK America Regional Center LLC	Counties of Kern, Riverside, Imperial and San Bernardino in California
District of Columbia	
Anacostia Regional Center	Wards 7 & 8, Washington, D.C.
Capital Area Regional Center™ (CARC™)	Washington, DC; Alexandria City, VA; Montgomery and Prince Georges Counties, MD; Arlington and Fairfax Counties, VA
EB-5 America	District of Columbia
Florida	
Florida Equity & Growth Fund Regional Center, LLC	Florida High Tech Corridor
Lake Buena Vista RC	Orlando-Kissimmee Standard Metropolitan Statistical Area
Palm Beach RC	Palm Beach County, FL
Palm Coast Florida Regional Center	Counties of St. Johns, Flagler, Brevard, Volusia, Orange and Seminole
South Florida Investment Regional Center (SFIRC)	Miami-Dade and Monroe counties, FL
Hawaii	
Hawaii Regional Center	State of Hawaii
Golden Pacific Ventures Regional Center	Hawaii County, HI
Illinois	
Chicagoland Foreign Investment Group (CFIG) Regional Center	Illinois counties of Cook, DeKalb, DuPage, Grundy, Kane, Kendall, McHenry, Will, Lake, Kankakee, Boone, Winnebago, Ogle, and Stephenson
LaSalle County Business Development Center (LCBDC)	Illinois
Iowa	
Iowa Department of Economic	State of Iowa

Name of Regional Center	Geographic Scope
Development (IDED)	
Kansas	
Kansas Bio-Fuel RC, LLC	21 counties in Southwest Kansas
Massachusetts	
EB-5 Jobs for Massachusetts, Inc.	State of Massachusetts
Louisiana and Mississippi	
Gulf Coast Funds Management, LLC	States of Mississippi and Louisiana
New Orleans' Mayor's Office RC	New Orleans, LA
Louisiana Mississippi Regional Center	States of Louisiana and Mississippi
Michigan	
International Michigan Investments Regional Center	Emmet County, Michigan
Nevada	
Nevada Regional Economic Development Center (NREDC)	Nevada
New Jersey	
New Jersey Regional Center, LLC	Bergen, Essex, Hudson, Mercer, Middlesex, Passaic, and Union Counties, NJ
New York	
Buffalo Regional Center	Buffalo-Niagara Metropolitan Statistical Area in Erie and Niagara Counties, NY
New York City Regional Center, LLC	New York City counties of Bronx, Kings, Queens, and New York (Manhattan)
Upstate New York Regional Center (UNYRC)	22 counties of upstate New York
North Carolina	
North Carolina Center for Foreign Investments, LLC	Buncomb County, NC
Ohio	
CMB Summit LLC RC	Summit County, Ohio
Pennsylvania	
Philadelphia Industrial Development Corporation (PIDC) Regional Center	Philadelphia County, PA
Pennsylvania Department of Community and Economic Development Regional Center	46 counties in Pennsylvania
South Carolina	
Carolina Center for Foreign Investment RC	North and South Carolina
South Dakota	
South Dakota International Business	Eastern South Dakota

Name of Regional Center	Geographic Scope
Institute (SDIBI)	
Texas & Oklahoma	
Global Century (Houston)	Houston's Chinatown area
South West Biofuel RC, LLC (SWBRC)	40 counties in Northwest Texas and 9 counties in Western Oklahoma
Vermont	
Vermont Agency of Community Development EB-5 RC	Jay Peak Resort, Sugarbush Resort, and entire state of VT
Washington	
Areo-Space Port International (ASPI)	
American Life Ventures Everett, Washington	City of Everett, WA
American Life Seattle RC/Gold Rainbow/Freedom Fund	Jackson County, OR and the City of Seattle Neighbordhood Reinvestment Area, WA
American Life Ventures, Tacoma, Washington	City of Tacoma, WA
Whatcom Opportunities RC	Whatcom County, WA
Wisconsin	
Ecorntech Regional Center	165 acre park located at Arlington Prarie Industrial Park, 101 Skyline Dr., Arlington County of Columbia, Wisconsin
Metropolitan Milwaukee Association of Commerce (MMAC)	Southeastern Wisconsin

3. Marketing Strategy

Target Investors

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3.1. Value Proposition

For the initial project, the $500,000 investment has great benefits that will distinguish TNRC over most other Regional Centers:

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3.3. Target Market Strategy

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3.5. Direct/Indirect Marketing Strategy Projection

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4. Marketing Mix

(b)(4)

(b)(4)

4.1. Sample Marketing Materials

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4.1.2. Tri-Fold Brochure (Chinese)

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Tennessee State Regional Center

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Tennessee State Regional Center

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5. Appendix

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Appendix

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EB-5 VISA FREQUENTLY ASKED QUESTIONS

Section 1: EB-5 Visa General Information
Section 2: EB-5 Immigration Matters
Section 3: EB-5 Visa Resort Investment
Section 4: How do I apply for this EB-5 program?
Section 5: Other Regional Centers

Section 1: EB-5 Visa General Information

Questions:

1. **How many immigrant visas are allotted for this classification?**
2. **What is the history of the EB-5 visa category?**
3. **What are some of the benefits of the EB-5 visa program?**
4. **Is EB-5 a truly passive investment?**
5. **Where can I find a copy of the relevant EB-5 law and regulations to review?**
6. **I want to invest in the USA and get a green card, is the EB-5 visa suitable for me?**
7. **What if I want to manage my own business?**

Answers:

1. **How many immigrant visas are allotted for this classification?**
   The EB-5 program allots 10,000 visas per year for aliens and family members whose qualifying investments result in the creation or preservation of at least ten (10) full-time jobs for U.S. workers. **5,000 immigrant visas are set-aside for aliens who invest in designated regional centers,** areas of high unemployment or other qualifying areas.

2. **What is the history of the EB-5 visa category?**
   The EB-5 visa category started in 1991. Regional Centers started in 1993. The state of Vermont Agency of Commerce and Development, formed its regional center in 1997, and the Ski Resort discussed in this program was utilized as the business model to justify and support the application for Regional Center Designation, which was duly approved by the Immigration and Naturalization Service.

   During the mid 1990-'s several companies competed for investment capital from foreign investors for the EB-5 program. Most of the companies didn't offer sound investment opportunities did not raise the full one million dollar investment capital or hire the required number of employees.

   INS wanted to stop these abuses of the program, this involved law suits and the EB-5 program was effectively placed on hold between 1998 and 2002. In 2002, Congress passed a new law to protect the pre-1998 investors. Also, in a case commonly known as "Chang" the 9th Circuit Court of Appeals ruled that INS may not apply their new rules retroactively. In August of 2003, INS began approving regional center petitions for the first time since 1998.

It is now common knowledge that EB-5 immigration petitions based on sound investments in designated regional centers for the full one million dollars as prescribed by the rules, with the proper supporting documentation, should be approved.

3. **What are some of the benefits of the EB-5 visa program?**
   - Qualifying investors and their spouse and minor children (under 21) will be granted US Lawful Permanent Residency
   - No minimum requirements as to age, to speak English, employment experience, or education
   - Investor and family may live/work anywhere in the United States. Minor children may obtain employment, subject to age, state and governmental laws and regulations.
   - Education benefits including admission to Universities at US resident costs.
   - The EB-5 program does not require immigrant investors to manage their investment on a day to day basis.
   - After five years, the investor and their family may obtain US citizenship, subject to meeting all immigration requirements, as required under law.

4. **Is EB-5 a truly passive investment?**
   The EB-5 regulations require involvement in management or policy making. The regulations deem a limited liability corporation, which is properly structured and that conforms to the Corporations Act as sufficiently engaged in the EB-5 enterprise.

5. **Where can I find a copy of the relevant EB-5 law and regulations to review?**
   Please go to the Bureau of Citizenship and Immigrations Services website. A link to immigrant investment visa information is available at:
   http://www.uscis.gov/portal/site/uscis

6. **I want to invest in the USA and get a green card, is the EB-5 visa suitable for me?**
   The EB-5 visa permits employment in the US for the investor and their family. Quite simply, the EB-5 visa gives you the opportunity and flexibility to do what you want in the USA. If you do not want to actively manage your business, you should consider a regional center EB-5 investment.

7. **What if I want to manage my own business?**
   If you want to manage your own business, consider an L-1 (Non-Immigrant Intra-company Transferee), E-2 Visa (Non-Immigrant Treaty Investor), or EB-5 Alien Entrepreneur Investment by investing $1,000,000.00 into your own business which you control, and create the necessary 10 new jobs within a new enterprise. If your goal is to have a Green Card and not to actively manage a business, it is maybe less expensive to utilize a structured investment program in the Regional Center EB-5 category rather than to start and maintain your own business.

Section 2 EB-5 Visa Immigration Matters

Questions:

1. **Must I have previous business experience or education?**
2. **Must I speak English?**
3. **Must I be in good health?**
4. **What are the benefits of the green card?**
5. **What is meant by the requirement that the investor's assets by "lawfully gained"?**
6. **Can money gifted by a parent or other relative by used for an EB-5 Investment?**
7. **What is the difference between 'conditional' and 'unconditional' green cards?**
8. **What is a 'Conditional' Green Card?**
9. **If my I-526 petition is approved by USCIS, what is the purpose of the Consulate application and Interview, and how soon do I get my "Green Card"**
10. **Can I apply if I have been rejected or terminated in the past by USCIS for L-1, E-2, B, or other visa?**
11. **After petition approval, can members of the family interview in different countries?**
12. **Who receives the permanent residency ('green card')?**
13. **What issue caused the most problem when applying for an EB-5 visa?**
14. **How long must I remain in the United States each year?**
15. **What is the difference between permanent residency and citizenship?**
16. **Can my Green Card be taken away from me? – How to keep you Green Card after you get it!**
17. **I need to travel out of the United States for more than a year, is there nothing I can do?**
18. **How long is a Green Card valid for?**
19. **Are any countries excluded form eligibility for the EB-5 Visa Program**
20. **What is an 'escrow' account, and when does the investor transfer the money to this account?**
21. **How does the bank 'escrow' account protect me against the risk of losing my money?**
22. **Can I apply if I am currently out of status (i.e. I live in the United States, but do not have a current visa)?**
23. **What is a Designated Regional Center?**

Answers:

1. **Must I have previous business experience or education?**
   The investor is not required to have any prior business experience. Likewise, the investor is not required to demonstrate any minimum level of education. The only requirement for the investor is that he/she has the required net worth and capital. (Accreditations)

2. **Must I speak English?**
   No

3. **Must I be in good health?**

Yes

4. **What are the benefits of the green card?**
Each person has his/her own reason for wanting permanent residence in the United States, and having a green card provides many benefits that accomplish these goals:

- All legal permanent residents under the EB-5 Investor Program enjoy the same benefits as every other United States resident.
- The U.S. is a safe harbor for your family as well as your personal and business investments. Any member of the family with a "green card" can enter the U.S. at any time and stay as long as he/she wishes.
- Investors have constant and easy access to the United States for personal, trade and business purposes.
- Permanent residents travel to the U.S. without the need of a visa. Investors may work, live, or own their own proprietary business anywhere in the United States.
- The U.S. has internationally recognized colleges and universities for both basic education and graduate study. As a resident, the investor can benefit from lower tuition costs.
- The cost of living in the U.S. is less than most large industrial nations. Consumer goods, services, and housing are significantly less expensive than comparable services and good in most other countries.
- Students may work in the U.S. while they attend college and then continue to work afterwards, enabling the student to pay part of his education and to work while attending graduate and postgraduate studies.
- The U.S. provides many financial, social and education entitlements: public schools, health and medical attention, social security, and education.
- The Investor has the ability to bring other family members to the U.S. after proper application, and can obtain U.S. citizenship after 5 years.
- The permanent residency requires no renewal or re-application. Other U.S. non-immigrant visas, such as E-2 and H may never result in permanent residency, have time limits, and require additional filing with USCIS or Department of State. Furthermore, U.S. Immigration Laws may change and prevent future approval when a renewal of visa is required.

5. **What is meant by the requirement that the investor's assets be "lawfully gained"?**
Under USCIS regulations, the investor must demonstrate that his assets were gained in a lawful manner. This requires the investor to prove his investment funds were obtained through lawful business, salary, investments, property sales, inheritance, gift, loan or other lawful means.

6. **Can money gifted by a parent or other relative be used for an EB-5 Investment?**
Yes, provided that any applicable gift taxes are paid. It must be demonstrated that the gift is an actual arms length transaction and is not a mere ruse that the gifted funds will be given back after permanent resident status is granted.

7. **What is the difference between "conditional" and "unconditional" green cards?**

Under the regulations, an investor who is approved for the EB-5 immigrant visa receives a "conditional" green card, which must be reissued after two years, subject to removal of conditions... Otherwise, the two cards offer the same rights and privileges.

8. **What is a 'Conditional' Green Card?**
   A conditional Green Card is a temporary Green Card valid for two years. One year and nine months after it is issued, a three-month widow opens up during which an individual must file another application with the CIS to verify that all of the funds have been invested and employment created, in a regional center whether directly or indirectly. When the conditional resident status has been lifted, full resident status is granted and a permanent Green Card is issued.

9. **If my I-526 petition is approved by USCIS, what is the purpose of the Consulate application and Interview, and how soon do I get my "Green Card"?**
   Upon approval of I-526 Petition, you must wait for notification from the US Consulate in your home country to prepare documents for the Visa interview. The purpose of this procedure is to ensure that the investor and his/her family undergo medical, police, security and immigration history checks before the conditional permanent resident visa are issued. At the interview, the consulate officer may address these issues and information printed on the I-526 application, including asking the investor to summarize the nature of his/her immigrant investment. If the investor and his/her family are in the United States, then you may apply for adjustment of status by filing form I-485, and supporting documents, the application may be filed at the appropriate office of the USCIS.

10. **Can I apply for an EB-5 if I have been rejected or terminated in the past by USCIS for an L-1, E-2, B, or other visas?**
    Rejection in the past does not disqualify the applicant, unless the reasons related to immigration fraud or other major problems. It is most important that all criminal, medical, or U.S. immigration history problems be disclosed to the limited partnership and legal counsel in advance of application.

11. **After petition approval, can members of the family interview in different countries?**
    Family members can interview in different countries. The country of origin or where the family has current ties is the standard interview site. Often one member of the family is located in another country, such as a student attending school in the U.S. The student does not have to return to the country of origin and can adjust status in the United States at the district office of the USCIS.

12. **Who receives the permanent residency ("green card")?**
    Husband, wife and any unmarried children under the age of 21. It is possible for adopted children to be included in the family. Upon approval you will receive a form evidencing approval and a travel document. You should also receive a temporary green card in the mail.

13. **What issue caused the most problem when applying for an EB-5 visa?**

The most common problem area has been insufficient documentation of the source of funds. Many people try to disclose the least possible information only to have the file returned with a request for further information. It is better to provide too much information rather than too little information. In this era of terror alerts, and suspicions about money laundering, CIS case examiners require a well-documented source of funds.

14. **How long must I remain in the United States each year?**
The first requirement of any investor after they receive the visa at the United States overseas consulate office is to enter into the United States within 180 days of visa issuance from the consulate. The investor must then establish residency in the United States. Evidence of intent to reside includes opening bank accounts, obtaining a driver's license or social security number, paying state and federal income taxes, renting or buying a home. The United States resident may work overseas if required based upon the nature of the business or profession. However, all permanent residents must remain in the US for more than 6 months each year, or they may be deemed to have abandoned their permanent residence status.

15. **What is the difference between permanent residency and citizenship?**
Once you obtain a green card, and become a legal permanent resident, you have most of the rights and obligations of U.S. citizens, except that you cannot vote and you are not entitled to some public benefits. You are subject to the same tax filing requirements and entitled to the same tax rates and deductions as U.S. citizens.

Your 'green card' is your most important travel and identification document. When your green card arrives, pleas look at it carefully. You may need to extend it in 10 years. If you replace it before then because it is lost, stolen, or duplicated, you may file a form with the INS.

"Abandonment of residency" rules are an important restriction to which legal permanent residents are subject. Abandonment can occur when you are outside of the United States for more than six months without informing the INS of your plans in advance. The law provides that you are free to travel abroad, provided that your trip is "temporary". Generally, the CIS views any absence from the United States for longer than six months as not temporary. Thus, it is advisable to obtain a "re-entry permit" before your departure.

One of the most important rights legal permanent residents possess is the right to obtain U.S. citizenship after five years. There are two ways to become a U.S. citizen. One is by being born in the U.S. The other way is by naturalization. The first step in becoming a U.S. citizen through naturalization is to become a Legal Permanent Resident (LPR). Being a LPR for 5 years is one of the basic requirements for qualifying for naturalization. A second requirement is being physically present in the U.S. for 30 months during the 5 years prior to the naturalization application. Once becoming a U.S. citizen, an individual is entitled to benefits including the right to vote and hold public office.

16. **Can my Green card be taken away from me? How to keep You Green Card After You Get It!**
Once you receive a green card, there are only two conditions required to keep it for life. First, you must not become removable or inadmissible; The most common way of doing this is to be convicted of a serious crime.

The second requirement is that you not abandon the United States as your permanent residence. As long as you are not planning to make your home somewhere else, then legally you are still a resident of the United States. Problems may arise, however, because the CIS will try to judge your intention by the way you act.

"Abandonment of residency" rules are an important restriction to which legal permanent residents are subject. Abandonment can occur when you are outside of the United States for more than six months without informing the CIS of your plans in advance. The law provides that you are free to travel abroad, providing that your trip is "temporary". Generally, the INS views any absence from the United States for longer than six months as not temporary. Thus, it is advisable to obtain a "re-entry permit" before your departure.

As a general rule, if you have a green card and leave the United States for more than year, you may have difficult time re-entering the country. That is because the INS feels an absence of longer than one year indicates a possible abandonment of U.S. residence. Even if you do not return before year is up, you may run into trouble. To avoid a full-scale inspection, you should return within six months.

It is a common misconception that to keep your green card all you need to do is enter the United States at least once a year. The fact that if you ever leave with the intention of making some other country your permanent home, you give up your U.S. residency when you go. Once again, the CIS will look to your behavior for signals that your real place of residence is not the United States.

On the other hand, remaining outside the United States for more than one year does not mean you have automatically given up your green card, if your absence was intended from the start to be only temporary, you may still keep your permanent resident status. However, you may no longer use your green card as a U.S. entry document. You must either apply at a U.S. consulate for a special immigrant visa as a returning resident or you must get what is known as a reentry permit.

17. **I have a Green Card and plan on traveling out of the U.S. for a long time. Can I keep my Green Card?**
Maybe. The primary rule surrounding Green Cards is that you lose it if you give up your U.S. residence. So if theory, if you, for example, show up with a moving van on the border to Canada or Mexico, there is a chance that a BCBP officer who notices this can question you and possibly revoke your Green Card right away.

The more common criterion, though, is time based. There are three important time limits to know about:

- If you are absent for less then six months, you will rarely have a problem. It is up to USCIS to prove that you abandoned your residency. Absent that, you are considered to never really have left.
- If you are absent for more than six months but less than a year, the burden of proof reverses. It becomes your job to prove that you are still a permanent resident. This is based on the concept that after six months you have to be readmitted and have to prove that you are still admissible. As a side note, after an absence of more than six months, the various criteria for admissibility apply again too. For instance, if you in the meantime had become inadmissible, say through an HIV infection, you might have a problem.
- If you are absent for more than a year, your Green Card will be considered almost automatically abandoned. Once that happened, there is usually no recourse. However, if by chance the immigration officer did not ask you how long you have been out of the U.S. when you return, then you may be in luck and able to keep your Green Card after all. You should in this case not leave the US for a very long time, and make it your bona fide residence again.

18. **I need to travel out of the U.S. for more than a year. Is there nothing I can do?**
You can apply for a reentry permit (on form I-131) before you leave the U.S. You can depart before the reentry permit is approved.

With such a reentry permit, you can return to the U.S. even after one year until the reentry permit's expiration date. Reentry permits are issued for two years. You cannot renew a reentry permit, but you can return to the U.S. for a short time and apply for a new one. The second such reentry permit will be granted for two years ago, but subsequent ones may only be approved for one year at a time.

19. **How long is a Green Card valid for?**
There are several answers to this question.

If you received your Green Card through marriage, and have not been married for two years when you go your Green Card, you should have a conditional Green Card that is good for two years. Also, if you received your Green Card through investment (EB-5); you should have a conditional Green Card for two years.

You must apply for removal of the conditional within 90 days before the two years are up. Once that is approved, you have a regular unconditional Green Card. If you apply either too early or too late, you will have a problem and should consult with an immigration attorney for advice.

If you do not have the condition removed, the Green Card will become invalid at the end of two years, and your permanent resident status will be terminated.

Unconditional Green Cards are good for ten years. This does not mean that after ten years, you stop being a legal permanent resident – only the card itself becomes invalid. You must apply for a new one using form I-90. Without a current Green Card, you cannot use the Green Card to travel out of the U.S. and you also can not use the Green Card as evidence that you are permitted to work.

20. **Are any countries excluded from eligibility for the EB-5 Visa program?**
Residents of only a few countries are excluded (e.g. Iran and Iraq). In most cases, however, if the applicant is able to leave the excluded country and has the necessary capital to qualify under the program, legal counsel will be able to help the applicant qualify for the visa approval.

21. **What is an 'escrow' account, and when does the investor transfer the money to this account?**
An Escrow Bank Account is a legal, interest-bearing account established in a bank to hold the initial deposit in the trust until the completion of visa processing. This type of account is commonly used in the sales of real estate, businesses and personal property. The Investment Visa Program has established an Escrow Account for the purpose of safely holding an investor's fund's until such time as the established at a leading bank in the United States. Under the agreements entered into with the servicing affiliate, the investor's money is not authorized to be released from the Escrow Bank Account by the bank until the visa I-526 Petition has been approved. This process was created to protect the investor.

22. **How does the bank "escrow" account protect me against the risk of losing my money?**
The initial cash deposit from the investor is placed in a legal, interest-bearing Escrow Bank Account. When an Escrow Bank Account is established, the funds continue to belong to the investor; however, they are committed to be placed into the investment upon petition approval. The attorney or bank has an agreement with the investor that requires the funds to be released from the account only when the petition is approved by the USCIS.

23. **Can I apply if I am currently out-of-status (i.e., I live in the United States, but do not have a current visa)?**
Out-of-status nationals are no longer permitted to apply for permanent residency from within the United States. They must first return to their country of origin and apply through the United States Embassy there. Examples of "out-of-status" individuals are students, tourists; E-2 treaty investors who no longer have valid visas because they remained in the United States after their visas expired or were revoked. Use extreme caution.

24. **What is a Designated Regional Center?**
A "Regional Center"
    - Is an entity, organization or agency that has been approved as such by the Service;
    - Focuses on a specific geographic area within the United States; and

- Seeks to promote economic growth through increased export sales, improved regional productivity, creation of new jobs, and increased domestic capital investment.

Section 3: EB-5 Visa Investment

Questions:

1. **Where is the investment situated?**
2. **How is the investment structured?**
3. **What is a Limited Partnership?**
4. **What are my risks?**
5. **Must I invest the full $500,000.00 before you will apply for my green card?**
6. **How safe is my investment?**
7. **What is the return on my investment?**
8. **How does the partnership distribute income?**
9. **Are there any guarantees on this program being successful?**
10. **Future Development Plans for the Resort?**
11. **Why is the developer prompter using foreign investors for this EB-5 program?**
12. **If I wish to visit the Ski Resort and Golf complex, is this possible?**
13. **IS the EB-5 Green Card 'guaranteed' by the participating in this investment program?** (b)(4)
14. **If my I-526 petition for my 'Green Card' is denied, do I get my [redacted] back?**
15. **Does the Administration fee include unbiased legal counsel to represent me for my application to USCIS?**
16. **How extensive is the paperwork/application process, will I receive help?**
17. **Am I still required to hire an Immigration attorney?**
18. **What are the fees?**
19. **US Tax Matters and Considerations**
20. **Pre-Immigration Tax Planning**

Answers:

1. **Where is the investment situated?**
   Gatlinburg, TN
2. **How is the investment structured?**
   The Limited Liability Corporation, managed by our associate in the United States, is the general partner of the Limited Liability Corporation. The general partner is responsible for building and development, and also manages the property and real estate sales.
3. **What is a Limited Liability Corporation?**
   The limited liability corporation is formed by filing a charter with a state government and consists of managing members and one or more members. The charter details the rights and powers of the managing and management members, percentages of ownership, and distributions of profits. The managing members manage the business. The members are passive investors liable only for the amount of their investment.

4. **What are my risks?**
As in any investment there is a risk of total loss. This lack of debt reduces the risk of total loss. There remain matters much beyond the promoters control such acts of god, war, and market fluctuations in income and/or real estate values. All investors are encouraged to visit the project, meet with management, and be provided with documents as required to enable review of the investment, with references to permit independent verification of the information contained in the investment prospectus.

5. **Must I invest the full five hundred [redacted] dollars before you will apply for my green card?** (b)(4)
YES: Although the regulations permit escrow arrangements, other investment companies place EB-5 investors' funds directly into the project, whereas the Promoters of the project insist that for investor protection and assurance, that the Investors funds are placed in a trust or escrow account pending petition approval. In this case the funds may only be released to the project upon approval of EB-5 Investor Immigration petition.

6. **How safe is my investment?**
The partners have extensive experience in the operation of residential development and resort operations. Tennessee Regional Center acts as managing members with investors entering as legally protected members. The Limited Liability Corporation has no debt, this is an investment in a prime strategic location, and risks to the members are reduced, although not eliminated.

EB-5 investors have two considerations, the soundness of the investment, and obtaining their green card. The investment must be analyzed upon its merits.

7. **What is the return on my investment?**
Please register for details

8. **How does the limited liability corporation distribute income?**
Please register for details

9. **Are there any guarantees on this program being successful?**
Please register for details

10. **Future Development Plans for the Resort**
Please register for details

11. **Why is the developer promoter using foreign investors for this EB-5 program?**

- Our benefit is 0% interest for the start-up, plus the benefit of the Hotel to our operation, both winter and summer.
- The State gets job creation in a region that wants growth.
- The Investor gets a conditional green card and a likelihood of a return of all their investment.

12. **If I wish to visit the project site, is that possible?**
The Promoters will be delighted for you to review the project; in fact we most strongly recommend that you do so. We will provide you complimentary accommodation for up to two nights, and you will meet the President of the company and the management team and review the project. Contact us for future details or to arrange a visit.

13. **Is the EB-5 Green Card 'guaranteed' by participating in this investment program?**
A Green Card can not be "guaranteed" however your one million dollars is held in a "Bank Escrow Account" and refunded in full in the event of a denial of your petition. No one can ever guarantee the outcome of a visa application or petition; it is solely up to USCIS to adjudicate. The key is to have well a prepared petition by competent, legal counsel experienced in EB-5 visa matters, to create the best opportunity for success. No money is released from the bank escrow account to the project until your I-526 Petition is approved, outside from costs of [redacted] (b)(4)

14. **If my I-526 petition for my 'Green Card' is denied, do I get my <u>Five Hundred Thousand Dollars</u> back?**
YES, directly from the bank escrow account, within 30 days or less, less costs of [redacted] (b)(4)

15. **Does the Administration fee include unbiased legal counsel to represent me for my application to USCIS?**
NO, the Promoters believe that it is important for you to have independent legal counsel representing your interests. The Administration fee allows for filing of the application by our counsel.

16. **How extensive is the paperwork/application process, will I receive help?**
You will be provided with detailed schedule of requirements and list of documents. You will be assisted throughout the entire application process.

17. **Am I still required to hire an immigration attorney?**
YES- the Promoters believe that it is important for you to have independent legal counsel representing your interests. Such costs are not included in this forecast.

As a result, while we recommend a lawyer who can competently handle EB-5 applications, you will make arrangements with the attorney.

18. **What are the fees?**
Please <u>register</u> for details.

19. **U.S. Tax Matters and Considerations**
The United States charges income, gift and estate taxes on all U.S. Citizens and Permanent residents alike, and based upon worldwide income. Foreign investors should

consider the tax implications and review matters with their professional advisors of becoming a U.S. Permanent Resident before making any investment.

20. **Pre-immigration Tax Planning**
    Before you become a resident of the United States you may wish to consider reducing or eliminating some of the United States income, gift and estate tax consequences which would be applicable to you once you become a United States taxpayer. These objectives may be accomplished through utilizing some common planning techniques such as:
    - Making gifts
    - Accelerating income and gains
    - Deferring deductions and losses
    - Creating, amending and/or revoking wills and trusts
    - Creating and/or reorganizing entities
    - Establishing tax-deferred investment vehicles
    - Consult your tax advisor first!

Section 4: How do I apply for this EB-5 program?

Due to unprecedented interest in this EB-5 investor program, priority will be given to qualifying investors as determined by the Managing Members in the order that their respective deposits are received.

Deposits will be returned in the event of oversubscription or at the request of an investor pursuant to the Investor Escrow Agreement. The Bank Escrow Agreement will release funds pursuant to the escrow agreement to the Limited Liability Corporation upon the approval of an investor's immigration petition application and to the investor in the event an investor's immigration petition application is denied.

What is my next step?

1. **Step 1**

You must register at http://www.eb5-invest.com/
Contact us by call or sending an email for a telephone consultation:

Contact: Larry@immigrationflorida.com
Telephone: (954) 524-8888

2. **Step 2 Discuss**
    - Commitment of funds and required documentation to prove the investment and tracing of the funds.
    - Health considerations
    - Confirm no criminal record, or past immigration violations
    - Time frame
    - Any other relevant issues

3. **Step 3 Investigate the financial viability of the investment, and track record of the Promoter Developer – Speak directly with the president of the company**

   - We recommend you seek professional advise and conduct due diligence on the prospective investment.

4. **Step 4** (b)(4)

   Make the initial refundable deposit of [redacted] for a place on the investor list and complete initial application documents and escrow agreement. We recommend you visit the resort and review the project in person.

5. **Step 5**

   Retain independent legal counsel to act on your behalf with the USCIS and handle the documentation and application process. Provide all documents requested by legal counsel. You will receive copies of offering memorandum and the Prospectus and must increase your escrow deposit to a minimum of [redacted] which includes the administration fee. (b)(4)

6. **Step 6**

   Pay balances of investment funds and administration fee.

7. **Step 7**

   Sign all necessary application documents and pay USCIS application fees.

8. **Step 8**

   File I-526 Petition for Alien Entrepreneur with the CIS. This petition requests CIS to certify the applicant and the investment as eligible for EB-5 status.

9. **Step 9**

   Upon approval of the Petition, (a) if you are in the United States, you may apply for Adjustment of Status to Conditional Resident status, or (b) If you are abroad, you must wait for notification from the National Visa center to prepare documents for the Immigrant Visa interview at the U.S. Consulate or Embassy in your home country.

   The purpose of the Adjustment of Status or Immigrant Visa interview is to ensure you are not subject to grounds of exclusions, e.g. a criminal past, infectious disease, etc.

10. **Step 10**

Once issued conditional permanent resident status, wait 21 months to reconfirm that the full investment has been made and 10 jobs created (if required, based on type of investment) by the limited liability corporation.

11. **Step 11**

File application to remove conditional resident status (Form I-829) between 21to 24 months after Conditional Resident status is approved.

12. **Step 12**

Once conditional resident status is removed, a full Green Card is granted for indefinite permanent resident status and work permission in the United States. U.S. Citizenship is possible 57 months conditional residency, upon satisfaction of residence and other criteria.

Tennessee State Regional Center

Big Elk Resort offers the opportunity for foreign investors to obtain permanent U.S. residency by investing $500,000.

www.EB5-invest.com

BIG ELK RESORT
GATLINBURG TENNESSEE

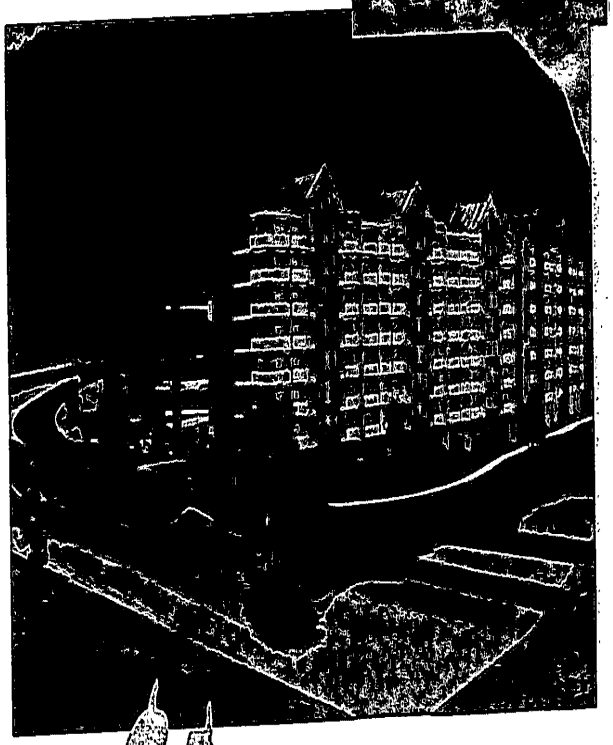
The Big Elk Resort

- Big Elk Resort in downtown Gatlinburg, Tennessee adjoins the Great Smoky Mountains National Park, with over 9.2 million annual visitors. The Great Smoky Mountains National Park is ranked 12th in Forbes World's 50 Most Visited Tourist Attractions following the Great Wall of China. Big Elk Resort is a unique mixed-use resort and indoor water park that is being qualified as an approved EB-5 Regional Center.
- Big Elk Resort will be the Southeastern United States premiere year round resort and entertainment complex. The foremost Immigration Law Firm of Larry J. Behar, P.A. has been selected to qualify Big Elk Resort as an EB5 Regional Center under the United States Citizens and Immigration Services (USCIS) and is available to assist individual investors with immigration issues.

www.EB5-invest.com

Big Elk Resort Includes

(b)(4)



www.EB5-invest.com

Our EB-5 Program Benefits

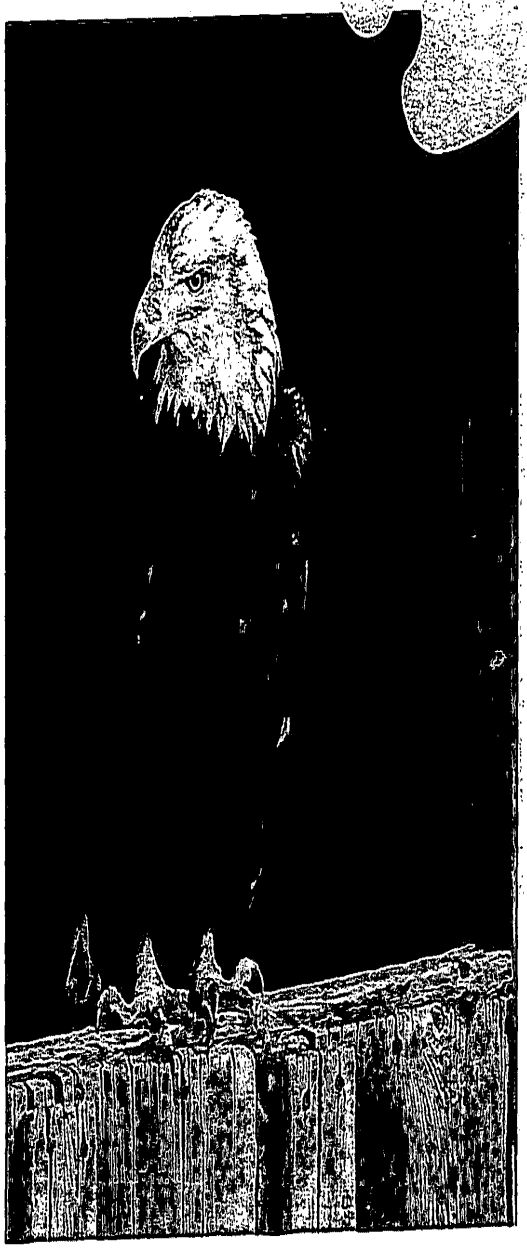
The Big Elk Resort location qualifies as a targeted employment area reducing the investment required for eligibility for a Green Card to $500,000.

- Ownership of selected Big Elk Lodge unit plus ownership in Indoor Water Park, Parking Garage and Retail. (b)(4)
- Projected [redacted] annual return from Big Elk Resort Operations
- Hassle free property investment with returns wired directly to owners bank accounts in China or the U.S.
- Clear exit strategy from the program providing potential for strong capital gains based on Gatlinburg's location adjoining the Great Smoky Mountain National Park and the resorts $30 million indoor water park.
- Two weeks annual unlimited use of the unit, parking and water park for family and friends (some restrictions may apply on holidays)

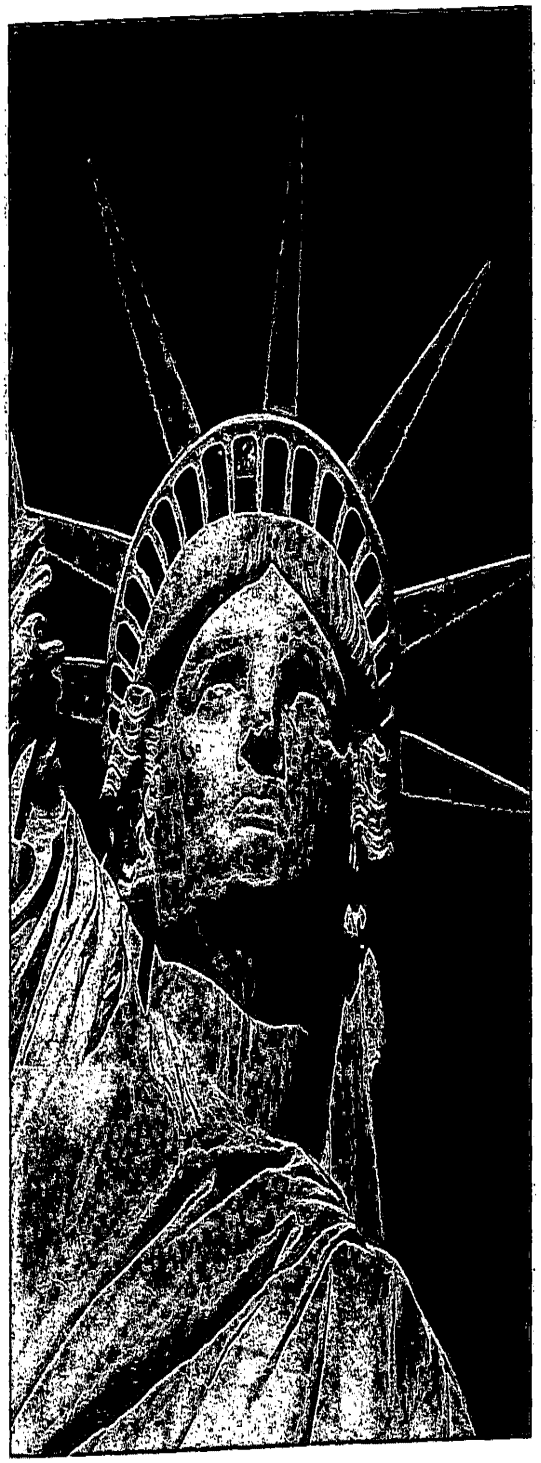
www.EB5-invest.com

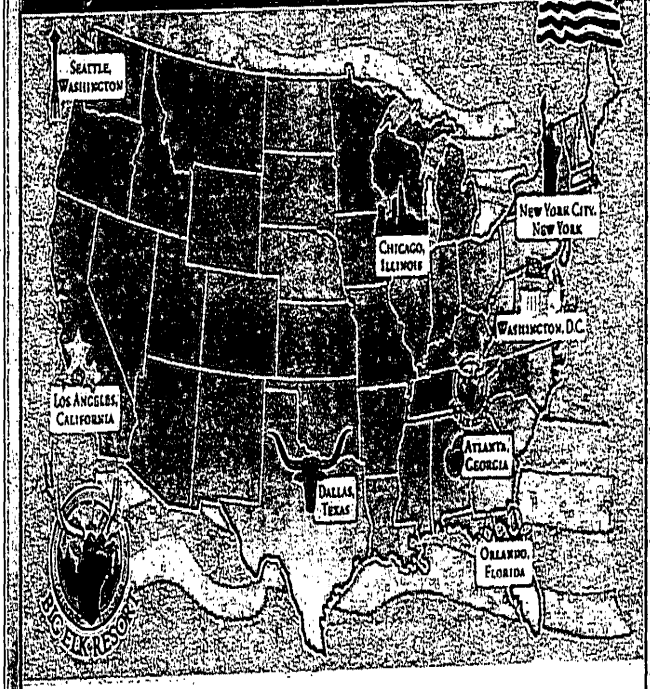
About Us

- The developer REDT, LLC is a privately held commercial organization established in 1973 blending a unique group of highly talented professionals covering all disciplines of real estate design, development, construction, marketing and management coupled with local industry team members in order to successfully deliver the best possible product to the market place. The members of REDT, LLC have played a vital role in real estate projects through out the US totaling more than $2 billion in Texas, Arizona, North Carolina, Georgia, Virginia, Florida and Tennessee.



- The developers have spent over three years working with the government assembling the site and obtaining the necessary entitlements for Big Elk including City, State and Federal approvals as the site adjoins the highly protected Great Smoky Mountains National Park and the Little Pigeon River. Site work, underground utilities and road construction for the Resort are scheduled for completion in 2009. A new city street we are constructing connects Big Elk Resort with a city park via a new state bridge.





Big Elk Resort

Big Elk Resort
109 S Broadway
Knoxville, TN 37902
USA

info@EB5-invest.com

www.EB5-invest.com

GATLINBURG TENNESSEE
BIG ELK RESORT
www.EB5-invest.com

IMMIGRATIONFLORIDA.COM
ATTORNEYS AT LAW

EMPLOYMENT BASED FIFTH PREFERENCE (EB- 5)

888 Southeast Third Avenue
Suite 400
Fort Lauderdale, Florida
33316

TEL: 954-524-8888
FAX: 954-524-0088

IMMIGRATION FLORIDA AND EB-5

Founded in October 1979, the Law Offices of Larry J. Behar, P.A., provides multi-faceted legal services to the growing international community. Located in downtown Fort Lauderdale, with multilingual capacities in English, French, and Spanish, the firm is able to cater to a wide array of clientele, primarily dealing with complex issues in immigration. The firm also engages interpreters in every language.

Since the inception of the EB-5 program in 1990, our firm has been involved and has become a key player in the field. Currently, we represent or are in the process of representing half a dozen regional centers across the United States.

In order to achieve permanent residency for our clients, we have an active EB-5 team who are exclusively dedicated to the creation and administration of EB-5 Regional Centers and Investors. Our team includes the following specialties: immigration, legal, securities, economic planning, finance director, marketing, CPAs, business consultants, and bankers.

EB-5 OVERVIEW

The EB-5 program for lawful permanent residence is currently administered by the USCIS. The program has concurrent goals of immigration to the U.S. through qualified investment into a commercial enterprise, and job creation for U.S. citizens or lawful residents.

Investors receive conditional residency after taking the risk in a qualified investment of their own creation or as part of a partnership or limited liability company in a regional center. After two years of receiving such status, the investor may apply for a removal of the conditional status at which time it must be shown that 10 qualifying job positions per investor have been created, some direct - some indirect.

The required investment level is $1,000,000.00, unless the investment is made into a business located in a targeted employment area, such as a rural or high unemployment region, at which time a reduced investment of $500,000.00 USD is required.

IMMIGRATIONFLORIDA.COM
ATTORNEYS AT LAW

ATTORNEYS AND ASSOCIATES

LARRY J. BEHAR - Educated at Mc Gill University (B.A.), University of Montreal (LL.L.) in Canada, and Nova Southeastern University (J.D.), in Fort Lauderdale. Author of How to Immigrate to the U.S.A. in three languages. Fully trilingual. AV Rated Martindale-Hubbell. Past Chair of the Broward Alliance. Member: American Immigration Lawyers Association and The Florida Bar.

LEA SALAMA DIMITRI - Educated at the University of Miami (B.B.A. cum laude and J. D.) in Coral Gables, Florida. Fully trilingual. Affiliated offices in Caracas, Venezuela. Member of The Florida Bar and the Broward County Bar.

TANIA SIBONNEY - Educated at York University (B.A.) in Canada, and the University of Miami (J.D. Candidate, May 2010), in Coral Gables, Florida.

IRENE CRAWFORD - Executive Administrative Assistant - Trained in multiple immigration and commercial environments; Manager office personnel - Fluent in French and English.

REGIONAL CENTER DESIGNATION

A separate EB-5 program was implemented by Congress in 1993, allowing foreign investors to invest in designated regional centers. Of the 10,000 investor visas that are available annually, 3,000 are reserved for those who apply under the regional center program.

Investing in a regional center provides additional flexibility through the acceptance of indirect job creation as part of the job requirements.

Private and governmental agencies may apply to the USCIS in order to be designated as a regional center.

EB-5 REQUIREMENTS

In order for an immigrant investor to receive his/her green card through the EB-5 program, it must be clearly established that the requisite requirements have been met.

1. A new commercial enterprise has been established.

2. The requisite amount has been invested into the commercial enterprise.
   - A minimum of $1 million dollar investment, unless you invest in a rural or high unemployment area which decreases the minimum investment to $500,000.

3. The immigrant investor has demonstrated that the capital investment funds have been obtained legally.

4. The requisite number of jobs have been created.
   - A minimum of 10 full-time employment positions must be established per immigrant investor.
   - Under Regional Center designation, 10 direct or indirect jobs must be created per immigrant investor.

5. The immigrant investor has actively participated in the business.

6. Where applicable, employment opportunities have been created within a targeted employment area.

EB -5 ENTREPRENEUR INVESTOR

VISA TIMELINE AND STEPS

(All dates are estimated and approximate as of December 1, 2009)

Step 1	Day 1	Identify Government Approved Program	Date	Comment
Step 1	Day 2	Review EB-5 Pre-Conditions and Disclaimer		
Step 3	Day 7	(b)(4) [redacted] Reservation Fee (wire # 1 escrow) Escrow Agreement (Reservation Refundable) – 15 days		
Step 4	Day 15	Review and Execution of Questions and Administration Fees (b)(4) [redacted] (wire # 2 escrow)		
Step 5	Day 30	Trust Account $500,000.00 Deposit and Interest Bearing (wire # 3 escrow)		
Step 6	Day 30	Final day for deposits # 1 + # 2		
Step 7	Day 45	Prepare Supporting Documents		
Step 8	Day 60	Exhibit A + I-526 petition		
Step 9	Day 60	Filing of Petition for Conditional Residency		
Step 10	Day 120	Approval of Petition 90-150 days (estimated)		
Step 11	Day150	Release of Funds from Trust Account per Escrow Agreement And approval of I-526; Consular proceedings or adjustment (+360 days) Work permit/advanced parole (+ 90 days)		
Step 12	Months 18-24	Removal of Condition at Months 18-24 from Conditional approval (I-829) *Not included in initial process for Conditional residency		

Step 13	Months 30-36	Removal of Condition to Full residency		
Step 14	Month 57	Application for United States Citizenship, (optional) *Not included in initial process for full or conditional residency		

English Fran ais Espa ol BOOK AN APPOINTMENT >

IMMIGRATIONFLORIDA.COM

ATTORNEYS AT LAW

Founding partner Larry J. Behar, P.A.

? Home
? About Us
- Firm History
- Attorney profile
- Staff profile
? Services
- Visa Classifications
- Important documents
- Immigrating to Canada
- Affiliates & services
? My Book
? Newsletter
? Contact Us
? FAQ

1-800-700-VISA
Toll Free

888 SE 3rd Avenue, Suite 400
Fort Lauderdale, Florida 33316
TEL: (954) 524-8888
FAX: (954) 524-0088
larry@immigrationflorida.com

Map & Driving Directions
Enter your starting address:
get directions

Welcome to America!

Individualized. Personalized. Focused.
Since 1979, that's the service our clients have come to expect from our firm. For over three decades, immigrants from 36 nationalities have come to rely on our expert strategies.

Our cutting-edge firm offers comprehensive legal services to meet your every immigration need. You are selective in your choice of attorneys, we recognize that and work hard to live up to your expectations by offering tailor-made solutions just for you, your family and future generations. **More ▶**

View our new introductory video
click here▶

Multilingual. Accessible. Committed.
Our multilingual team of legal professionals works together seamlessly with a highly focused results-oriented approach. Clients can expect rapid individual evaluation, support and turnaround. We are committed to making each of our clients feel like a top priority at our fim.

With extensive use of technology, your questions and your concerns become ours and are immediately addressed. No question is too small or too big. If it's important to you, it's important to us. **More ▶**

Get our latest immigration bulletins delivered to your email!
Sign up to receive our e-newsletter here ▶

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(b)(6)

Name	Email	Phone	Address	Interest	visit USA

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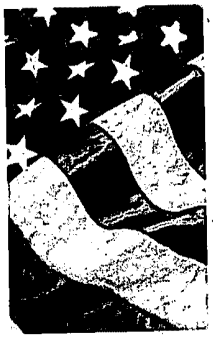


Tennessee

Regional Center Desigantion

Volume 6.0

APPLICATION FOR REGIONAL CENTER DESIGNATION

Tennessee Regional Center

VOLUME 6.0:
Investor

6.1 EB-5 Investor Accreditation Questionnaires
6.2 Master Documents List
6.3 Passport
6.4 Criminal Records
6.5 Audit Trail/ Path of Funds
6.6 Master Information Charts
6.7 EB-5 Investor Questionnaires
6.8 EB-5 Child Questionnaires
6.9 EB-5 Spouse Questionnaires
6.10 Financial Commitment and Signature
6.11 Legal Fees Summary
6.12 Government Fees
6.13 Source of Funds
6.14 Tax Returns (5 years)
6.15 Photographs (8)
6.16 Medical Exam
6.17 Financial Statement
6.18 Birth Certificates
6.19 Divorce Decrees
6.20 Investor Binder
6.21 Attorney Reservation Agreement
6.22 Disclaimer: Advantages and Disadvantages
6.23 Notice of Conditional Residency and Removal
6.24 Purchaser Representative Questionnaires
6.25 I-526 Sample
6.26 G-28 Sample

INVESTOR ACCREDITATION PRELIMINARY EVALUATION:

So as to allow you to ensure eligibility for EB 5 status, kindly respond to the questions below and return to us by email or fax. Thank you.

1. Do you have a **criminal record**? If so, please describe.

2. Can you demonstrate the last five years of **tax returns** from your home country?

3. Do you have a **net worth** of greater than $1 million or have you generated greater than $200,000.00 income annually in the last two years?

4. Can you justify the **source of funds** for the [redacted] investment being made in the EB 5 program?

(b)(4)

5. Was the [redacted] investment secured by personal savings, inheritance, gift or other **lawful means**?

6. Do you have a college or university **diploma** or business work history?

_____

SIGNATURE OF APPLICANT

Kindly return this confidential information to our firm for review and confirmation.

HOW TO REGISTER FOR THE EB 5 PROGRAM: AS OF DECEMBER 1, 2009

STEP 1:

Complete the Investor Accreditation Preliminary Evaluation and send to Larry J. Behar, P.A. for evaluation. 4 hour turnaround.

STEP 2:

Complete Reservation Agreement and send to Larry J. Behar, P.A.

STEP 3:

Wire transfer first escrow remittance: [redacted] to RBC / Centura Bank.

STEP 4: (b)(4)

Receive the Registration documents, sign the Subscription Agreement and the Operating Agreement and return to Larry J. Behar, P.A.

STEP 5:

Wire transfer second escrow remittance: [redacted] to RBC / Centura Bank.

STEP 6:

Send all immigration related documents to Larry J. Behar, P.A. for filing.

STEP 7:

Wire transfer third escrow remittance: **$500,000.00** USD to RBC / Centura Bank.

STEP 8:

Await green card application file review by US government.

STEP 9:

Conclude green card file application in home country or in the US.

STEP 10:

Receive green card approval for conditional residency and enter US

INVESTORS DOCUMENTS:

1. U.S. Bank statements of deposits
2. Evidence of money transferred
3. Loan or Mortgage Agreement, Promissory Note, Security Agreement, Borrowing
4. Foreign business registration records
5. Tax Returns (5 years)
6. Source of capital
7. Monetary judgments (15 years)
8. Stock sale
9. Master Documents
10. Passport Instructions
11. Criminal Records
12. Foreign Banking Source
13. Bank Wire Instructions (2 accounts)
14. Financial Commitment and Signature
15. Legal Fees
16. Government Fees
17. Source of Funds
18. Tax Returns; Five Years
19. Photographs (8)
20. Medical Exams
21. Financial Statement
22. Birth Certificates
23. Divorce Decrees
24. Net Worth Statement
25. I-526
26. G-28

PASSPORT: VALID

INVESTORS ARE REQUIRED TO MAINTAIN A VALID PASSPORT AT ALL TIMES AND TO REMIT THE ORIGINAL OR CERTIFIED COPY FOR APPLICATION PURPOSES.

INVESTORS ARE ENCOURAGED TO APPLY FOR, RECEIVE AND SUBMIT ENCYRYTED PASSPORTS WITH A MICROCHIP.

IMMEDIATE FAMILY MEMBERS SHALL ALL HAVE THEIR OWN SEPARATE PASSPORTS AS LAWFULLY ISSUED BY THEIR HOME COUNTRY.

CRIMINAL HISTORY

ALL INVESTOR APPLICANTS SHALL SUBMIT CERTIFIED COPIES OF ARRESTS AND DISPOSITION OF ALL MISDEMEANOR OR FELONY CONVICTIONS AT TIME OF OPENING OF THEIR APPLICATIONS FOR EB 5 CONSIDERTION, IF APPLICABLE.

SPONSOR LEGAL COUNSEL WILL REVIEW ELIGIBILITY AND CONSULT WITH CLIENT ACCORDINGLY. ALL DOCUMENTS SHALL BE TRANSLATED AND CERTIFIED INTO THE ENGLISH LANGUAGE.

EB-5 AUDIT TRAIL: PATH OF FUNDS

LOCATION OF FUNDS

- List all accounts that will be used to fund the $500,000.00 investment

- Type of Account
- Financial Institution Name
- Financial Institution Address
- Account Number
- Account Balance
- Total Balance to be used to fund EB-5 Regional Center

FOR EACH ACCOUNT:
DOCUMENT THE SOURCE OF FUNDS (DOLLAR AMOUNT)

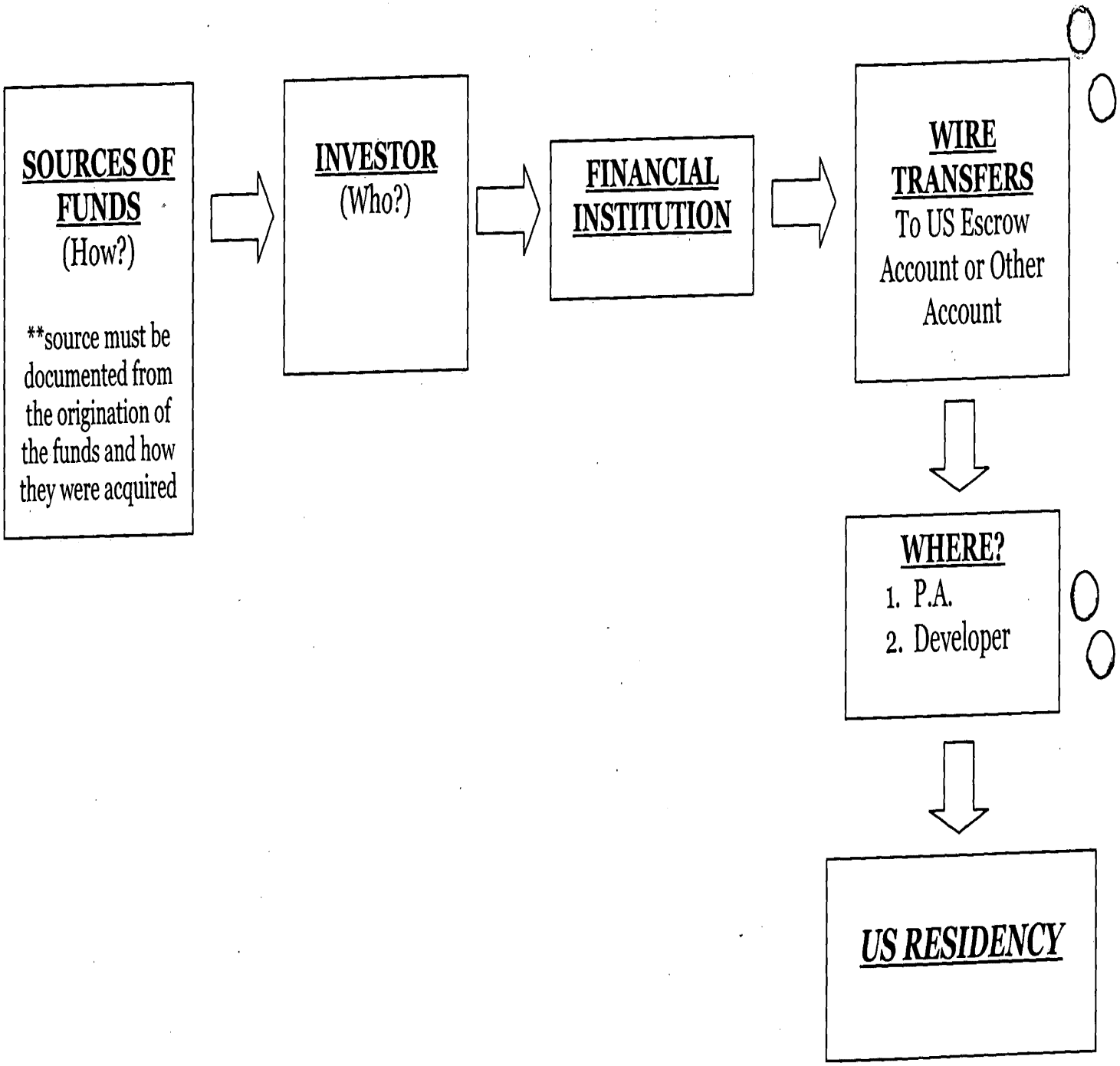
- Earnings from business operations
- Net proceeds from sale of business
- Net proceeds from sale of real estate
- Net proceeds from sale of investments
- Net proceeds from sale of other assets
- Employment earnings
- Income or other tax refunds
- Loan
- Gift
- Inheritance
- Retirement funds
- Support (parent/relative/guardian/other)
- Other (describe)

FOR ALL SOURCES OF FUNDS:
SUBMIT SUPPORTING DOCUMENTATION

For Example:

- Business Information (incorporation dates, total earnings, etc.)
- Sales Contracts
- Closing Statements (for sale of: business, real estate, investments, etc.)
- Bank Statements, Account Statements and/or Promissory Notes
- Any Relevant Legal Correspondence

EB-5 AUDIT TRAIL: PATH OF FUNDS



MASTER INFORMATION CHART (N-400 and G-325A)

Your Name:_____

Please complete the information below clearly

Your U.S. Social Security Number:_____

Your Spouse's U.S. Social Security Number:_____

YOUR IMMIGRATION STATUS:

DATE OF LAST ENTRY TO THE U.S.	PLACE OF LAST ENTRY	VISA TYPE	EXPIRATION DATE

YOUR CURRENT SPOUSE:

NAME	DATE OF BIRTH	PLACE OF BIRTH	ADDRESS	PLACE OF MARRIAGE	DATE OF MARRIAGE

YOUR PREVIOUS SPOUSE(S):

NAME (MAIDEN)	DATE & PLACE OF BIRTH	DATE & PLACE OF MARRIAGE	ADDRESS	DATE & PLACE OF DIVORCE	IMMIGRATION STATUS

YOUR SPOUSE'S PREVIOUS MARRIAGE INFORMATION:

NAME (MAIDEN)	DATE & PLACE OF BIRTH	DATE & PLACE OF MARRIAGE	ADDRESS	DATE & PLACE OF DIVORCE	IMMIGRATION STATUS

YOUR FATHER:

NAME	DATE OF BIRTH	PLACE OF BIRTH	CURRENT ADDRESS

YOUR MOTHER:

NAME (MAIDEN)	DATE OF BIRTH	PLACE OF BIRTH	CURRENT ADDRESS

YOUR CHILDREN:

NAME	DATE OF BIRTH	PLACE OF BIRTH	CURRENT ADDRESS

YOUR ADDRESS(ES) OVER THE PAST FIVE YEARS:

ADDRESS	FROM (DATE)	TO (DATE)

YOUR EMPLOYMENT OVER THE PAST FIVE YEARS:

NAME	ADDRESS	POSITION	FROM (DATE)	TO (DATE)

MEMBERSHIP IN ORGANIZATIONS:

NAME	ADDRESS	POSITION	FROM (DATE)	TO (DATE)

HEIGHT: _____

WEIGHT: _____

EYE COLOR: _____

HAIR COLOR: _____

COMPLEXION: _____

ABSENSES FROM THE U.S. IMMIGRATION PURPOSES

NAME:

DATE LEFT	DATE RETURNED	6 MOS. OR MORE?	DESTINATION	REASON FOR TRIP	Total of Days

LAW OFFICES OF

Larry J. Behar P.A.
888 Southeast Third Avenue

Fort Lauderdale, Florida 33316

LARRY J. BEHAR, L.L.L., J.D.
LEA SALAMA DIMITRI, B.B.A., J.D.

TELEPHONE: (954)524-8888
FACSIMILE: (954)524-0088

EB5 INVESTOR QUESTIONNAIRE

Instructions for completing this Questionnaire:

- Answer all questions fully and accurately. If any item does not apply, please write "N/A". Do not leave any space blank.
- Type or print legibly in ink.
- If it would be helpful, please contact a Translator to assist in the completion of this Questionnaire.
- If a Translator has assisted in completing answers in the English language, the Translator must complete the attached Questionnaire Translator's Certificate.
- All documents which are not in English must be submitted in their original language together with an English translation. Translators must complete the attached Document Translator's Certificate.
- Copies of all requested documents will suffice, however original documents must be available to submit to an immigration officer or consular official upon request. The attached Copies Certification must be completed and returned to this office together with any photocopies of documents.
- Please note when certified, CIVIL documents are requested. In such instances, the U.S. Citizenship & Immigration Services (USCIS) will **require** certified, CIVIL (issued by a government agency) documents.
- If additional space is needed, attach separate sheets indicate item number, and date and sign each sheet.

Larry J. Behar P.A.

PART A. BIOGRAPHICAL INFORMATION – INVESTOR
(to be completed by INVESTOR)

1. Full Name: (first, middle, last) _____

2. Full Name in Native Alphabet: (if Roman letter not used) _____

3. Other Names used: (if married woman, give maiden name) _____

4. Present Street Address: _____
_____

5. Present Mailing Address: _____
_____

6. Home Phone/Fax Number/E-mail: _____
_____

7. Work Phone/Fax Number/E-Mail: _____
_____

8. Addresses where you lived since age 16 (include street address, city, province/state, country, and dates of residence (month, year)):
_____
_____
_____
_____
_____
_____

9. Last Address Outside of the United States of More Than One Year (include dates of residence (month, year)
_____
_____

10. Date of Birth: (date, month, and year) _____

11. City and Country of Birth: (attach certified copy of CIVIL birth certificate:
_____

12. Country(ies) of Citizenship: attach copy of all identification pages, stamped pages and visa pages of all passports)

_____

_____

13. Nationality (Country to which you owe permanent allegiance): _____

14. Sex: _____ Male _____ Female

15. Personal Description:

a. Color of hair: _____
b. Color of eyes: _____
c. Height: _____
d. Complexion: _____
e. Marks of Identification: _____

16. U.S. Social Security Number, if any: _____

17. Full Name and Address of Father: _____

_____

18. Father's Date, City and County of Birth: _____

_____

19. Father's Country of Citizenship: _____

20. Full Name and Address of Mother: (including Maiden name – if deceased, so state, giving year of death) _____

_____

21. Mother's date, City and Country of Birth: _____

_____

22. Mother's Country of Citizenship: _____

23. If neither parent is living provide name and address of next of kin (nearest relative) in your home country, and state his/her relationship to you.

_____

_____

24. Marital Status: (check all that apply):
_____Married _____Single_____Widowed_____Divorced

25. Number of times married: (including present marriage, if any)_____

26. If married, give full name of spouse (include maiden name), date and place of birth, and date and place of marriage: (attach certified copy of CIVIL marriage certificate.)

_____

_____

27. Will you present spouse accompany or follow to join you in the U.S.? ____Yes ____No
If yes, complete Questionnaire for Spouse of Investor

28. Has your spouse ever before applied for permanent resident status in the U.S.? ____Yes ___No.
If yes, give date and place of filing and final disposition (include Alien Registration Number (A#), if any) _____

_____

29 If you were previously married give the full name(s) (including maiden names) of the former spouse(s), their date(s), date(s) of birth, place(s) and date(s) of marriage(s), and date(s) and location(s) where each marriage was terminated (attach certified copy of CIVIL divorce decree or CIVIL annulment or death certification of each former spouse).

_____

_____

_____

30. List full name, date of birth, and place of birth and present address of all of your children. State if each child is 1) legitimate, 2) adopted, 3) a step-child or 4) an orphan. Explain your answer. As to any child who has sought or obtained admission to the United States, provide that child's Alien Registration Number (A#) (issued by U.S. US CIS), if any.

_____

_____

_____

31. Name of any child listed in number 30 who will accompany of follow to join you to the U.S
***Complete One Questionnaire for Child of investor for EACH such child**

_____

_____

_____

_____

32. Have you ever before applied for a permanent residence visa for the U.S.? ___Yes ____No.
If yes, state where and when, and was the visa issued or refused. Explain. (Include Alien Registration Number (A#), if any.)

_____

_____

_____

33. Have you ever applied for a visa to enter the U.S. other than for permanent residence?
_____Yes _____No. If yes, state where and when, and was the visa issued or refused.
Please explain.

_____
_____
_____
_____

34. If you have ever been in the United States, answer the following (a through h) for each and every stay in the U.S.: (If never, write "never") _____

a. State the type of visa.
b. State the immigration status under which you were admitted at the Port of Entry.
c. US CIS File Number (if known) and Alien Registration Number (A#), if any.
d. Period you were in the U.S. (date, month, year)
e. Location in the U.S. where you stated.
f. Did you depart within the period of authorized stay? __Yes ___ No
g. If you overstayed an authorized period of admission, state the length of the overstay in total days.
h. If you otherwise violated your immigration status, please explain.

_____
_____
_____
_____

35. Have you ever worked in the U.S without authority of the U.S Citizenship & Immigration Service (US CIS)? ____Yes ____ No. If yes, state the circumstantial and describe any actions taken by US CIS on account of your status.

_____
_____
_____
_____

36. If you are in the U.S. now, state the date, place and manner of your arrival, the status under which admitted and the date to which admitted. Give the I-94 (arrival/departure) record number. Provide a copy of **both sides** of the I-94 record and a copy of the visa.

_____
_____
_____

37. If you are in the U.S. now and you changed status while in the U.S., please state your current status and provide copies of your I-979, Notice of Action granting approval of your current status. _____

_____
_____
_____

38. List employment since age 16, including your job title, name and address of employer and dates of employment (month and year) _____

39. Provide a summary of your educational qualifications.
(Name and address of school or university, dates attendance, degree(s) awarded, major field of study)

40. List all languages you can speak, read and/or write: (specify whether you speak, read and/or write the language) _____

41. State the U.S. Consulate you want notified if this petition is approved and if any requested adjustment of status cannot be granted. _____

42. Have you ever been required to engage in Special Registration (NSEERS) upon admission to the U.S., during your time in the U.S. or upon departure from the U.S.? ____Yes ____No. If yes, have you always complied with these requirements? ____Yes ____No. If no, Please explain. _____

43. Have you ever been required to notify INS or CIS of your change of address while in the U.S.? ____Yes ___No. If yes, did you comply by filing and AR-11, Change of Address Form? ___Yes ___No. If no, please explain_____

PART B. ADMISSIBILITY ISSUES

The U.S. Immigration Laws contain a number of restrictions on the ability of a person to enter the U.S. for permanent residence. To ascertain whether any of these apply to you, please provide the information requested carefully and in detail.

1. Medical and Health Issues

a. You will be required to undergo a medical examination to prove that you do not have "a communicable disease of public health consequence". This is considered to include: cancroids, gonorrhea, granuloma inguinale, human immunodeficiency virus (HIV) infection, leprosy (infectious), lymphogranuloma venerum, syphilis (infectious stage) or tuberculosis (active). Is there any reason to believe that you might test positive for any of these conditions? _Yes ___No

b. Might you be consider to have, or to have had in the past, a physical or mental disorder and behavior associated with that disorder that may pose, or has posed, a threat to the property, safety or welfare of yourself or others? This might include a conviction for DWI (drinking while intoxicated) ____Yes ____No. If yes, give details. _____

_____

_____

_____

c. Have you ever been treated in an institution or hospital or other place for insanity or other mental disease? ____Yes ___No.
If yes, give details. _____

_____

_____

d. Is there any possibility that you would be considered a drug addict or abuser? ____Yes ___No.
If yes, give details. _____

_____

_____

e. Do you have a disease, disability or other condition or circumstance that might impair your ability to earn a living? _____Yes ____No. If yes, give details.

_____

_____

_____

2. Criminal Issues

a. Have you ever been convicted of a crime(s) or admitted the acts that constitute a crime(s)? ___Yes ___No. Provide an original police certificate concerning the existence or non-existence of a police record and certified court records for all criminal prosecutions. **(This certificate will need to be re-issued later in your immigration process. We will tell you when to seek an updated police certificate.)**

If you answered yes, also answer the following for each and every conviction or admission. If more than one, please photocopy this page and answer 1-9 completely for each incident:

1. What was the crime you committed? _____
2. Where was it committed? _____
3. Were you arrested for the crime? _____
4. Were you convicted of the crime? _____
5. What was the name of the court? _____
6. On what date was the crime committed? _____
7. If you were convicted, what was the maximum possible penalty for the crime? _____

_____

8. If you were convicted, what was the sentence that you received (regardless of the time you actually served)? _____

9. What was the date of conviction or sentencing? _____

b. Have you ever been arrested, even if you were not convicted? ____Yes ____No. If yes, give details, including dates and locations. _____

_____

_____

c. Have you ever knowingly committed any crime of moral turpitude or a drug-related offense for which you have not been arrested? _____Yes ____No. If yes, give details, including dates and locations. _____

_____

_____

_____

d. Have you committed any acts that might be considered a crime, even if you were not arrested or convicted? _____Yes _____No. If yes, give details, including dates and locations. _____

e. Have you ever violated or conspired to violate, or been convicted of violating or conspiring to violate, any law of any country or jurisdiction relating to a controlled (regulated) substance? ____Yes ___No? If yes, give details. _____

f. Have you ever been, or would a consular or immigration officer have reason to believe that you have ever been, an illicit trafficker in any controller (regulated) substance or assisted others in any way with illicit trafficking in controlled substances? ____Yes ____No. If yes, give details. _____

g. Have you ever been the beneficiary of a pardon, amnesty, rehabilitation decree, other act of clemency or similar action? _____Yes _____No. If yes, give details. _____

h. Have you ever exercised diplomatic immunity to avoid prosecution for a criminal offense in the U.S.? ____Yes ___No. If yes, give details. _____

i. Have you received public assistance in the U.S. from any source, including the U.S. government or any state, county, city or municipality (other than emergency medical treatment), or are you likely to receive public assistance in the future? ____Yes ____No. If yes, give details. _____

j. Do you intend to engage in prostitution, procure or import prostitutes or receive proceeds of prostitution, or have you engaged in prostitution, directly procured or attempted to procure or import prostitutes or received the proceeds of prostitution within the past ten years? ___Yes __No. If yes, give details. _____

k. Are you coming to the U.S. to engage in any unlawful commercialized vice? __Yes ___No. If yes, give details. _____

_____

_____

_____

l. Are there or have there been any judgments or pending governmental CIVIL or criminal actions, governmental administrative proceedings, or any private CIVIL actions involving monetary judgments, against you from any court in or outside the United States within the past fifteen years? ___Yes ___No. If yes, give details and provide certified copies of such judgments.

_____

_____

_____

_____

3. Security and Related Issues

a. Would a consular officer or the USCIS have any ground to believe that you seek to enter the U.S. to engage in any activity in violation of U.S. law relating to sabotage or espionage, or to violate or evade laws prohibiting export from the U.S. of goods, technology or sensitive information? ____Yes ___No. If yes, give details. _____

_____

_____

_____

b. Would a consular officer or the USCIS have any grounds to believe that you seek to enter the U.S. to engage in any unlawful activity, or any activity with the purpose of opposition, control or overthrow of the U.S. government by forces, violence or other unlawful means? ___Yes ___No. If yes, give details. _____

_____

_____

_____

c. Have you engaged in, assisted with or solicited assistance with membership in or would a consular officer or the USCIS have grounds to believe you will engage in, terrorist activity? This is defined as an activity that is unlawful in the country committed and that involves:

1. The hijacking or sabotage of any conveyance, or;
2. The seizing or detaining and threatening to kill, injure or detain an individual to compel a third person or government organization to act or not act, or;
3. A violent attack upon an internationally protected person or that person's liberty, or;
4. Assassination, or;
5. The use of any biological or chemical agent, any nuclear weapon or device, or explosive or firearm with the intent to endanger the safety of a person or persons, or to cause substantial damage to property. A threat, attempt or conspiracy to perform any of these acts are included. Preparation or planning of such an act, gathering information on potential targets for terrorist activity, provision of material support, solicitation of funds or other things of value, or solicitation of membership in a terrorist organization or activity also included in this definition.

_____ Yes _____No. (If yes to any of the above, please explain.)

_____

_____

_____

_____

_____

d. Are you an official, representative or spokesman of the Palestine Liberation Organization? ___ Yes ___No. If yes, give details._____

e. Would you entry or proposed activities in the U.S. be believed to have potentially serious adverse foreign policy consequences for the U.S. ___Yes ___No. If yes, give details._____

f. Have you ever been a member of or affiliated with the Communist or any other totalitarian party, or subdivision or affiliate of such party? ___Yes __No. If yes, please answer the following:

1. When was membership or affiliation terminated? _____

2. Where was the party located, and does it control, or has it eve controlled, the government? _____

3. Is or was your membership or affiliation involuntary, solely when under 16 year of age, or for the necessary purposes of obtaining employment, food rations or other essentials of living? Explain. _____

4. Might a consular officer or the USCIS regard you as a threat to the security of the U.S.? Explain. _____

g. From March 23, 1933, to May 8, 1945, were you under the direction of or in association with the Nazi Government of Germany, any government occupied by Nazi Germany's military forces, any government or any government which was an ally of Nazi Germany's government, or did you order, incite, assist or otherwise participate in the persecution of any person because of race, religion, national origin or political opinion? ___Yes ___No. If yes, give details._____

h. Have you ever engaged in or ordered, incited, or assisted conduct that might be considered genocide? ___Yes ___No. If yes, give details._____

_____

_____

_____

i. List your present and past membership in or affiliation with every organization, association; find foundation, party, club, society or similar group in the U.S. or in any other country or place and your foreign military service. Include name of organization, location, dates of membership, and the nature of the organization. If none, write "none".

_____

_____

_____

_____

_____

4. Miscellaneous Issues

a. Have you ever departed from or remained outside of the U.S. to avoid training or service in the armed forces in a time of war or national emergency? ____Yes ___No. If yes, give details.___

_____

_____

_____

b. Are you coming to the U.S. to practice polygamy? ___Yes ___No. If yes, give details._____

_____

_____

c. Will you be accompanying as guardian another foreign national who has been ordered excluded and deported and certified to be helpless from sickness, mental or physical disability?___Yes___No. If yes, give details._____

_____

_____

d. Are you detaining, retaining or withholding custody of a U.S. citizen child, outside the U.S. from a person granted custody of that child by an order of a court in the U.S.? ___Yes __No. If yes, give details._____

_____

_____

e. Have you ever held Exchange Visitor (J) status in the U.S., been subject to the two-year foreign residency requirement, AND not resided and been physically present in your country of nationality or last residence for a total of at least tow years following departure from the U.S.; AND not been granted a waiver of the two-year foreign residence requirement?
___Yes ___No. If yes, give details._____

_____

_____

f. Have you ever been excluded from the U.S. or ever deported or removed from the U.S.? If so, give details, including reasons for exclusion, deportation or removal; Immigration Court or Port of Entry where action occurred; and date of action. (Provide copies of all government documents.) _____

_____

_____

_____

g. Have you ever procured or sought to procure a visa, documentation, entry into the U.S. or other benefits provided under U.S. immigration law by fraud or willfully misrepresenting a material fact? Might a consular officer or the US CIS have some reason to believe you have done so? ___Yes ___No. Explain

_____

_____

_____

_____

5. Applicability to Family Members

a. Would any family member (spouse or unmarried child under age 21) who might be immigrating with you answer "yes" to any of the above (Part B –Admissibility Issues 1-4)? ___Yes ___No. If yes, attach detailed explanation of each application issue.

6. If there is any information you have which you have not yet furnished that may possibly affect your admissibility to the United States, or that of your spouse and children (unmarried and under the age of 21 years), please enter it here. If you are not sure state the matter that concerns you. If none, state "none".

_____

_____

_____

_____

_____

_____

_____

PART C. INVESTMENT ISSUES

1. The required investment to be made is $500,000.00 U.S. and it is required that these assets have been acquired by lawful means and be available immediately. To meet these requirements please provide the following information (be prepared to document all responses):

a. Do you possess assets of more than $500,000.00 U.S. which are available to be invested? ___Yes ___No.

b. In what form are these assets, where are they located and are you the sole owner? If you are not, who are the owners and will the assets involved be available immediately for investment by you? Explain. Provide documents to evidence your current ownership of these assets. (For example: bank statements, security account statements; trust instruments, deeds with valuation statements; share certificates of publicly traded companies or closely held companies with valuation certificates.)

_____

_____

_____

_____

c. How did you or will you acquire the assets? Provide documents that trace your ownership of these assets. (For example: records of inheritance; records of the purchase or sale of assets; income records.) _____

_____

_____

_____

d. Have you filed any tax returns of any kind within the past five years? Through an organization or personally? With any taxing authority in or outside the United States? If so, please provide signed copies for the last five (5) tax years. _____

_____

_____

e. Is there any restriction upon your ability to transfer your assets out of the country where located and to the U.S. lawfully, for the proposed investment? ____Yes ___No. Explain.

_____

_____

_____

ATTESTATION

I hereby swear under oath that:

1) I understand the questions asked in this questionnaire and the answers that I have given;

2) these answers may be relied upon by the investments enterprise, its owners, employees and legal representatives who will use my answers to assist me to obtain lawful permanent residence in the U.S.;

3) the information contained in this questionnaire is true and accurate to the best of my knowledge and belief; and

4) copies of documents submitted are exact photocopies of unaltered original documents and in understand that I may be required to submit original documents to an immigration or consular official at a latter date.

Signature _____ Date_____

Signed and sworn to before me this _____ day of _____20_____.
(date) (month) (year)

_____
Notary Public

My Commission Expires _____

SEAL

LAW OFFICES

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Suite 400
Fort Lauderdale, Florida 33316

LARRY J. BEHAR, L.L.L., J.D.
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QUESTIONNAIRE FOR CHILD OF INVESTOR

(To be completed by Alien Entrepreneur for any unmarried child under the age of 21 years who will accompany or follow Alien Entrepreneur to the United States. Sons and daughters who are 21 years and older or are married are not eligible to apply with Alien Entrepreneur.)

Instructions for completing this Questionnaire:

- Answer all questions fully and accurately. If any item does not apply, please write "N/A"/ Do not leave any space blank.

- Type or print legibly in ink

- If it would be helpful, please contact a Translator to assist in the completion of this Questionnaire.

- If a Translator has assisted in completing answers in the English language, the Translator must complete the attached Questionnaire Translator's Certificate.

- All documents which are not in English must be submitted in their original language together with an English translation. Translators must complete the attached Document Translator's Certificate.

- Copies of all requested documents will suffice, however original documents must be available to submit to an immigration officer or consular official upon request. The attached Copies Certification must be completed and returned to this office together with any photocopies of documents.

- Please note when certified, CIVIL documents are requested. In such instances, the U.S. Citizenship & Immigration Services (US CIS) will require certified, CIVIL (issued by a government agency) documents.

- If additional space is needed, attach separate sheets indicate item number, and date and sign each sheet.

PART A. BIOGRAPHICAL INFORMATION –CHILD OF INVESTOR
COMPLETE FOR PROCESSING PURPOSES:

- Name of related Investor: _____
- Date of Birth of related Investor: _____
- Address of related Investor: _____

_____

- Investor is my: _____ Parent _____ Step-Parent
  _____Adoptive Parent _____Other

1. Full Name: (first, middle, last) _____

2. Full Name in Native Alphabet: (if Roman letter not used) _____

3. Other Names used: (if married woman, give maiden name) _____

4. Present Street Address: _____
_____

5. Present Mailing Address: _____
_____

6. Home Phone/Fax Number/E-mail: _____
_____

7. Work Phone/Fax Number/E-Mail:_____
_____

8. Addresses where you lived since age 16 (include street address, city, province/state, country, and dates of residence (month, year)):
_____
_____
_____
_____
_____
_____
_____
_____
_____

9. Last Address Outside of the United States of More Than One Year (include dates of residence (month, year))
_____
_____

10. Date of Birth: (date, month, and year) _____

11. City and Country of Birth: (attach certified copy of CIVIL birth certificate

_____

12. Country(ies) of Citizenship: attach copy of all identification pages, stamped pages and visa pages of all passports)

_____

13. Nationality (Country to which you owe permanent allegiance): _____

14. Sex: _____Male _____ Female

15. Personal Description:

a. Color of hair: _____
b. Color of eyes: _____
c. Height: _____
d. Complexion: _____
e. Marks of Identification: _____

16. U.S. Social Security Number, if any: _____

17. Full Name and Address of Father: _____

_____

18. Father's Date, City and County of Birth: _____

_____

19. Father's Country of Citizenship: _____

20. Full Name and Address of Mother: (including Maiden name – if deceased, so state, giving year of death) _____

_____

_____

21. Mother's date, City and Country of Birth: _____

_____

22. Mother's Country of Citizenship: _____

23. If neither parent is living provide name and address of next of kin (nearest relative) in your home country, and state his/her relationship to you.

_____

_____

24. Is the Alien Entrepreneur your step-parent? ___Yes ___No. If yes, answer the following :

a. How old were you when the relationship was created? ____years.
b. Date of marriage of the Alien Entrepreneur to your mother/father (date/month/year)_____
c. Is the Alien Entrepreneur still married to your mother/father? _____Yes ___No

25. Is the Alien Entrepreneur your adoptive parent? ___Yes ____No. Is the spouse of the Alien Entrepreneur your adoptive parent? ___Yes ___No. If yes to either, answer the following:

a. How old were you at the time of your adoption? _____
b. Have you been in the legal custody of your adoptive parent for two (2) years before or after the adoption? ____Yes ___No. Dates of custody _____(day/month/year)
c. Have you lived with your adoptive parent for two (2) years before or after the adoption? ___Yes ___No. Dates of residency (day/month/year): from_____to_____
d. Provide official, CIVIL final adoption decree or other official document by the court or recognized government agency to verify adoption.

26. Marital Status: (check all that apply) _____Married ____Single _____Widowed _____Divorced

26. Number of times married: (including present marriage, if any)_____

27. If married, give full name of spouse (include maiden name), date and place of birth, and date and place of marriage: (attach certified copy of CIVIL marriage certificate.)

_____

_____

28. If you were previously married give the full name(s) (including maiden names) of the former spouse(s), their date(s), date(s) of birth, place(s) and date(s) of marriage(s), and date(s) and location(s) where each marriage was terminated (attach certified copy of CIVIL divorce decree or CIVIL annulment or death certification of each former spouse).

_____

_____

_____

29. List full name, date of birth, and place of birth and present address of all of your children. State if each child is 1) legitimate, 2) adopted, 3) a step-child or 4) an orphan. Explain your answer. As to any child who has sought or obtained admission to the United States, provide that child's Alien Registration Number (A#) (issued by U.S. US CIS), if any.

_____

_____

_____

30. Name of any child listed in number 28 who will accompany of follow to join you to the U.S.

_____

31. Have you ever before applied for a permanent residence visa for the U.S.? ___Yes ____No.

If yes, state where and when, and was the visa issued or refused. Explain. (Include Alien Registration Number (A#), if any.)

_____

_____

_____

32. Have you ever applied for a visa to enter the U.S. other than for permanent residence? ____Yes _____No. If yes, state where and when, and was the visa issued or refused. Please explain.

_____

_____

_____

33. If you have ever been in the United States, answer the following (a through h) for each and every stay in the U.S.: (If never, write "never") _____

a. State the type of visa.
b. State the immigration status under which you were admitted at the Port of Entry.
c. US CIS File Number (if known) and Alien Registration Number (A#), if any.
d. Period you were in the U.S. (date, month, year)
e. Location in the U.S. where you stated.
f. Did you depart within the period of authorized stay? ____Yes _____ No
g. If you overstayed an authorized period of admission, state the length of the overstay in total days.
h. If you otherwise violated your immigration status, please explain.

_____

_____

_____

_____

34. Have you ever worked in the U.S without authority of the U.S Citizenship & Immigration Service (US CIS)? _____Yes ____No. If yes, state the circumstates and describe any actions taken by US CIS on account of your status.

_____

_____

_____

35. If you are in the U.S. now, state the date, place and manner of your arrival, the status under which admitted and the date to which admitted. Give the I-94 (arrival/departure) record number. Provide a copy of both sides of the I-94 record and a copy of the visa.

_____

_____

_____

36. If you are in the U.S. now and you changed status while in the U.S., please state your current status and provide copies of your I-797, Notice of Action granting approval of your current status. _____

_____

37. List employment since age 16, including your job title, name and address of employer and dates of employment (month and year) _____

_____

_____

_____

_____

_____

38. Provide a summary of your educational qualifications. (Name and address of school or university, dates attendance, degree(s) awarded, major field of study)

_____

_____

_____

39. List all languages you can speak, read and/or write: (specify whether you speak, read and/or write the language) _____

_____

40. State the U.S. Consulate you want notified if this petition is approved and if any requested adjustment of status cannot be granted. _____

41. Have you ever been required to engage in Special Registration (NSEERS) upon admission to the U.S., during your time in the U.S. or upon departure from the U.S.? ____Yes _____No. If yes, have you always complied with these requirements? ____Yes ____No. If no, Please explain. _____

_____

_____

42. Have you ever been required to notify INS or CIS of your change of address while in the U.S.? ____Yes ___No. If yes, did you comply by filing and AR-11, Change of Address Form? ___Yes ___No. If no, please explain._____

PART B. ADMISSIBILITY ISSUES

The U.S. Immigration Laws contain a number of restrictions on the ability of a person to enter the U.S. for permanent residence. To ascertain whether any of these apply to you, please provide the information requested carefully and in detail.

1. Medical and Health Issues

a. You will be required to undergo a medical examination to prove that you do not have "a communicable disease of public health consequence". This is considered to include: chancroid, gonorrhea, granuloma inguinale, human immunodeficiency virus (HIV) infection, leprosy (infectious), lymphogranuloma venerum, syphilis (infectious stage) or tuberculosis (active). Is there any reason to believe that you might test positive for any of these conditions? ___Yes ____No

b. Might you be considered to have, or to have had in the past, a physical or mental disorder and behavior associated with that disorder that may pose, or has posed, a threat to the property, safety or welfare of yourself or others? This might include a conviction for DWI (drinking while intoxicated) ____Yes ____No. If yes, give details. _____
_____
_____
_____

c. Have you ever been treated in an institution or hospital or other place for insanity or other mental disease? ____Yes ___No.

d. Is there any possibility that you would be considered a drug addict or abuser? ____Yes ___No. If yes, give details. _____
_____
_____

e. Do you have a disease, disability or other condition or circumstance that might impair your ability to earn a living? _____Yes ____No. If yes, give details
_____
_____
_____

2. Criminal Issues

a. Have you ever been convicted of a crime(s) or admitted the acts that constitute a crime(s)? ___Yes ____No. Provide an original police certificate concerning the existence or non-existence of a police record and certified court records for all criminal prosecutions. (This certificate will need to be re-issued later in your immigration process. We will tell you when to seek an updated police certificate.)

If you answered yes, also answer the following for each and every conviction or admission. If more than one, please photocopy this page and answer 1-9 completely for each incident:

1. What was the crime you committed? _____

2. Where was it committed? _____

3. Were you arrested for the crime? _____

4. Were you convicted of the crime? _____

5. What was the name of the court? _____

6. On what date was the crime committed? _____

7. If you were convicted, what was the maximum possible penalty for the crime? ____
_____

8. If you were convicted, what was the sentence that you received (regardless of the time you actually served)? _____

9. What was the date of conviction or sentencing? _____

b. Have you ever been arrested, even if you were not convicted? ____Yes ____No. If yes, give details, including dates and locations. _____
_____
_____

c. Have you ever knowingly committed any crime of moral turpitude or a drug-related offense for which you have not been arrested? _____Yes ____No. If yes, give details, including dates and locations. _____
_____
_____

d. Have you committed any acts that might be considered a crime, even if you were not arrested or convicted? _____Yes _____No. If yes, give details, including dates and locations.
_____
_____
_____

e. Have you ever violated or conspired to violate, or been convicted of violating or conspiring to violate, any law of any country or jurisdiction relating to a controlled (regulated) substance?
____Yes ___No? If yes, give details. _____
_____
_____

f. Have you ever been, or would a consular or immigration officer have reason to believe that you have ever been, an illicit trafficker in any controller (regulated) substance or assisted others in any way with illicit trafficking in controlled substances? ____Yes ____No If yes, give details. _____

_____

_____

_____

g. Have you ever been the beneficiary of a pardon, amnesty, and rehabilitation decree, other act of clemency or similar action? _____Yes _____No

h. Have you ever exercised diplomatic immunity to avoid prosecution for a criminal offense in the U.S.? ____Yes ___No

i. Have you received public assistance in the U.S. from any source, including the U.S. government or any state, county, city or municipality (other than emergency medical treatment), or are you likely to receive public assistance in the future? ____Yes ____No

j. Do you intend to engage in prostitution, procure or import prostitutes or receive proceeds of prostitution, or have you engaged in prostitution, directly procured or attempted to procure or import prostitutes or received the proceeds of prostitution within the past ten years? ___Yes __No

k. Are you coming to the U.S. to engage in any unlawful commercialized vice? __Yes ___No

l. Are there or have there been any judgments or pending governmental CIVIL or criminal actions, governmental administrative proceedings, or any private CIVIL actions involving monetary judgments, against you from any court in or outside the United States within the past fifteen years? ___Yes ___No. If yes, give details and provide certified copies of such judgments.

_____

_____

_____

_____

3. Security and Related Issues

a. Would a consular officer or the US CIS have any ground to believe that you seek to enter the U.S. to engage in any activity in violation of U.S. law relating to sabotage or espionage, or to violate or evade laws prohibiting export from the U.S. of goods, technology or sensitive information? ____Yes ___No

b. Would a consular officer or the US CIS have any grounds to believe that you seek to enter the U.S. to engage in any unlawful activity, or any activity with the purpose of opposition, control or overthrow of the U.S. government by forces, violence or other unlawful means? ___Yes ___No

c. Have you engaged in, assisted with or solicited assistance with membership in or would a consular officer or the US CIS have grounds to believe you will engage in, terrorist activity? This is defined as an activity that is unlawful in the country committed and that involves:

1. The hijacking or sabotage of any conveyance, or;
2. The seizing or detaining and threatening to kill, injure or detain an individual to compel a third person or government organization to act or not act, or;
3. A violent attack upon an internationally protected person or that person's liberty, or;
4. Assassination, or;
5. The use of any biological or chemical agent, any nuclear weapon or device, or explosive or firearm with the intent to endanger the safety of a person or persons, or to cause substantial damage to property. A threat, attempt or conspiracy to perform any of these acts is included. Preparation or planning of such an act, gathering information on potential targets for terrorist activity, provision of material support, solicitation of funds or other things of value, or solicitation of membership in a terrorist organization or activity also included in this definition.

_____ Yes _____No. (If yes to any of the above, please explain.)

_____

_____

_____

_____

_____

d. Are you an official, representative or spokesman of the Palestine Liberation Organization? ___ Yes ___No

e. Would you entry or proposed activities in the U.S. be believed to have potentially serious adverse foreign policy consequences for the U.S. ___Yes ___No

f. Have you ever been a member of or affiliated with the Communist or any other totalitarian party, or subdivision or affiliate of such party? ___Yes __No. If yes, please answer the following:

1. When was membership or affiliation terminated? _____
2. Where was the party located, and does it control, or has it eve controlled, the government? _____

3. Is or was your membership or affiliation involuntary, solely when under 16 year of age, or for the necessary purposes of obtaining employment, food rations or other essentials of living? Explain. _____

_____

_____

4. Might a consular officer or the US CIS regard you as a threat to the security of the U.S.? Explain. _____

_____

g. From March 23, 1933, to May 8, 1945, were you under the direction of or in association with the Nazi Government of Germany, any government occupied by Nazi Germany's military forces, any government or any government which was an ally of Nazi Germany's government, or did you order, incite, assist or otherwise participate in the persecution of any person because of race, religion, national origin or political opinion? ___Yes ___No

h. Have you ever engaged in or ordered, incited, or assisted conduct that might be considered genocide? ___Yes ___No

i. List your present and past membership in or affiliation with every organization, association; find foundation, party, club, society or similar group in the U.S. or in any other country or place and your foreign military service. Include name of organization, location, dates of membership, and the nature of the organization. If none, write "none".

_____
_____
_____
_____
_____

4. Miscellaneous Issues

a. Have you ever departed from or remained outside of the U.S. to avoid training or service in the armed forces in a time of war or national emergency? ____Yes ___No

b. Are you coming to the U.S. to practice polygamy? ___Yes ___No

c. Will you be accompanying as guardian another foreign national who has been ordered excluded and deported and certified to be helpless from sickness, mental or physical disability? ___Yes ___No

d. Are you detaining, retaining or withholding custody of a U.S. citizen child, outside the U.S. from a person granted custody of that child by an order of a court in the U.S.? ___Yes __No

e. Have you ever held Exchange Visitor (J) status in the U.S., been subject to the two-year foreign residency requirement, AND not resided and been physically present in your country of nationality or last residence for a total of at least tow years following departure from the U.S.; AND not been granted a waiver of the two-year foreign residence requirement? ___Yes __No

f. Have you ever been excluded from the U.S. or ever deported or removed from the U.S.? If so, give details, including reasons for exclusion, deportation or removal; Immigration Court or Port of Entry where action occurred; and date of action. (Provide copies of all government documents.)_____
_____

g. Have you ever procured or sought to procure a visa, documentation, entry into the U.S. or other benefits provided under U.S. immigration law by fraud or willfully misrepresenting a material fact? Might a consular officer or the US CIS have some reason to believe you have done so? ___Yes ___No. Explain

ATTESTATION

I hereby swear under oath that: 1) I understand the questions asked in this questionnaire and the answers that I have given ; 2) these answers may be relied upon by the investments enterprise, its owners, employees and legal representatives who will use my answers to assist me to obtain lawful permanent residence in the U.S.; 3) the information contained in this questionnaire is true and accurate to the best of my knowledge and belief; and 4) copies of documents submitted are exact photocopies of unaltered original documents and in understand that I may be required to submit original documents to an immigration or consular official at a latter date.

*Signature _____ Date_____
(*Signature of child over 16 years or custodial parent)

Signed and sworn to before me this _____ day of _____20_____.
(date) (month) (year)

_____
Notary Public

My Commission Expires _____

PLACE SEAL HERE

LAW OFFICES OF

Larry J. Behar PA
888 S.E. Third Avenue
Suite 400
Fort Lauderdale, Florida 33316

LARRY J. BEHAR, L.L.L., J.D.
LEA SALAMA DIMITRI, B.B.A., J.D.

TELEPHONE: (954)524-8888
FACSIMILE: (954)524-0088

QUESTIONNAIRE FOR SPOUSE OF INVESTOR

Instructions for completing this Questionnaire:

- Answer all questions fully and accurately. If any item does not apply, please write "N/A"/ Do not leave any space blank.
- Type or print legibly in ink
- If it would be helpful, please contact a Translator to assist in the completion of this Questionnaire.
- If a Translator has assisted in completing answers in the English language, the Translator must complete the attached Questionnaire Translator's Certificate.
- All documents which are not in English must be submitted in their original language together with an English translation. Translators must complete the attached Document Translator's Certificate.
- Copies of all requested documents will suffice, however original documents must be available to submit to an immigration officer or consular official upon request. The attached Copies Certification must be completed and returned to this office together with any photocopies of documents.
- Please note when certified, CIVIL documents are requested. In such instances, the U.S. Citizenship & Immigration Services (US CIS) will **require** certified, CIVIL (issued by a government agency) documents.
- If additional space is needed, attach separate sheets indicate item number, and date and sign each sheet.

PART A. BIOGRAPHICAL INFORMATION – SPOUSE OF ALIEN ENTREPRENUER

COMPLETE FOR PROCESSING PURPOSES:

- Name of related Alien Entrepreneur: _____
- Date of Birth of related Alien Entrepreneur: _____
- Address of related Alien Entrepreneur: _____
_____
- Alien Entrepreneur is my: _____ Husband _____ Wife

1. Full Name: (first, middle, last) _____

2. Full Name in Native Alphabet: (if Roman letter not used) _____

3. Other Names used: (if married woman, give maiden name) _____

4. Present Street Address: _____
_____

5. Present Mailing Address: _____
_____

6. Home Phone/Fax Number/E-mail: _____
_____

7. Work Phone/Fax Number/E-Mail: _____
_____

8. Addresses where you lived since age 16 (include street address, city, province/state, country, and dates of residence (month, year)):
_____
_____
_____
_____
_____
_____
_____
_____
_____

9. Last Address Outside of the United States of More Than One Year (include dates of residence (month, year))
_____
_____

10. Date of Birth: (date, month, and year) _____

11. City and County of Birth: (attach certified copy of CIVIL birth certificate

_____

12. Country (ies) of Citizenship: attach copy of all identification pages, stamped pages and visa pages of all passports. _____

13. Nationality (Country to which you owe permanent allegiance): _____

14. Sex: _____Male _____ Female

15. Personal Description:

a. Color of hair: _____
b. Color of eyes: _____
c. Height: _____
d. Complexion: _____
e. Marks of Identification: _____

16. U.S. Social Security Number, if any: _____

17. Full Name and Address of Father: _____

_____

18. Father's Date, City and County of Birth: _____

_____

19. Father's Country of Citizenship: _____

20. Full Name and Address of Mother: (including Maiden name – if deceased, so state, giving year of death) _____

_____

_____

21. Mother's date, City and Country of Birth: _____

_____

22. Mother's Country of Citizenship: _____

23. If neither parent is living provide name and address of next of kin (nearest relative) in your home country, and state his/her relationship to you.

_____

_____

24. Marital Status: (check all that apply) _____Married ____Single _____Widowed _____Divorced

25. Number of times married: (including present marriage, if any) _____

26. If married, give full name of spouse (include maiden name), date and place of birth, and date and place of marriage: (attach certified copy of CIVIL marriage certificate.)

_____

_____

27. If you were previously married give the full name(s) (including maiden names) of the former spouse(s), their date(s), date(s) of birth, place(s) and date(s) of marriage(s), and date(s) and location(s) where each marriage was terminated (attach certified copy of CIVIL divorce decree or CIVIL annulment or death certification of each former spouse).

_____

_____

_____

28. List full name, date of birth, and place of birth and present address of all of your children. State if each child is 1) legitimate, 2) adopted, 3) a step-child or 4) an orphan. Explain your answer. As to any child who has sought or obtained admission to the United States, provide that child's Alien Registration Number (A#) (issued by U.S. US CIS), if any.

_____

_____

_____

29. Name of any child listed in number 28 who will accompany of follow to join you to the U.S.

_____

30. Have you ever before applied for a permanent residence visa for the U.S.? ___Yes ____No. If yes, state where and when, and was the visa issued or refused. Explain. (Include Alien Registration Number (A#), if any.)

_____

_____

_____

31. Have you ever applied for a visa to enter the U.S. other than for permanent residence? ____Yes _____No. If yes, state where and when, and was the visa issued or refused. Please explain.

_____

_____

32. If you have ever been in the United States, answer the following (a through h) for each and every stay in the U.S.: (If never, write "never") _____

a. State the type of visa.

b. State the immigration status under which you were admitted at the Port of Entry.

c. US CIS File Number (if known) and Alien Registration Number (A#), if any.

d. Period you were in the U.S. (date, month, year)

e. Location in the U.S. where you stated.

f. Did you depart within the period of authorized stay? ____Yes _____ No

g. If you overstayed an authorized period of admission, state the length of the overstay in total days.

h. If you otherwise violated your immigration status, please explain.

_____
_____
_____
_____

33. Have you ever worked in the U.S without authority of the U.S Citizenship & Immigration Service (US CIS)? _____Yes ____No. If yes, state the circumstances and describe any actions taken by US CIS on account of your status.

_____
_____
_____

34. If you are in the U.S. now, state the date, place and manner of your arrival, the status under which admitted and the date to which admitted. Give the I-94 (arrival/departure) record number. Provide a copy of both sides of the I-94 record and a copy of the visa.

_____
_____
_____

35. If you are in the U.S. now and you changed status while in the U.S., please state your current status and provide copies of your I-979, Notice of Action granting approval of your current status. _____
_____

36. List employment since age 16, including your job title, name and address of employer and dates of employment (month and year) or attach resume_____
_____
_____
_____
_____
_____

37. Provide a summary of your educational qualifications. (Name and address of school or university, dates attendance, degree(s) awarded, major field of study)

_____

_____

_____

38. List all languages you can speak, read and/or write: (specify whether you speak, read and/or write the language) _____

_____

39. State the U.S. Consulate you want notified if this petition is approved and if any requested adjustment of status cannot be granted. _____

40. Have you ever been required to engage in Special Registration (NSEERS) upon admission to the U.S., during your time in the U.S. or upon departure from the U.S.? ____Yes _____No. If yes, have you always complied with these requirements? ____Yes ____No. If no, Please explain. _____

_____

_____

41. Have you ever been required to notify INS or CIS of your change of address while in the U.S.? ____Yes ___No. If yes, did you comply by filing and AR-11, Change of Address Form? ___Yes ___No. If no, please explain._____

_____

_____

PART B. ADMISSIBILITY ISSUES

The U.S. Immigration Laws contain a number of restrictions on the ability of a person to enter the U.S. for permanent residence. To ascertain whether any of these apply to you, please provide the information requested carefully and in detail.

1. Medical and Health Issues

a. You will be required to undergo a medical examination to prove that you do not have "a communicable disease of public health consequence". This is considered to include: chancroid, gonorrhea, granuloma inguinale, human immunodeficiency virus (HIV) infection, leprosy (infectious), lymphogranuloma venerum, syphilis (infectious stage) or tuberculosis (active). Is there any reason to believe that you might test positive for any of these conditions? ___Yes ____No

b. Might you be consider to have, or to have had in the past, a physical or mental disorder and behavior associated with that disorder that may pose, or has posed, a threat to the property, safety or welfare of yourself or others? This might include a conviction for DWI (drinking while intoxicated) ____Yes ____No. If yes, give details. _____

_____

_____

_____

c. Have you ever been treated in an institution or hospital or other place for insanity or other mental disease? ____Yes ___No.

d. Is there any possibility that you would be considered a drug addict or abuser? ____Yes ___No. If yes, give details. _____

_____

_____

e. Do you have a disease, disability or other condition or circumstance that might impair your ability to earn a living? _____Yes ____No. If yes, give details

_____

_____

_____

2. Criminal Issues

a. Have you ever been convicted of a crime(s) or admitted the acts that constitute a crime(s)? ___Yes ____No. Provide an original police certificate concerning the existence or non-existence of a police record and certified court records for all criminal prosecutions. (This certificate will need to be re-issued later in your immigration process. We will tell you when to seek an updated police certificate.)
If you answered yes, also answer the following for each and every conviction or admission. If more than one, please photocopy this page and answer 1-9 completely for each incident:

1. What was the crime you committed? _____

2. Where was it committed?_____

3. Were you arrested for the crime?_____

4. Were you convicted of the crime? _____

5. What was the name of the court? _____

6. On what date was the crime committed? _____

7. If you were convicted, what was the maximum possible penalty for the crime? ____
_____

8. If you were convicted, what was the sentence that you received (regardless of the time you actually served)? _____

9. What was the date of conviction or sentencing?_____

b. Have you ever been arrested, even if you were not convicted? ____Yes ____No. If yes, give details, including dates and locations. _____
_____
_____

c. Have you ever knowingly committed any crime of moral turpitude or a drug-related offense for which you have not been arrested? _____Yes ____No. If yes, give details, including dates and locations. _____
_____
_____

d. Have you committed any acts that might be considered a crime, even if you were not arrested or convicted? _____Yes _____No. If yes, give details, including dates and locations.

_____

_____

_____

e. Have you ever violated or conspired to violate, or been convicted of violating or conspiring to violate, any law of any country or jurisdiction relating to a controlled (regulated) substance? ____Yes ___No? If yes, give details. _____

_____

_____

f. Have you ever been, or would a consular or immigration officer have reason to believe that you have ever been, an illicit trafficker in any controller (regulated) substance or assisted others in any way with illicit trafficking in controlled substances? ____Yes ____No If yes, give details. _____

_____

_____

_____

g. Have you ever been the beneficiary of a pardon, amnesty, rehabilitation decree, other act of clemency or similar action? _____Yes _____No

h. Have you ever exercised diplomatic immunity to avoid prosecution for a criminal offense in the U.S.? ____Yes ___No

i. Have you received public assistance in the U.S. from any source, including the U.S. government or any state, county, city or municipality (other than emergency medical treatment), or are you likely to receive public assistance in the future? ____Yes ____No

j. Do you intend to engage in prostitution, procure or import prostitutes or receive proceeds of prostitution, or have you engaged in prostitution, directly procured or attempted to procure or import prostitutes or received the proceeds of prostitution within the past ten years? ___Yes __No

k. Are you coming to the U.S. to engage in any unlawful commercialized vice? __Yes ___No

l. Are there or have there been any judgments or pending governmental CIVIL or criminal actions, governmental administrative proceedings, or any private CIVIL actions involving monetary judgments, against you from any court in or outside the United States within the past fifteen years? ___Yes ___No. If yes, give details and provide certified copies of such judgments.

_____

_____

_____

_____

3. Security and Related Issues

a. Would a consular officer or the US CIS have any ground to believe that you seek to enter the U.S. to engage in any activity in violation of U.S. law relating to sabotage or espionage, or to violate or evade laws prohibiting export from the U.S. of goods, technology or sensitive information? ____Yes ___No

b. Would a consular officer or the US CIS have any grounds to believe that you seek to enter the U.S. to engage in any unlawful activity, or any activity with the purpose of opposition, control or overthrow of the U.S. government by forces, violence or other unlawful means? ___Yes ___No

c. Have you engaged in, assisted with or solicited assistance with membership in or would a consular officer or the US CIS have grounds to believe you will engage in, terrorist activity? This is defined as an activity that is unlawful in the country committed and that involves:

1. The hijacking or sabotage of any conveyance, or;
2. The seizing or detaining and threatening to kill, injure or detain an individual to compel a third person or government organization to act or not act, or;
3. A violent attack upon an internationally protected person or that person's liberty, or;
4. Assassination, or;
5. The use of any biological or chemical agent, any nuclear weapon or device, or explosive or firearm with the intent to endanger the safety of a person or persons, or to cause substantial damage to property. A threat, attempt or conspiracy to perform any of these acts is included. Preparation or planning of such an act, gathering information on potential targets for terrorist activity, provision of material support, solicitation of funds or other things of value, or solicitation of membership in a terrorist organization or activity also included in this definition.

_____ Yes _____No. (If yes to any of the above, please explain.)

_____

_____

_____

_____

_____

d. Are you an official, representative or spokesman of the Palestine Liberation Organization? ___ Yes ___No

e. Would you entry or proposed activities in the U.S. be believed to have potentially serious adverse foreign policy consequences for the U.S. ___Yes ___No

f. Have you ever been a member of or affiliated with the Communist or any other totalitarian party, or subdivision or affiliate of such party? ___Yes __No. If yes, please answer the following:

1. When was membership or affiliation terminated? _____
2. Where was the party located, and does it control, or has it eve controlled, the government? _____

3. Is or was your membership or affiliation involuntary, solely when under 16 years of age, or for the necessary purposes of obtaining employment, food rations or other essentials of living? Explain. _____
_____
_____

4. Might a consular officer or the US CIS regard you as a threat to the security of the U.S.? Explain. _____
_____
_____

g. From March 23, 1933, to May 8, 1945, were you under the direction of or in association with the Nazi Government of Germany, any government occupied by Nazi Germany's military forces, any government or any government which was an ally of Nazi Germany's government, or did you order, incite, assist or otherwise participate in the persecution of any person because of race, religion, national origin or political opinion? ___Yes ___No

h. Have you ever engaged in or ordered, incited, or assisted conduct that might be considered genocide? ___Yes ___No

i. List your present and past membership in or affiliation with every organization, association; find foundation, party, club, society or similar group in the U.S. or in any other country or place and your foreign military service. Include name of organization, location, dates of membership, and the nature of the organization. If none, write "none".
_____
_____
_____
_____
_____

4. Miscellaneous Issues

a. Have you ever departed from or remained outside of the U.S. to avoid training or service in the armed forces in a time of war or national emergency? ____Yes ___No

b. Are you coming to the U.S. to practice polygamy? ___Yes ___No

c. Will you be accompanying as guardian another foreign national who has been ordered

excluded and deported and certified to be helpless from sickness, mental or physical disability? ___Yes ___No

d. Are you detaining, retaining or withholding custody of a U.S. citizen child, outside the U.S. from a person granted custody of that child by an order of a court in the U.S.? ___Yes __No

e. Have you ever held Exchange Visitor (J) status in the U.S., been subject to the two-year foreign residency requirement, AND not resided and been physically present in your country of nationality or last residence for a total of at least tow years following departure from the U.S.; AND not been granted a waiver of the two-year foreign residence requirement? ___Yes __No

f. Have you ever been excluded from the U.S. or ever deported or removed from the U.S.? If so, give details, including reasons for exclusion, deportation or removal; Immigration Court or Port of Entry where action occurred; and date of action. (Provide copies of all government documents.)_____

_____

_____

_____

g. Have you ever procured or sought to procure a visa, documentation, entry into the U.S. or other benefits provided under U.S. immigration law by fraud or willfully misrepresenting a material fact? Might a consular officer or the US CIS have some reason to believe you have done so? ___Yes ___No. Explain

_____

_____

_____

h. Have you ever knowingly encouraged, induced or aided in any way another person to enter or to try to enter the U.S. in violation of the law? Might a consular officer or the US CIS have some reason to believe you have done so? ___Yes ___No. Explain.

_____

_____

_____

5. Applicability to Family Members

a. Would any family member (spouse or unmarried child under age 21) who might be immigrating with you answer "yes: to any of the above (Part B –Admissibility Issues 1-4)? ___Yes ___No. If yes, attach detailed explanation of each applicable issue.

6. If there is any information you have which you have not yet furnished that may possibly affect your admissibility to the United States, or that of your spouse and children (unmarried and

under the age of 21), please enter it here. If you are not sure, state the matter that concerns you. If none, state "none".

_____
_____
_____
_____
_____
_____

ATTESTATION

I hereby swear under oath that: 1) I understand the questions asked in this questionnaire and the answers that I have given ; 2) these answers may be relied upon by the investments enterprise, its owners, employees and legal representatives who will use my answers to assist me to obtain lawful permanent residence in the U.S.; 3) the information contained in this questionnaire is true and accurate to the best of my knowledge and belief; and 4) copies of documents submitted are exact photocopies of unaltered original documents and in understand that I may be required to submit original documents to an immigration or consular official at a latter date.

*Signature _____ Date_____

(*To be signed by the spouse of the Alien Entrepreneur)

Signed and sworn to before me this _____ day of _____20_____.
(date) (month) (year)

_____
Notary Public

My Commission Expires _____

PLACE SEAL HERE

TENESSEE REGIONAL CENTER
INVESTOR FINANCIAL COMMITMENT

Reservation.....	[redacted]	**DAY 1-15**
Administrative and legal fee	[redacted]	**DAY 15-30**
Investment Fee.....	**$500,000.00**	**DAY 45-60**

(b)(4)

TOTAL	$ [redacted]

ACKNOWLEDGED, APPROVED & ACCEPTED:

By: _____ **Date:** _____
Investor

By: _____ **Date:** _____

Legal Fees and Consulting Fees
Larry J. Behar PA

(b)(4)

Tennessee Regional Center.....$ [redacted] **(Per Investor)**

Breakdown:

- **Investor Base Legal Fee** ..... [redacted]
  (Family including spouse and minor child)
- **Government Filing Fees**.....
- **Green Card Media Fee**.....

(b)(4)

FILING FEES/COST PROJECTION: PER PERSON

- 1-526 .....
- I-485 (DHS) .....
- Medical Review .....
- Photos .....
- Birth Certificate
- Divorce Decree
- Consular DS-230 .....
- Death Certificate
- Fed Ex
- Biometric (Fingerprinting) .....
- Passport
- Translating Fees

(b)(4)

U.S.C.I.S. Final Fee Schedule Effective July 30, 2007

USCIS fees change on July 30, 2007. This fee schedule applies if you file on or after that date. The fees listed below include both the filing fee and any required biometric fees.

Form #	Purpose	Fee
I 90	**Renew or replace your Permanent Resident Card (green card)**	
	If filing to renew your card within 30 days of turning 14	No fee
	All others where a fee is required: filing + biometric=	$ 370
I 102	**Replace or receive an I-94 Nonimmigrant Arrival-Departure Record**	$ 320
I 129	**Petition for Nonimmigrant Worker**	$ 320
	Note: Petitions for H-1B, H2B and L-1 workers must also include the supplemental fees and fraud prevention fees described on the form. Those fee amounts are unchanged.	
I 129F	**Fianceé Petition**	
	General fiancée petition:	$ 455
	For K-3 status based on an immigrant petition filed by the same U.S. citizen husband or wife:	No fee
I 130	**Relative Petition**	$ 355
I 131	**Reentry permit, refugee travel document or advance parole**	
	Reentry permit or refugee travel document	$ 305
	Advance Parole	$ 305
I 140	**Petition for an Immigrant Worker**	$ 475
I 191	**Permission to return to an unrelinquished domicile**	$ 545
I 192	**Advance permission to enter as a Nonimmigrant**	$ 545
I 193	**Waive passport and/or visa requirement to enter the U.S.**	$ 545
I 212	**Permission to reapply for Admission to the U.S. after deportation or removal**	$ 545
I 290B	**Appeal; Motion to Reopen or Reconsider**	$ 585
I 360	**Petition for AmerAsian, Widow(er) of U.S.C. or Special Immigrant**	
	For AmerAsian	No fee
	Self-petitioning battered or abused spouse, parent or child of a U.S. citizen or Permanent Resident	No fee
	Special Immigrant Juvenile	No fee
	All others	$ 375
I 485	**Adjust status and become a permanent resident while in the U.S.**	
	Applying based on your having been admitted to the U.S. as a refugee	No fee
	All other eligibility-	
	If under 14 and - filing with the I-485 application of at least one parent:	$ 600
	not filing with the I-485 application of at least one parent:	$ 930
	If 79 or older	$ 930
	All others: filing + biometric=	$ 1,010
	Note: The penalty fee, where it applies, is in addition to the above fees, and is unchanged.	
I 526	**Investor Petition**	$ 1,435
I 539	**Extend stay as Nonimmigrant or change Nonimmigrant status**	$ 300
I 589	**Asylum**	No fee
I 600A	**Advance processing for Orphan Petition -**	$750 (filing + biometric) for you + $ 80 biometric fee for each person 18 or older living with you
	Note: If you already have an approved I-600A that is about to expire, and have not yet filed your I-600 petition, you can receive one free extension of your I-600A by filing a new I-600A without fee before the first expires.	
I 600	**Orphan Petition** If based on an approved I-600A	No fee
	Otherwise	$750 (filing + biometric) for you + $ 80 biometric fee for each person 18 or older living with you

I 601	**Waive grounds of excludability**		$ 545
I 612	**Waive foreign residence requirement**		$ 545
I-730	**Refugee/Asylee Relative Petition**		No fee
I 751	**Remove conditions on your Permanent Resident status**	$ 545 (filing + biometric) for you + $80 biometric fee for each dependent you include in your application	
I 765	**Employment Authorization /Employment Authorization Document (EAD)**		$ 340
I 821	**Temporary Protected Status (TPS) Program**		
	First time applicant	If under 14 and not applying for an EAD	$ 50
		Otherwise: filing + biometric=	$ 130
	Renewal or re-registration: biometric=		$ 80
I 824	**Follow-up action on an approved application or petition**		$ 340

Continued on Back...

Form #	Purpose		Fee
I 829	Remove conditions on Permanent Resident status (investor)		$ 2,930 (filing + biometric) for you + $80 biometric fee for each dependent you include in your application
I 881	**NACARA – suspension of deportation or special rule**		
	Filed with USCIS - A base filing fee of $ 285per person, with a base fee family cap of $ 570for applications filed together by a husband, wife and unmarried children. Each applicant must also pay an $ 80 biometric fee.		
	Filed with the Immigration Court		$ 165
I 905	Authorization for organization to issue certification to health care workers		$ 230
I 907	Premium processing fee		$ 1,000
I 914	For 'T ' nonimmigrant status		No fee
U.S. Citizenship			
N 300	To file Declaration of Intent to apply for U.S. Citizenship		$ 235
N 336	**Request hearing on decision on naturalization application**		$ 605
N 400	Naturalization (to become a U.S. citizen)	Through service in the U.S. armed forces	No fee
		All others: filing + biometric=	$ 675
N 470	Preserve residence for naturalization purposes		$ 305
N 565	Replace Naturalization/Citizenship Certificate		$ 380
N 600 N 600K	Recognition of U.S. citizenship	for biological child	$ 460
		for adopted child	$ 420
N 644	Posthumous citizenship		No fee
Programs under the 1986 Legalization and Special Agricultural Worker (SAW) Programs			
I 687	Become a Temporary Resident: filing + biometric=		$ 790
I 690	Waive grounds of Excludability		$ 185
I 694	Appeal		$ 545
I 695	Replace Temporary Resident Card or Employment Authorization Document: filing + biometric=		$ 210
I 698	Temporary Resident's application for permanent resident status		
	Filed within 31 months after granted temporary residence: filing + biometric=		$ 1,450
	Filed later: filing + biometric=		$ 1,490
I 817	**Status under Family Unity**	If under 14	$ 440
		All others: filing + biometric=	$ 520

Please be sure you include the correct fee. Cases with the wrong fee will be rejected. Your payment must be in U.S. dollars. Checks and money orders must be from U.S. institutions. Do not mail cash. Checks are accepted subject to collection. Make your check out to "Department of Homeland Security" except that:

- If you are filing an I-881 with the Immigration Court make your payment out to Department of Justice.
- If you live in Guam, make your payment out to Treasurer, Guam.
- If you live in the U.S. Virgin Islands, make your payment out to Commissioner of Finance of the Virgin Islands".

Please spell the name out completely. Do not use initials, such as DHS. Filing and biometric fees cannot be refunded. We may use electronic check conversion for the payment process. Our returned check fee is $30.

Fee waivers – USCIS has already waived fees for certain kinds of cases and circumstances. In certain other instances an applicant or petitioner who believes that they are financially unable to pay that fee even though others must pay that fee can apply for a fee waiver. Waiver requests can only be considered for the following forms – I-90; I-751; I-765; I-817; N-300; N-400; N-470; N-565; N-600; N-600k; the I-485 if adjustment of status if based on asylum status, on 'T' or 'U' nonimmigrant status, on an approved self-petitioning battered or abused spouse, parent or child of a U.S. citizen or Permanent Resident, or to whom the public charge provisions do not apply; and the I-290B and N-336 appeals and motions for the above forms. For more information about how to apply, and how to prove eligibility for a waiver, see our website or call us at 1-800-375-5283.

Copies of documents – If you are applying to renew or replace a card or USCIS document, and the instructions say to include your current one when you apply, then you must submit your actual card or document. For all other applications and petitions you can submit legible photocopies of documents such as a Naturalization Certificate, birth certificate, marriage certificate, divorce decree or Permanent Resident Card. Any copy must be a complete copy of the front and back. As we process your case we may ask you for the original for verification.

Larry J. Behar, P.A.

AT THE SERVICE OF THE INTERNATIONAL COMMUNITY,
Immigration • Real Estate • Corporate
888 Southeast Third Avenue, Suite 400
Fort Lauderdale, Florida 33316
TEL (954) 524-8888 • FAX (954) 524-0088
Email: lbehar@immigrationflorida.com
Website: http://immigrationflorida.com

MEMORANDUM AS TO SOURCE OF FUNDS

Thank you for retaining our firm in the category of lawful permanent residency under the entrepreneur investor program (EB-5).

In the aftermath of the September 11th, 2001, attacks, the U.S. Congress enacted the PATRIOT Act. The initials stand for: "Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism." In particular, Title III of the Act is intended to facilitate the prevention, detection, and prosecution of international money laundering and the financing of terrorism. As a result, banks and other financial institutions have become more vigilant of financial transactions, particularly when dealing with international individuals or entities. U.S. government authorities, including the U.S. Citizenship & Immigration Services and foreign consulates have also heightened the scrutiny and standard of review of applications for immigration benefits, particularly those which require that an applicant demonstrate an investment.

Our firm will ask you to provide documentation as to each financial transaction which constitutes an "investment" in the U.S. enterprise. In particular, our firm needs the following documentation to demonstrate such investment: bank account statements (personal and corporate), wire transfer orders, deposit slips, online banking printouts reflecting the transactions, financial statements, etc. Other documents may be requested depending on your particular situation or structure.

In today's world, it is not sufficient to demonstrate that an investment has been made but also to demonstrate the "lawful source of funds" for such investment. You cannot establish the lawful source of funds merely by submitting bank letters or statements documenting the deposit of funds. Rather, you must document the path of the funds to show that the original source of the money is lawful.

By way of recommendation, please keep in mind the following caveats:

1. Keep accurate and detailed records of each financial transaction related to your investment. Make sure to keep copies of the bank statement reflecting the withdrawal of funds as well as the bank statement reflecting the deposit of funds.

2. Ensure that the funds come from either a personal account in your name or a corporate account of a corporate entity which you own and control.

3. In most cases, the reviewing officer will not request evidence as to how the funds were obtained by the investor in the first place. However, some officers will

initiate an inquiry as to this point and additional evidence may be necessary.

4. **Retain personal and business income tax returns for at least the past five years.**

5. Please consult with your immigration attorney before obtaining a loan to finance the U.S. investment.

6. If funds are received as a gift, please have available evidence to demonstrate how the gift giver obtained the funds in the first place.

7. Keep copies of all records related to the sale of an asset from which funds have been derived to finance your U.S. investment (ie. purchase and sale agreements, closing statements, brokerage account statements, etc.)

As in all immigration applications, each case is different and it is highly recommended that you consult with your attorney on individual matters pertaining to your case.

Sincerely,

LARRY J. BEHAR, P.A.

SOURCES OF FUNDS: INVESTORS

1. Wire Transfers
2. Loans
3. Bank Statements
4. Cash
5. Financial Support
6. Money Manager/Reports
7. Tax Returns: 5 years
8. Gifts
9. Deposit Slips
10. Inheritance
11. Stock or asset Sale
12. Savings
13. Business Value
14. Donor source (for child)
15. Not applicable: retained earnings

TAX RETURNS (5 YEARS)

ALL INVESTOR APPLICANTS SHALL SUBMIT CERTIFIED COPIES OF TAX RETURNS FOR THE PAST 5 YEARS AT TIME OF OPENING OF THEIR APPLICATIONS FOR EB 5 CONSIDERTION, IF APPLICABLE.

SPONSOR LEGAL COUNSEL WILL REVIEW ELIGIBILITY AND CONSULT WITH CLIENT ACCORDINGLY. ALL DOCUMENTS SHALL BE TRANSLATED AND CERTIFIED INTO THE ENGLISH LANGUAGE.

Composition Checklist

7 Steps to Successful Photos

- ☑ Frame subject with full face, front view, eyes open
- ☑ Make sure photo presents full head from top of hair to bottom of chin; height of head should measure 1 inch to 1-3/8 inches (25 mm to 35 mm)
- ☑ Center head within frame (see Figure 2 below)
- ☑ Make sure eye height is between 1-1/8 inches to 1-3/8 inches (28 mm and 35 mm) from bottom of photo
- ☑ Photograph subject against a plain white or off-white background
- ☑ Position subject and lighting so that there are no distracting shadows on the face or background
- ☑ Encourage subject to have a natural expression

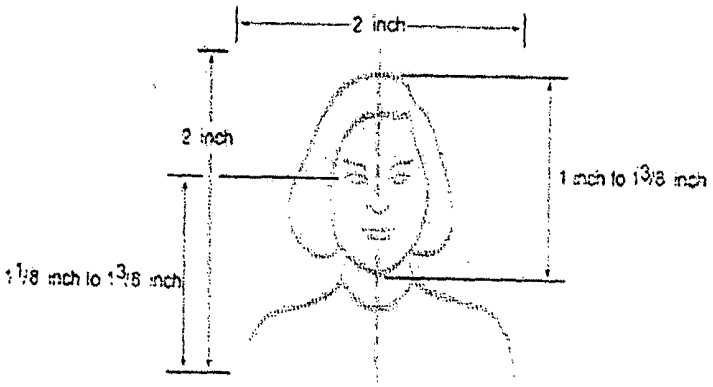

Figure 2. Head Position & Placement

Well-Composed Photos

FOR: (2 PHOTOS)
I-90, I-131, I-485, I-765, N-400
FOR: (1 PHOTO EACH)
I-129F and I-130

OMB No. 1615-0033; Expires 06/30/07

Department of Homeland Security
U.S. Citizenship and Immigration Services

I-693, Medical Examination of Aliens Seeking Adjustment of Status

I. Instructions for Aliens Applying for Adjustment of Status.

A medical examination is necessary as part of your application for adjustment of status.

Please communicate immediately with one of the physicians on the attached list to arrange for your medical examination, which must be completed before your status can be adjusted.

The purpose of the medical examination is to determine if you have certain health conditions which may need further follow-up. The information requested is required in order for a proper evaluation to be made of your health status.

The results of your examination will be provided to an Immigration officer and may be shared with health departments and other public health or cooperating medical authorities. All expenses in connection with this examination must be paid by you.

The examining physician may refer you to your personal physician or a local public health department and you must comply with some health follow-up or treatment recommendations for certain health conditions before your status will be adjusted.

This form should be presented to the examining physician. You must sign the form in the presence of the examining physician. **The law provides severe penalties for knowingly and willfully falsifying or concealing a material fact or using any false documents in connection with this medical examination. The medical examination must be completed in order for us to process your application.**

Medical Examination and Health Information.

A medical examination is necessary as part of your application for adjustment of status.

You should go for your medical examination as soon as possible. You will have to choose a doctor from a list you will be given. The list will have the names of doctors or clinics in your area that have been approved by U.S. Citizenship and Immigration Services (USCIS) for this examination.

NOTE: USCIS is comprised of offices of the former Immigration and Naturalization Service (INS). You must pay for the examination.

If you become a temporary legal resident and later apply to become a permanent resident, you may need to have another medical examination at that time.

The purpose of the medical examination is to find out if you have certain health conditions which may need further follow-up. The doctor will examine you for certain physical and mental health conditions. You will have to remove your clothes for the medical procedures.

If you need more tests because of a condition found during your medical examination, the doctor may send you to your own doctor or to the local public health department. For some conditions, before you can become a temporary or permanent resident, you will have to show that you have followed the doctor's advice to get more tests or take treatment.

If you have any records of immunizations (vaccinations), you should bring them to show to the doctor. This is especially important for pre-school and school-age children. The doctor will tell you if any more immunizations are needed, and where you can get them (usually at your local public health department). It is important for your health that you follow the doctor's advice and go to get any immunizations.

One of the conditions you will be tested for is tuberculosis (TB). Applicants two years old or older will be required to have a tuberculin skin test. A civil surgeon may require an applicant younger than two to have a skin test if the child has a history of contact with a known TB case, or if there is any other reason to suspect TB disease.

You will be required to return to the civil surgeon in 2 - 3 days to have the skin test checked. If you do not have any reaction to the skin test you will not need any more tests for tuberculosis.

If you have any reaction to the skin test, you will also need to have a chest X-ray examination. If the doctor thinks you are infected with tuberculosis, you may have to go to the local health department and more tests may have to be done. The doctor will explain these medical matters to you.

Exceptions: If you are applying for adjustment of status under the Immigration Reform and Control Act of 1986, you may ***choose to have either a chest x-ray or a skin test.***

You must also have a blood test for syphilis if you are 15 years of age or older.

You will also be tested to see if you have the human immuno-deficiency virus (HIV) infection. This virus is the cause of AIDS. If you have this virus, it may damage your body's ability to fight off other disease. The blood test you will take will tell if you have been exposed to this virus.

II. Instructions for the Physician Performing the Examination.

Please medically examine for adjustment of status the individual presenting this form. The medical examination should be performed according to the U.S. Public Health Service "Guidelines for Medical Examination of Aliens in the United States" and Supplements, which have been provided to you separately.

If the applicant is free of medical defects listed in Section 212(a) of the Immigration and Nationality Act, endorse the form in the space provided. While in your presence, the applicant must also sign the form in the space provided. You should retain one copy for your files and return all other copies in a sealed envelope to the applicant for presentation at the immigration interview.

If the applicant has a health condition that requires follow-up as specified in the "Guidelines for Medical Examination of Aliens in the United States" and Supplements, complete the referral information on the appropriate copy of the medical examination form, and advise the applicant that certain follow-up procedures must be done before the medical clearance can be granted.

Retain a copy of the form for your files and return all other copies to the applicant in a sealed envelope.

The applicant should return to you when the necessary follow-up has been completed for your final verification and signature.

Do not sign the form until the applicant has met the health follow-up requirements. All medical documents, including chest X-ray films if a chest X-ray examination was performed,should be returned to the applicant upon final medical clearance.

Instructions for Physician Providing Health Follow-Up Services.

The person presenting this form has been found to have a medical condition(s) requiring resolution before a medical clearance for adjustment of status can be granted. Please evaluate the applicant for the condition(s) identified.

The requirements for clearance are outlined on the second page of the form. When the person has completed clearance requirements, please sign the form in the space provided and return the medical examination form to the applicant.

Do You Need Forms or Information?

To order USCIS forms, call our toll-free forms line at **1-800-870-3676.** You can also order USCIS forms and obtain information on immigration laws, regulations and procedures by telephoning our **National Customer Service Center** toll-free at **1-800-375-5283** or visiting our internet web site at**www.uscis.gov.**

Use InfoPass for Appointments.
As an alternative to waiting in line for assistance at your local USCIS office, you can now schedule an appointment through our internet-based system, **InfoPass.** To access the system, visit our website at **www.uscis.gov.** Use the **InfoPass** appointment scheduler and follow the screen prompts to set appointment. **InfoPass** generates an electronic notice that appears on the screen. Print the notice and take it with you to your appointment. The notice gives the time and date of your appointment, along with theaddress of the USCIS office.

Privacy Act Notice.

The authority for collection of the information requested on this form is contained in 8 U.S.C. 1182, 1183A, 1184(a), 1252,1255, and 1258. The information will be used principally by USCIS to whom it may be furnished to support an individual'sapplication for adjustment of status under the Immigration and Nationality Act. Submission of the informationisvoluntary.It may also, as a matter of routine use, be disclosed to other federal, state, local, and foreign law enforcementandregulatory agencies. Failure to provide the necessaryinformationmayresult in the denial of the applicant's request.

Paperwork Reduction Act Notice.

An agency may not conduct or sponsor an information collection and a person is not required to respond to an information collection unless it displays a currently valid OMB control number. We try to create forms and instructions that are accurate, can be easily understood, and that impose the least possible burden on you to provide us with information. Often this is difficult because some immigraiton laws are very complex. The estimated average time to complete and file this application is 90 minutes per application. If you have comments regarding the accuracy of this estimate or suggestions for making this form simpler, write to the U.S. Citizenship and Immigration Services, Regulatory Management Division, 111 Massachuetts Avenue, N.W., Washington, DC 20529; OMB No. 1615-0033. **Do not mail your completed application to this address.**

OMB No. 1615-0033; Expires 06/30/07

Department of Homeland Security
U.S. Citizenship and Immigration Services

I-693, Medical Examination of Aliens Seeking Adjustment of Status

(Please type or print clearly in black ink.)

I certify that on the date shown I examined:

1. Name (Last Name in CAPS)

(First Name) (Middle Name)

2. Address (Street Number and Name) (Apt. Number)

(City) (State) (Zip Code)

3. File Number (A Number)

4. Gender ☐ Male ☐ Female

5. Date of Birth (mm/dd/yyyy)

6. Country of Birth

7. Date of Examination (mm/dd/yyyy)

General Physical Examination: I examined specifically for evidence of the conditions listed below. My examination revealed:

☐ No apparent defect, disease, or disability. ☐ The conditions listed below were found (check all boxes that apply).

Class A Conditions

☐ Chancroid ☐ Hansen's disease, infectious ☐ Mental defect ☐ Psychopathic personality
☐ Chronic alcoholism ☐ HIV infection ☐ Mental retardation ☐ Sexual deviation
☐ Gonorrhea ☐ Insanity ☐ Narcotic drug addiction ☐ Syphilis, infectious
☐ Granuloma inguinal ☐ Lymphogranuloma venereum ☐ Previous occurrence of one or more attacks of insanity ☐ Tuberculosis, active

Class B Conditions

☐ Hansen's disease, not infectious ☐ Tuberculosis, not active ☐ Other physical defect, disease or disability (specify below).

Examination for Tuberculosis - Tuberculin Skin Test

☐ Reaction _____ mm ☐ No reaction ☐ Not Done

Doctor's name (please print) Date read

Examination for Tuberculosis - Chest X-Ray Report

☐ Abnormal ☐ Normal ☐ Not done

Doctor's name (please print) Date read

Serologic Test for Syphilis

☐ Reactive Titer (confirmatory test performed) ☐ Nonreactive

Test Type

Doctor's name (please print) Date read

Serologic Test for HIV Antibody

☐ Positive (confirmed by Western biot) ☐ Negative

Test Type

Doctor's name (please print) Date read

Immunization Determination (DTP, OPV, MMR, Td-Refer to *PHS Guidelines* for recommendations.)

☐ Applicant is current for recommended age-specific immunizations.

☐ Applicant is not current for recommended age-specific immunizations and I have encouraged that appropriate immunizations be obtained.

REMARKS:

Civil Surgeon Referral for Follow-up of Medical Condition

☐ The alien named above has applied for adjustment of status. A medical examination conducted by me identified the conditions above which require resolution before medical clearance is granted or for which the alien may seek medical advice. Please provide follow-up services or refer the alien to an appropriate health care provider. The actions necessary for medical clearance are detailed on the reverse of this form.

Follow-up Information:

The alien named above has complied with the recommended health follow-up.

Doctor's name and address (please type or print clearly) Doctor's signature Date

Application Certification

I certify that I understand the purpose of the medical examination, I authorize the required tests to be completed, and the information on this form refers to me.

Signature Date

Civil Surgeon Certification:

My examination showed the applicant to have met the medical examination and health follow-up requirements for adjustment of status.

Doctor's name address (please type or print clearly) Doctor's signature Date

I-693

ORIGINAL: USCIS A-FILE

Medical Clearance Requirements for Aliens Seeking Adjustment of Status

Medical Condition	Estimated Time for Clearance	Action Required
Suspected Mental Condition	5 - 30 Days	The applicant must provide to a civil surgeon a psychological or psychiatric evaluation from a specialist or medical facility for final classification and clearance.
Tuberculin Skin Test Reaction and Normal Chest X-Ray or Abnormal Chest X-Ray	Immediate	The applicant should be encouraged to seek further medical evaluation for possible preventive treatment.
Tuberculin Skin Test Reaction and Normal Chest X-Ray (Inactive/Class B)	10 - 30 Days	The applicant should be referred to a physician or local health department for further evaluation. Medical clearance may not be granted until the application returns to the civil surgeon with documentation of medical evaluation for tuberculosis.
Tuberculin Skin Test Reaction and Normal Chest X-Ray or Abnormal Chest X-Ray Active of Suspected Active/Class A)	10 - 300 Days	The applicant should obtain an appointment with physical or local health department. If treatment for active disease is started, it must be completed (usually nine months) before a medical clearance may be granted. At the completion of treatment, the applicant must present to the civil surgeon documentation of completion. If treatment is not started, the applicant must present to the civil surgeon documentation of medical evaluation for tuberculosis.
Hansen's Disease	30 - 210 Days	Obtain an evaluation from a specialist or Hansen's disease clinic. If the disease is indeterminate or Tuberculoid, the applicant must present to the civil surgeon documentation of medical evaluation. If disease is Lepromotous of Borderline (dimorphous) and treatment is started, the applicant must complete at least six months and present documentation to the civil surgeon showing adequate supervision, treatment, and clinical response before a medical clearance is granted.
**Venereal Diseases	1 - 30 Days	Obtain an appointment with a physician or local public health department. An applicant with a reactive serologic test for syphilis must provide to the civil surgeon documentation of evaluation for treatment. If any of the venereal diseases are infectious, the applicant must present to the civil surgeon documentation of completion of treatment.
Immunization is Incomplete	Immediate	Immunizations are not required, but the applicant should be encouraged to go to a physician or local health department for appropriate immunizations.
HIV Infection	Immediate	Post-test counseling is not required, but the applicant should be encouraged to seek appropriate post-test counseling.

*Mental retardation; insanity; previous attack of insanity; psychopathic personality, sexual deviation or mental defect; narcotic drug addition; and chronic alcoholism.

**Chancroid; gonorrhea; granuloma inguinal; lymphogranuloma venereum; and syphilis.

OMB No. 1615-0033; Expires 06/30/07

Department of Homeland Security
U.S. Citizenship and Immigration Services

I-693, Medical Examination of Aliens Seeking Adjustment of Status

(Please type or print clearly in black ink.)

I certify that on the date shown I examined:

1. Name (Last Name in CAPS)

(First Name) (Middle Name)

2. Address (Street Number and Name) (Apt. Number)

(City) (State) (Zip Code)

3. File Number (A Number)

4. Gender ☐ Male ☐ Female

5. Date of Birth (mm/dd/yyyy)

6. Country of Birth

7. Date of Examination (mm/dd/yyyy)

General Physical Examination: I examined specifically for evidence of the conditions listed below. My examination revealed:

☐ No apparent defect, disease, or disability. ☐ The conditions listed below were found (check all boxes that apply).

Class A Conditions

☐ Chancroid ☐ Hansen's disease, infectious ☐ Mental defect ☐ Psychopathic personality
☐ Chronic alcoholism ☐ HIV infection ☐ Mental retardation ☐ Sexual deviation
☐ Gonorrhea ☐ Insanity ☐ Narcotic drug addiction ☐ Syphilis, infectious
☐ Granuloma inguinal ☐ Lymphogranuloma venereum ☐ Previous occurrence of one or more attacks of insanity ☐ Tuberculosis, active

Class B Conditions

☐ Hansen's disease, not infectious ☐ Tuberculosis, not active ☐ Other physical defect, disease or disability (specify below).

Examination for Tuberculosis - Tuberculin Skin Test

☐ Reaction _____ mm ☐ No reaction ☐ Not Done

Doctor's name (please print) Date read

Examination for Tuberculosis - Chest X-Ray Report

☐ Abnormal ☐ Normal ☐ Not done

Doctor's name (please print) Date read

Serologic Test for Syphilis

☐ Reactive Titer (confirmatory test performed) ☐ Nonreactive

Test Type

Doctor's name (please print) Date read

Serologic Test for HIV Antibody

☐ Positive (confirmed by Western biot) ☐ Negative

Test Type

Doctor's name (please print) Date read

Immunization Determination (DTP, OPV, MMR, Td-Refer to *PHS Guidelines* for recommendations.)

☐ Applicant is current for recommended age-specific immunizations.

☐ Applicant is not current for recommended age-specific immunizations and I have encouraged that appropriate immunizations be obtained.

REMARKS:

Civil Surgeon Referral for Follow-up of Medical Condition

☐ The alien named above has applied for adjustment of status. A medical examination conducted by me identified the conditions above which require resolution before medical clearance is granted or for which the alien may seek medical advice. Please provide follow-up services or refer the alien to an appropriate health care provider. The actions necessary for medical clearance are detailed on the reverse of this form.

Follow-up Information:

The alien named above has complied with the recommended health follow-up.

Doctor's name and address (please type or print clearly) Doctor's signature Date

Application Certification

I certify that I understand the purpose of the medical examination, I authorize the required tests to be completed, and the information on this form refers to me.

Signature Date

Civil Surgeon Certification:

My examination showed the applicant to have met the medical examination and health follow-up requirements for adjustment of status.

Doctor's name address (please type or print clearly) Doctor's signature Date

I-693

CIVIL SURGEON

Medical Clearance Requirements for Aliens Seeking Adjustment of Status

Medical Condition	Estimated Time for Clearance	Action Required
Suspected Mental Condition	5 - 30 Days	The applicant must provide to a civil surgeon a psychological or psychiatric evaluation from a specialist or medical facility for final classification and clearance.
Tuberculin Skin Test Reaction and Normal Chest X-Ray or Abnormal Chest X-Ray	Immediate	The applicant should be encouraged to seek further medical evaluation for possible preventive treatment.
Tuberculin Skin Test Reaction and Normal Chest X-Ray (Inactive/Class B)	10 - 30 Days	The applicant should be referred to a physician or local health department for further evaluation. Medical clearance may not be granted until the application returns to the civil surgeon with documentation of medical evaluation for tuberculosis.
Tuberculin Skin Test Reaction and Normal Chest X-Ray or Abnormal Chest X-Ray Active of Suspected Active/Class A)	10 - 300 Days	The applicant should obtain an appointment with physical or local health department. If treatment for active disease is started, it must be completed (usually nine months) before a medical clearance may be granted. At the completion of treatment, the applicant must present to the civil surgeon documentation of completion. If treatment is not started, the applicant must present to the civil surgeon documentation of medical evaluation for tuberculosis.
Hansen's Disease	30 - 210 Days	Obtain an evaluation from a specialist or Hansen's disease clinic. If the disease is indeterminate or Tuberculoid, the applicant must present to the civil surgeon documentation of medical evaluation. If disease is Lepromotous of Borderline (dimorphous) and treatment is started, the applicant must complete at least six months and present documentation to the civil surgeon showing adequate supervision, treatment, and clinical response before a medical clearance is granted.
**Venereal Diseases	1 - 30 Days	Obtain an appointment with a physician or local public health department. An applicant with a reactive serologic test for syphilis must provide to the civil surgeon documentation of evaluation for treatment. If any of the venereal diseases are infectious, the applicant must present to the civil surgeon documentation of completion of treatment.
Immunization is Incomplete	Immediate	Immunizations are not required, but the applicant should be encouraged to go to a physician or local health department for appropriate immunizations.
HIV Infection	Immediate	Post-test counseling is not required, but the applicant should be encouraged to seek appropriate post-test counseling.

*Mental retardation; insanity; previous attack of insanity; psychopathic personality, sexual deviation or mental defect; narcotic drug addition; and chronic alcoholism.

**Chancroid; gonorrhea; granuloma inguinal; lymphogranuloma venereum; and syphilis.

OMB No. 1615-0033; Expires 06/30/07

Department of Homeland Security
U.S. Citizenship and Immigration Services

I-693, Medical Examination of Aliens Seeking Adjustment of Status

(Please type or print clearly in black ink.)

I certify that on the date shown I examined:

1. Name (Last Name in CAPS)

(First Name) (Middle Name)

2. Address (Street Number and Name) (Apt. Number)

(City) (State) (Zip Code)

3. File Number (A Number)

4. Gender ☐ Male ☐ Female

5. Date of Birth (mm/dd/yyyy)

6. Country of Birth

7. Date of Examination (mm/dd/yyyy)

General Physical Examination: I examined specifically for evidence of the conditions listed below. My examination revealed:

☐ No apparent defect, disease, or disability. ☐ The conditions listed below were found (check all boxes that apply).

Class A Conditions

☐ Chancroid ☐ Hansen's disease, infectious ☐ Mental defect ☐ Psychopathic personality
☐ Chronic alcoholism ☐ HIV infection ☐ Mental retardation ☐ Sexual deviation
☐ Gonorrhea ☐ Insanity ☐ Narcotic drug addiction ☐ Syphilis, infectious
☐ Granuloma inguinal ☐ Lymphogranuloma venereum ☐ Previous occurrence of one or more attacks of insanity ☐ Tuberculosis, active

Class B Conditions

☐ Hansen's disease, not infectious ☐ Tuberculosis, not active ☐ Other physical defect, disease or disability (specify below).

Examination for Tuberculosis - Tuberculin Skin Test

☐ Reaction _____mm ☐ No reaction ☐ Not Done

Doctor's name (please print) Date read

Examination for Tuberculosis - Chest X-Ray Report

☐ Abnormal ☐ Normal ☐ Not done

Doctor's name (please print) Date read

Serologic Test for Syphilis

☐ Reactive Titer (confirmatory test performed) ☐ Nonreactive

Test Type

Doctor's name (please print) Date read

Serologic Test for HIV Antibody

☐ Positive (confirmed by Western biot) ☐ Negative

Test Type

Doctor's name (please print) Date read

Immunization Determination (DTP, OPV, MMR, Td-Refer to *PHS Guidelines* for recommendations.)

☐ Applicant is current for recommended age-specific immunizations.

☐ Applicant is not current for recommended age-specific immunizations and I have encouraged that appropriate immunizations be obtained.

REMARKS:

Civil Surgeon Referral for Follow-up of Medical Condition

☐ The alien named above has applied for adjustment of status. A medical examination conducted by me identified the conditions above which require resolution before medical clearance is granted or for which the alien may seek medical advice. Please provide follow-up services or refer the alien to an appropriate health care provider. The actions necessary for medical clearance are detailed on the reverse of this form.

Follow-up Information:

The alien named above has complied with the recommended health follow-up.

Doctor's name and address (please type or print clearly) Doctor's signature Date

Application Certification

I certify that I understand the purpose of the medical examination, I authorize the required tests to be completed, and the information on this form refers to me.

Signature Date

Civil Surgeon Certification:

My examination showed the applicant to have met the medical examination and health follow-up requirements for adjustment of status.

Doctor's name address (please type or print clearly) Doctor's signature Date

I-693

APPLICANT

Medical Clearance Requirements for Aliens Seeking Adjustment of Status

Medical Condition	Estimated Time for Clearance	Action Required
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*Mental retardation; insanity; previous attack of insanity; psychopathic personality, sexual deviation or mental defect; narcotic drug addition; and chronic alcoholism.

**Chancroid; gonorrhea; granuloma inguinal; lymphogranuloma venereum; and syphilis.

OMB No. 1615-0033; Expires 06/30/07

Department of Homeland Security
U.S. Citizenship and Immigration Services

I-693, Medical Examination of Aliens Seeking Adjustment of Status

(Please type or print clearly in black ink.)

I certify that on the date shown I examined:

1. Name (Last Name in CAPS)

(First Name) (Middle Name)

2. Address (Street Number and Name) (Apt. Number)

(City) (State) (Zip Code)

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4. Gender
☐ Male ☐ Female

5. Date of Birth (mm/dd/yyyy)

6. Country of Birth

7. Date of Examination (mm/dd/yyyy)

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☐ Chronic alcoholism ☐ HIV infection ☐ Mental retardation ☐ Sexual deviation
☐ Gonorrhea ☐ Insanity ☐ Narcotic drug addiction ☐ Syphilis, infectious
☐ Granuloma inguinal ☐ Lymphogranuloma venereum ☐ Previous occurrence of one or more attacks of insanity ☐ Tuberculosis, active

Class B Conditions

☐ Hansen's disease, not infectious ☐ Tuberculosis, not active ☐ Other physical defect, disease or disability (specify below).

Examination for Tuberculosis - Tuberculin Skin Test

☐ Reaction _____mm ☐ No reaction ☐ Not Done

Doctor's name (please print) Date read

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☐ Abnormal ☐ Normal ☐ Not done

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I certify that I understand the purpose of the medical examination, I authorize the required tests to be completed, and the information on this form refers to me.

Signature Date

Civil Surgeon Certification:

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Doctor's name address (please type or print clearly) Doctor's signature Date

I-693

PHYSICAN OR HEALTH DEPARTMENT

Medical Clearance Requirements for Aliens Seeking Adjustment of Status

Medical Condition	Estimated Time for Clearance	Action Required
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**Chancroid; gonorrhea; granuloma inguinal; lymphogranuloma venereum; and syphilis.

Appendix A

SUPPLEMENTAL FORM TO I-693

Adjustment of Status Applicant's Documentation of Immunization

To be completed by civil surgeon only

1. Applicant Identifying Information

_____ Date of Birth_____

(Family) (Personal) (Middle) (Month, Day, Year)

____Male____Female Passport #_____ Country_____

2. Immunization Record

Vaccine History Transferred from a Written Record					Vaccine Given	Completed series or Fully immune (Check if YES or write date of lab test if immune)	Waiver(s) to be Requested from INS			
							Blanket			
							Not Medically Appropriate			
Vaccine	Date Rec'd Mo/Day/Yr	Date Rec'd Mo/Day/Yr	Date Rec'd Mo/Day/Yr	Date Rec'd Mo/Day/Yr	Date given by Civil Surgeon Mo/Da/Yr		Not appropriate age	Contra-indication	Insufficient time interval	Not fall/winter (flu) season
DT/DTP										////////
Td										////////
Polio (OPV/IPV)										////////
Measles (or MR or MMR)										////////
Mumps (or MMR)										////////
Rubella (or MR or MMR)										////////
Hib										////////
Hepatitis B										////////
Varicella										////////
Pneumococcal										////////
Influenza										

3. Results

- ☐ Applicant may be eligible for blanket waiver(s) as indicated above.
- ☐ Applicant will request an individual waiver based on religious or moral convictions.
- ☐ Vaccine history complete for each vaccine, all requirements met.
- ☐ Applicant does not meet immunization requirements.

4. Civil Surgeon's Identifying Information

Civil Surgeon's Name_____ Date_____
(print or type)

Civil Surgeon's Signature_____

UNITED STATES DEPARTMENT OF JUSTICE
Immigration and Naturalization Service
7880 Biscayne Boulevard
Miami, Florida 33138

DESIGNATED CIVIL SURGEONS
AND
MEDICAL FACILITIES LIST
(English)

IMPORTANT: All Applicants for adjustment of status are required to have a medical examination. The medical examination must be conducted by a civil surgeon who has been designated by the Immigration and Naturalization Service (INS). The designated civil surgeon is responsible for the entire medical examination, and will record the results on Form I-693. The required medical exam consists of a physical examination, a tuberculin (TB) skin test and a serologic (blood) test. The designated civil surgeon must perform these test in accordance with the Technical Instructions for the Medical Examination of Aliens in the United States, published by the Centers for Disease Control and Prevention (CDC). The Form I-693 will be given to you in a sealed envelope to present to INS. You should not open the sealed envelope. The requirements of the medical examination are as follows:

PHYSICAL EXAMINATION: Required of ALL applicants.

TUBERCULIN (TB) SKIN TEST: Required of **ALL APPLICANTS 2 YEARS OF AGE AND OLDER.** Applicants under the age of 2 years may be required to have a tuberculin skin test if tuberculosis (TB) is suspected or if the applicant has a history of contact with a known TB case, or if there is any other reason to suspect TB. **A chest X-ray is required only if the reaction to the TB skin test is 5mm or greater.**

SEROLOGIC (BLOOD) TEST: Required for **ALL APPLICANTS 15 YEARS OF AGE AND OLDER.** The serologic (blood) test will include tests for the virus that causes the acquired iuumune deficiency syndrome (AIDS). Applicants under the age of 15 must be tested if there is reason to suspect HIV infection.

VACCINATIONS: Visa applicants are responsible to submit to the physician proper documentation verifying that the applicant has received the vaccinations required by law. Included in the vaccinations required are the following: mumps, measles, rubella, polio, tetanus and diphteria toxoids, pertussis, influenza type B, hepatitis B, varicella, pneumococcal, and influenza. Waivers may be granted in certain circumstances, such as, when medically inadvisable or when there are religious considerations.

The physicians on this list have been selected to serve as designated civil surgeons in your INS district.

OVER

NOTE: THE LAW OFFICES OF LARRY J. BEHAR, P.A., DOES NOT GUARANTEE THE COMPETENCY OF ANY ONE OF THESE RECOMMENDED PANEL PHYSICIANS. THEY ARE ALL SELECTED BY THE U.S. IMMIGRATION & NATURALIZATION SERVICE. WE HAVE CHOSEN A RANDOM SAMPLING BASED ON THE GEOGRAPHICAL LOCATIONS OF OUR CUSTOMERS AND WOULD APPRECIATE ANY COMMENTS YOU MAY HAVE ON ANY ONE OF THESE INDIVIDUALS. THANK YOU.

BROWARD COUNTY:

Dr. Karl Brot.
1749 N.E. 26th Street
Suite E
Fort Lauderdale, FL 33305
(954) 565-3838

Dr. Mohan L. Gupta
8396 West Oakland Park Boulevard
Sunrise, Florida 33351
(954)742-0112

Dr. Leon Shore
10111 West Oakland Park Boulevard
Sunrise, Florida 33351
(954)741-1533

Dr. Phanor Calle
Weston Medical Clinic Inc.
17120 Royal Palm Boulevard, Suite 4
Weston, Florida 33326
(954)385-9711 $140.00 + cost of vaccinations

PALM BEACH COUNTY:

Nori K. Trehan, M.D.
3375 Burns Road
Suite 107
Palm Beach Gardens, FL 33140
(561) 626-7929

Dr. Yrma M. Signo
933 Belvedere Road
West Palm Beach, FL 33405
(561)833-2046

Dr. Modesto Ordoqui
Port of Palm Beach Med. Ctr.
301 Broadway
West Palm Beach, FL 33404

Dr. Alan L. Melotek M.D.
Statmed – Lakeside Center
8194 Glades Road
Boca Raton, FL 33434
(561)750-7509

L.E. Barnhill M.D.
301 West Camino Boulevard
Plaza II, Suite 102
Boca Raton, FL 33412
(561)395-0455

W. Steve Hatson M.D.
Medical Director
Premier Medical Group
P.A. Clinic & Diagnostic Center
1919 South Federal Highway
Boynton Beach, FL 33435
(561)369-8400

NORTH MIAMI BEACH (DADE COUNTY):

Dr. Danilo Lopez
530 Biscayne Blvd.
Miami, FL 33132

Dr. Rafael A. Soto
161 Washington Avenue
Miami Beach, FL 33135

Dr. Mark A. LaPorta
1040 71st Street
Miami Beach, FL 33141

Dr. Jose R. Rodriguez Acosta
Dr. Jesus Rodriguez dela Torres
1055 Washington Avenue
Miami Beach, FL 33139

Dr. E.J. Elizondo
524 Washington Avenue
Miami Beach, FL 33139

Dr. Yukhanan Benjamin
909 N.E. N. Miami Bch. Bl.
North Miami Beach, FL 33162

Dr. Marcela Weiss
20770 West Dixie Highway
Aventura, Florida 33180
(305)933-9740

Dr. Paul S. Glassman
3097 N.E. 163rd Street
North Miami Beach, Florida 33160

HF Medical Associates
2627 N.E. 203rd Street #101
Aventura, Florida 33180
(305)935-2452

Central Rehabilitation Center
900 West 49th Street, Suite 304
Hialeah, Florida
(305)825-3900

KENDALL (DADE COUNTY)

Dr. Cristian Breton
7400 North Kendall Drive, Suite 104
Miami, Florida 33156
(305) 670-4424

Dr. Hall Murthy
Galloway Professional Center
8600 S.W. 92nd Street, Suite 102
Miami, Florida 33156
(305) 274-6161

FINANCIAL STATEMENT OF INVESTOR

AS AT:

NAME:

ASSETS

1. Annual Income

2. Bank Statements

3. Personal Property

4. Accounts/Notes/Deposits Receivable

5. Stocks and Bonds (Market Value)

6. Life Insurance
   Cash Surrender Value

7. Real Property

8. Other

TOTAL:

LIABILITIES

1. Mortgages/Encumbrances on real property

2. Credit Card Debt

3. Accounts/Notes Payable

4. Taxes Payable

5. Other

TOTAL:

NET VALUE:

BIRTH CERTIFICATE: INVESTOR AND FAMILY

INVESTORS ARE REQUIRED TO SUBMIT ORIGINALS OR CERTIFIED COPIES OF THEIR BIRTH CERTIFICATES AS WELL AS THOSE OF THEIR IMMEDIATE FAMILY FROM THEIR COUNTRY OF BIRTH, TRANSLATED OFFICIALLY INTO THE ENGLISH LANGUAGE.

DIVORCE DECREE(S)

INVESTORS ARE REQUIRED TO SUBMIT ORIGINALS OR CERIFIED COPIES OF ALL PAST DIVORCE DECREES AS ISSUED FROM THEIR HOME COUNTRY.

ALL APPLICANTS, WHETHER SPOUSES OR ORIGINAL INVESTORS, SHALL BE REQUIRED TO SUBMIT SUCH DIVORCE DECREES AS ISSUED BY LAWFUL AUTHORITIES AT ANY TIME IN THEIR LIVES.

EB 5: ENTREPRENEUR INVESTOR APPLICATION
Investor Binder

DOCUMENTS FOR INVESTOR

PART I: **IDAHO STATE REGIONAL CENTER**: DEVELOPER DOCUMENTS

1. PROJECT SUMMARY OVERVIEW
2. INVESTOR ESCROW AGREEMENT
3. ONLINE BROCHURE/ WEBSITE
4. RBC CENTURA WIRE TRANSFER INSTUCTIONS
5. MASTER ESCROW AGREEMENT
6. INVESTOR ESCROW AGREEMENT
7. FINANCIAL COMMITMENT
8. EB -5 QUESTIONNAIRE – INVESTOR
9. MONEYCORP
10. EB-5 CHILD QUESTIONNAIRE
11. EB-5 SPOUSE QUESTIONNAIRE
12. STATEMENT OF INCOME
13. EVEVATIONS AND AERIALS
14. SUITE HOTEL FLOORPLANS
15. EB -5 BROCHURE
16. INVESTOR UPDATE
17. OFFERING MEMORANDUM TO PROSPECTIVE INVESTORS
18. OFFERING MEMORANDUM DOCUMENTS
    A. SUBSCRIPTION RESERVATION AGREEMENT
    B. OPERATING AGREEMENT
    C. SUBSCRIPTION AGREEMENT

B. PURCHASER INVESTOR QUESTIONNAIRE

C. MASTER ESCROW AGREEMENT

D. INVESTOR ESCROW AGREEMENT

E. INVESTOR ADMINISTRATION FEE ESCROW AGREEMENT

F. PURCHASER REPRESENTATIVE QUESTIONNAIRE

G. ACKNOWLEDGMENT OF USE OF PURCHASER REPRESENTATIVE

H. CONSENT TO LIMITED LIABILITY COMPANY

PART II: LARY J. BEHAR: ATTORNEY DOCUMENTS

1. DETAILED EXHIBIT (EXHIBIT "A" – DRAFT TEMPLATE)
2. DISCLAIMER
3. EB-5 VISA STEPS
4. EB-5 – POWERPOINT
5. RESERVED
6. EXHIBIT A – DETAILED RESPONSIBILTY
7. FINANCIAL COMMITMENT
8. MASTER DOCUMENTS REQUIRED
9. RETAINER AGREEMENT EB-5
10. NOTICE CONDITIONAL REMOVAL
11. RESERVED
12. IMMIGRATION FLORIDA HOMEPAGE
13. SAMPLE I-526 & G-28
14. WIRE TRANSFER TO LARRY J. BEHAR P.A.
15. MASTER INFORMATION CHART

Tennessee Regional Center
RESERVATION AGREEMENT

To:
Peter Medlyn
Tennessee Regional Center LLC

RE: Tennessee Regional Center, LLC
FILE NUMBER: TNRC 2009- (b)(4)

I._____, hereby agree to pay a deposit of $[redacted] USD to secure an investment position as a member in the EB-5 program in **TNRC**, LLC.
(b)(4) (b)(4)

[redacted] USD deposit will be paid immediately to **Tennessee Regional Center, LLC Escrow Account**. A further amount of [redacted] USD will be paid within fifteen (15) days of my acceptance as an investor. The balance of $500,000.00 USD will be paid to **Tennessee Regional Center LLC Escrow Account** within sixty (60) days of this agreement to complete the investment per Subscription Agreement.

I understand that interest on the deposit, if any, shall accrue to the benefit of the investor. The Deposit is non-transferable. (b)(4)

Failure to invest the balance of $500,000.00USD within sixty (60) days of this agreement will result in the deposit of [redacted] USD being forfeited.

U.S. bank deposits, including escrow accounts, are guaranteed up to $250,000.00 USD.

_____ _____
Investor Date

Name:
E-mail address:
Phone:
Address:

ACKNOWLEDGED, ACCEPTED & APPROVED:

LARRY J. BEHAR, P.A.

By:_____ _____
Larry J. Behar, Attorney at Law Date

NOTICE TO CLIENTS: PLEASE READ CAREFULLY

Larry J Behar P.A. acts as attorneys or legal counsel and will attempt to interpret immigration law and legal services in this particular EB 5 application.

Our firm is not authorized to provide investment advice. We take no responsibility either for any investment or consequential profit or loss or expense that may arise directly or indirectly from such investment, whether or not it is used for immigration purposes, or for compliance with USCIS (United States Citizenship and Immigration Service) immigration requirements.

We strongly recommend that interested parties, before making any decision or taking any action which might affect their personal finances, existing business or personal circumstances, should consult with a qualified accountant and financial advisor. We do not provide any tax advice.

Any reliance on information contained herein is taken at your own risk. Parties seeking legal counsel on EB-5 matters may contact our firm directly.

We hereby disclaim any responsibility for any actions taken as a result of any information displayed in any material presented, whether in writing, on the Internet, visually or electronically, verbally or otherwise. We have not audited, verified or otherwise confirmed the information contained herein, make no representations, express or implied, as to the truthfulness, accuracy or completeness of said information, and as a result, shall not be liable to any person (s) or legal entity (ies) directly or indirectly, howsoever, whatsoever for false, misleading or inaccurate information contained in these communications.

The materials are not an offer or a solicitation to invest in any security. Offerings will only be made pursuant to exemptions form registration requirements set out in applicable securities laws. The materials are qualified in their entirety by the detailed Offering Memorandum and Limited Partnership Agreement.

All EB-5 visa investment funds for the USCIS regional center where ***Tennessee Regional Center*** is located are made within a Limited Partnership in the United States which is regulated by the Securities and Exchange Commission (SEC).

(For United Kingdom Residents: Any communications that are, or may be, directed at UK individuals are prepared in compliance with the UK financial promotion restriction pursuant to Section 21 Financial Services and Markets Act 2000, (FSMA) and rely upon one or more of a number of specific exemptions set out in the Financial Promotion Order.).

ACKNOWLEDGED ACCEPTED AND APPROVED:

x

NAME OF APPLICANT DATE SIGNED

LIFTING OF CONDITIONAL STATUS:

1. Investors receive notice of lifting of conditional status at Month 18
2. Investors retain Larry J. Behar, P.A. for lifting and apply for I-829
3. Larry J. Behar, P.A. submits work in progress of LBVR & S and job creation
4. Final approval sent to Investor in U.S. between 18-30 months (after conditional residency)
5. I-829 - USCIS form
6. 90-day decision period by USCIS
7. CRITERIA:
   - any material misrepresentation
   - 90 days prior to 2nd anniversary
   - investment created or saved 10 jobs
   - substantial compliance with investment requirement
8. Travel and work privileges extended
9. Substantial completion test
10. Sustained investment
11. Lasting impact on U.S. economy

OMB No. 1615-0045; Expires 05/31/09

Department of Homeland Security
U.S. Citizenship and Immigration Services

I-829, Petition by Entrepreneur to Remove Conditions

Do not write in this block - For USCIS use only (Except G-28 Block Below)		
☐ Applicant Interviewed	**Action Block**	Fee Receipt **To be completed by Attorney or Representative, if any** ☐ G-28 is attached Attorney's State License No. _____
Remarks:		

START HERE - Type or print in black ink.

Part 1. Information about you.

A # (if any) _____ Form I-526 Receipt Number _____

Family Name _____ Given Name _____ Middle Name _____

Address:

In care of _____

Number and Street _____ Apt. # _____

City _____ State or Province _____

Country _____ Zip/Postal Code _____ Daytime Phone # _____

Date of Birth (mm/dd/yyyy) _____ Country of Birth _____ U.S. Social Security # (if any) _____

Since becoming a conditional permanent resident, have you ever been arrested, cited, charged, indicted, convicted, fined or imprisoned for breaking or violating any law or ordinance (excluding traffic regulations), or committed any crime for which you were not arrested?

☐ Yes ☐ No (If yes, explain on separate sheet(s) of paper, including disposition, if any.)

Part 2. Basis for petition. *(Check one)*

a. ☐ My conditional permanent residence is based on an investment in a commercial enterprise.

b. ☐ Reserved.

c. ☐ Reserved.

d. ☐ I am a conditional permanent resident spouse or child of an entrepreneur, and I am unable to be included in a Petition by Entrepreneur to Remove Conditions (Form I-829) filed by my conditional resident spouse or parent.

e. ☐ I am a conditional permanent resident spouse or child of an entrepreneur who is deceased.

Part 3. Information about your husband or wife.

Family Name _____ Given Name _____ Middle Name _____

Gender ☐ Male ☐ Female Date of Birth (mm/dd/yyyy) _____ Date of Marriage (mm/dd/yyyy) _____

Other names used (including maiden name or aliases) _____

A# (If any) _____ Current Immigration Status _____ Is your current immigration status based on the petitioner's current status? ☐ Yes ☐ No

RECEIVED: _____ RESUBMITTED: _____ RELOCATED: SENT _____ REC'D _____

Part 4. Children. *(List all your children. Attach another sheet(s) of paper, if necessary.)*

Family Name ____ Given Name ____ Middle Name ____

A# (if any) ____ Current Immigration Status ____ Date of Birth (mm/dd/yyyy) ____ Living with you? ☐ Yes ☐ No

Family Name ____ Given Name ____ Middle Name ____

A# (if any) ____ Current Immigration Status ____ Date of Birth (mm/dd/yyyy) ____ Living with you? ☐ Yes ☐ No

Family Name ____ Given Name ____ Middle Name ____

A# (if any) ____ Current Immigration Status ____ Date of Birth (mm/dd/yyyy) ____ Living with you? ☐ Yes ☐ No

Family Name ____ Given Name ____ Middle Name ____

A# (if any) ____ Current Immigration Status ____ Date of Birth (mm/dd/yyyy) ____ Living with you? ☐ Yes ☐ No

Family Name ____ Given Name ____ Middle Name ____

A# (if any) ____ Current Immigration Status ____ Date of Birth (mm/dd/yyyy) ____ Living with you? ☐ Yes ☐ No

Family Name ____ Given Name ____ Middle Name ____

A# (if any) ____ Current Immigration Status ____ Date of Birth (mm/dd/yyyy) ____ Living with you? ☐ Yes ☐ No

Part 5. Information about your commercial enterprise.

Type of Enterprise *(Check one)*:

☐ New commercial enterprise resulting from the creation of a new business.

☐ New commercial enterprise resulting from the reorganization of an existing business.

☐ New commercial enterprise resulting from a capital investment in an existing business.

Kind of Business *(Be as specific as possible)*: ____

Date Business Established *(mm/dd/yyyy)* ____ Amount of Initial Investment ____

Date of Initial Investment *(mm/dd/yyyy)* ____ % of Enterprise You Own ____

Number of full-time employees in enterprise in United States (excluding you, your spouse, sons and daughters):

At the time of your initial investment: ____ Presently: ____ Difference: ____

How many of these new jobs were created by your investment? ____

Part 5. Information about your commercial enterprise. (Continued.)

Subsequent Investment in the Enterprise:

Date of Investment	Amount of Investment	Type of Investment

Provide the gross and net incomes generated annually by the commercial enterprise since your initial investment. Include all income generated up to date during the present year.

Year	Gross Income	Net Income

Has your commercial enterprise filed for bankruptcy, ceased business operations, or have any changes in its business organization or ownership occurred since the date of your initial investment? ☐ Yes (Explain on separate sheet) ☐ No

Has your commercial enterprise sold any corporate assets, shares, property, or had any capital withdrawn since the date of your initial investment? ☐ Yes (Explain on separate sheet) ☐ No

Part 6. Signature. (Read the information on penalties in the instructions before completing this section.)

I certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is all true and correct. I further certify that the investment was made in accordance with the laws of the United States and was not for the purpose of evading United States immigration laws. I also authorize the release of any information from my records that the U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit being sought.

Signature of Applicant	Print Name	Date

NOTE: If you do not completely fill out this form or fail to submit any required documents listed in the instructions, you may not be found eligible for the requested benefit and this petition may be denied.

Part 7. Signature of person preparing form, if other than above.

I declare that I prepared this petition at the request of the above person and it is based on all information of which I have knowledge.

Signature	Print Name	Date

Firm Name and Address (Include Telephone Number with Area Code and E-Mail Address.)

Purchaser Investor Questionnaire
(Data Intake)

THE FOLLOWING INVESTOR QUESTIONNAIRE IS ESSENTIAL TO ENSURE THAT THIS OFFERING IS CONDUCTED IN FULL COMPLIANCE WITH REGULATION D OR REGULATION S OF THE SECURITIES ACT OF 1933, AS AMENDED. THE QUESTIONNAIRE WILL REMAIN ON FILE IN CONFIDENCE IN THE OFFICES OF EB-**Tennessee Regional Center LLC** (THE "LIMITED LIABILITY CORPORATION') FOR A PERIOD OF 4 YEARS.

YOUR COOPERATION IN THE FULL COMPLETION OF THE INVESTOR QUESTIONNAIRE IS GREATLY APPRECIATED.

Tennessee Regional Center LLC

_____

_____

_____

Name and Address of Prospective Investor

I understand that the limited liability corporation interest (the "Interests") offered for sale to me **Tennessee Regional Center LLC.** (the "Limited Liability Corporation") will not be registered under the Securities Act of 1933, as amended (the "Act") and applicable state securities laws (the "State Acts"). I also understand that in order to ensure that the offering and sale of the Interests (the "Offering") are exempt from registration under the Act and the State Acts, the Limited Liability Corporation is required to have reasonable grounds to believe, and must actually believe, after making reasonable inquiry and prior to making any sale;

- that purchasers not resident in the United States at the time of the offer and purchase are purchasing for their own account and not for the benefit of a United States person, as that term is defined in Regulation S; or
- that the purchaser is resident and is living in the United States, in which event Regulation D under the Act shall apply.

In order to induce the Limited Liability Corporation to permit me to purchase an Interest, I hereby warrant and represent to the Limited Liability Corporation as follows:

NOTE: The information provided herein will be relied upon in connection with the determination as to whether you meet the standards imposed by Regulation D or Regulation S promulgated under the Act, since the interests offered hereby have not been and will not be registered under the Act and are being sold in reliance upon the exemption provided by Regulation S or Regulation D as applicable to the Investor. All information supplied will be treated in confidence: except that this Questionnaire may be presented to such parties as deemed appropriate or necessary to establish that the sale of the Unit to you will not result in violation of the exemption from registration under the Act which is being relied upon in connection with the sale of the unit.

INSTRUCTIONS: Please answer each question fully and attach additional information, if necessary. If the answer to any question is None or "Not Applicable" please so state. Please sign and date the Questionnaire on the final page.

Purchaser Investor Questionnaire: Tennessee Regional Center LLC

1. Name: _____
   Date of Birth: _____ (mm/dd/yyyy)
   Firm Name: _____
   Business Address: _____
   Business Telephone Number: _____
   Residence Address: _____

2.
(a) Education:

_____
_____
_____

Other specialized Education or Instruction:

_____
_____

(b) All Professional Membership Licenses:

_____
_____

3. Occupation
   Present Occupation (with date of commencement):

_____
_____
_____

Occupation during last five years (with dates):

_____
_____
_____

4. My net worth (excluding home, home furnishings, and automobiles) is at least $US ____.
   My proposed investment will ⇨ will not ⇨ exceed ten percent of my net worth.

5. My income ⇨ has ⇨ has not exceeded $US 200,000 in each of the two most recent years, and I ⇨ have ⇨ do not have a reasonable expectation of reaching the same income level in the current year.

   My joint income with my spouse ⇨ has ⇨ has not exceeded $US 300,000 in each of the two most recent years, and I ⇨ have ⇨ do not have a reasonable expectation of reaching the same income level in the current year.

6. I do not have any other investments or contingent liabilities which I reasonably anticipate could cause the need for sudden cash requirements in excess of cash readily available to me.

⇨ Yes ⇨ No

7. I have checked my investment objectives where applicable:

⇨ Income ⇨ Appreciation ⇨ Other

8. I can bear the risk of the proposed investment, including the loss of my entire investment, a lack of liquidity in the investment or an inability to sell the investment for an indefinite period of time.

⇨ Yes ⇨ No

9. I learned about this investment in the following manner (check each applicable line).

⇨ Personal Contact or Acquaintance

⇨ Investment adviser or counselor

⇨ Prior investment or Association with the Limited Partnership

⇨ Broker-Dealer

⇨ Affiliation with business or management

⇨ Immigration Research

⇨ Other (please state):

10. I have received a copy of the Offering Memorandum, dated _____; _____2008 and all Exhibits thereto (the "Memorandum") setting forth information relating to the Limited Liability Corporation and the terms and conditions of a purchase of an Interest, as well as any other information deemed necessary or appropriate to evaluate the merits and risks of an investment in the Interest. I further acknowledge that I have had the opportunity to ask questions of, and to receive answers from, representatives of the Limited Liability Corporation Concerning the terms and conditions of the Offering and the information contained in the Offering Memorandum.

⇨ Yes ⇨ No

Name and position of person talked to (if applicable): _____

I acknowledge that the individual(s) to whom I have spoken did only clarify the information contained in the Memorandum and that I am continuing to rely solely upon the information, representations and disclosures contained in the Memorandum.

11. With respect to my qualifications as an "alien entrepreneur" for purposes of the Regulations to the Immigration and Nationality Act, as amended, I represent and warrant that:

(a) I have attained the age of 18 years and have the legal capacity and competence to execute all necessary documents in connection with this Offering;

(b) I have complied and will continue to comply with all the requirements, terms and conditions prescribed by U.S. Citizen and Immigration Services and the U.S. Department of State in connection with my forthcoming petition as an EB-5 fifth employment-based visa preference "alien entrepreneur" and subsequent applications for lawful permanent residence;

(c) I have accumulated a net worth of not less than $US 1,000,000.00; or an individual income in excess of $200,000.00 each of the two most recent years; or a joint income with my spouse in excess of $300,000.000 in each of the two most recent years and reasonably expect to reach the same income level in the current year;

(d) I am in good health and know of no health impairment which would likely result in exclusion under the Immigration and Nationality Act, as amended; and

(e) I have never been convicted of any criminal offense or engaged in any acts which constitute crimes of which I have not been convicted and I do not know of any which would result in my failure to meet the requirements of an "alien entrepreneur" or to be admitted to the United States as a lawful permanent resident.

12. I was not solicited by any general form of advertisement for this investment.

13. I am aware that there are limitations on my ability to sell the Interest and that the certificate evidencing the Interest will carry a restrictive legend.

14. I am purchasing the Interest for personal investment and without a view to redistribution.

15. I represent and warrant to the Limited Liability Corporation and its General Partner that the information contained in this Investor Questionnaire is true, complete, and correct.

16. I agree to notify the Limited Liability Corporation promptly of any change in the foregoing information which may occur prior to transfer of the Interest to me.

Dated: _____ **Investor Signature:** _____

INVESTOR REPRESENTATIVE QUESTIONNAIRE

PURPOSE OF THIS QUESTIONNAIRE:

This Investor Representative Questionnaire is being delivered to you in connection with the Offering Memorandum describing the offer to sell Limited Liability Corporation (the "Units') of ***Tennessee Regional Center LLC*** (the "Limited Liability Corporation") at
(b)(4) an offering price of [redacted] per Unit. The UNITS are being offered without registration under the Securities' Act of 1933, as amended (the "Securities' Act"), and without registration under particular state securities laws specified within this Memorandum, in reliance on the exemptions contained in Section 4 (2) under the Securities' Act, the exemption afforded under Rule 506 thereunder (Regulation D), and (Regulation S), as applicable to the individual investor, and in reliance on similar exemptions claimed under certain applicable state laws.

Under such securities laws, the Limited Liability Corporation is required to determine that an investor, or an investor together with such investor's "Investor Representative," meets certain suitability requirements before issuing the UNIT to such potential investor.

THE LIMITED LIABILITY CORPORATION IS REQUIRED TO OBTAIN THE INFORMATION SOUGHT IN THIS QUESTIONNAIRE TO ENSURE THE LIMITED LIABILITY CORPORATION'S COMPLIANCE WITH FEDERAL AND STATE SECURITIES LAWS. THE LIMITED LIABILITY CORPORATION WILL NOT ISSUE A UNIT IN CONNECTION WITH THE TRANSACTION TO ANY INDIVIDUAL OR ENTITY THAT HAS NOT FILLED OUT, AS THOROUGHLY AS POSSIBLE, A INVESTOR REPRESENTATIVE QUESTIONNAIRE.

This Questionnaire does not constitute an Offer to Sell or a solicitation of an Offer to Buy the Units or any other security of the Limited Partnership.

INSTRUCTIONS:

One copy of this Questionnaire should be completed, signed, dated and delivered to Attorney Larry J. Behar, on behalf the General Partner of the Limited Liability Corporation, in the addressed envelope attached to this Questionnaire. Please contact Attorney Behar should you have any questions with respect to the Questionnaire.

PLEASE ANSWER ALL QUESTIONS.

If the appropriate answer is "None" or "Not Applicable," please state accordingly. Please print or type your answers to all questions. Attach additional sheets if necessary to complete your response to any item.

Your answers will be kept strictly confidential at all times. However, the Limited Liability Corporation or its counsel may present this Questionnaire to such parties as it deems appropriate to confirm that the offer and sale of the UNIT deemed to occur in connection with the transaction will not result in a violation of the registration provisions of the Securities' Act or a violation of the securities laws of any state.

Please provide the following information:

Name:_____
Age:_____
(For Individuals Only)

Home Address:_____
_____ ZIP CODE: _____
Home Telephone Number:_____

Business Address:_____
_____ ZIP CODE: _____
Business Telephone Number:_____

Email address:_____

Name(s) of Investors for whom you are acting as Investor Representative:

_____
_____

2. Please describe your present or most recent business or occupation, including the nature of your employment, the principal business of your employer, the principal activities under your management or supervision and the scope (i.e., dollar volume, industry rank, etc.) of your responsibilities:

_____
_____
_____
_____
_____

3. (a) Please state whether you or any of your associates or affiliates

(i) are a member or a person associated with a member of the National Association of Securities' Dealers, Inc. (the "NASD")

(ii) are an owner of stock or other securities of an NASD member (other than purchased on the open market), or

(iii) has made a subordinated loan to any NASD member?

⇨ Yes ⇨ No

(b) If you marked yes, please briefly describe the facts below:

_____

_____

_____

_____

_____

APPROVED:

_____ _____

Investor Representative

Larry J Behar, P.A.
888 Southeast Third Avenue
Suite # 400
Fort Lauderdale, Florida 33316
Tel.: 954.524.8888 – Fax: 954.524.0088
Email: lbehar@immigrationflorida.com
www.immigrationflorida.com

ACKNOWLEDGMENT OF USE OF INVESTOR REPRESENTATIVE

I, the undersigned, acknowledge that _____ has (have) served as my Purchaser Representative(s), in connection with evaluating the merits and risks of my prospective investment as an investor in **Tennessee Regional Center** LLC .

I represent to you that in my opinion he (they) has (have) such knowledge and experience in financial and business matters such that he (they) is (are) capable of evaluating the merits and risks of the prospective investment and that he (they) has (have) represented to me in writing as follows:

1. He (they) is (are) not an affiliate or other employee of the Limited Liability Corporation, or director, officer, or other employee of any affiliate of the Limited Liability Corporation;

2. Except for the following relationships which have previously been disclosed by him (them) in writing to me, neither he (they) nor his (their) affiliates have any material relationship with the Limited Liability Corporation, nor any of its affiliates no such material relationship has existed at any time during the previous two (2) years and no such material relationship is mutually understood to be contemplated:

   _____

   _____

3. He (they) has (have) disclosed to me in writing the details of any compensation he (they) expects to receive from the Limited Liability Corporation for serving as my Purchaser Representative in this transaction.

I, the undersigned, hereby acknowledge receipt of a copy of the Purchaser Representative Questionnaire furnished by my Purchaser Representative(s) to the Limited Liability Corporation connection with this Offering.

I request that copies of all materials distributed in connection with the Offering be sent to my Purchaser Representative(s) to the following address:

_____

_____

_____

_____	_____
Witness	Client
_____	_____
Witness	Client

Date:_____

Department of Homeland Security
U.S. Citizenship and Immigration Services

OMB No. 1615-0026; Exp. 09/30/08

I-526, Immigrant Petition by Alien Entrepreneur

Do Not Write in This Block - For USCIS Use Only (Except G-28 Block Below)		
Classification _____	**Action Block**	Fee Receipt
Priority Date _____		**To be completed by Attorney or Representative, if any** ☐ G-28 is attached Attorney's State License No. _____
Remarks:		

START HERE - Type or print in black ink.

Part 1. Information about you.

Family Name _____ Given Name _____ Middle Name _____

Address:
In care of _____

Number and Street _____ Apt. # _____

City _____ State or Province _____ Country _____ Zip/Postal Code _____

Date of Birth (mm/dd/yyyy) _____ Country of Birth _____ Social Security # (if any) _____ A # (if any) _____

If you are in the United States, provide the following information: Date of Arrival (mm/dd/yyyy) _____ I-94 # _____

Current Nonimmigrant Status _____ Date Current Status Expires (mm/dd/yyyy) _____ Daytime Phone # with Area Code _____

Part 2. Application type. (Check one)

a. ☐ This petition is based on an investment in a commercial enterprise in a targeted employment area for which the required amount of capital invested has been adjusted downward.

b. ☐ This petition is based on an investment in a commercial enterprise in an area for which the required amount of capital invested has been adjusted upward.

c. ☐ This petition is based on an investment in a commercial enterprise that is not in either a targeted area or in an upward adjustment area.

Part 3. Information about your investment.

Name of commercial enterprise in which funds are invested _____

Street Address _____

Phone # with Area Code _____ Business organized as (corporation, partnership, etc.) _____

Kind of business (e.g. furniture manufacturer) _____ Date established (mm/dd/yyyy) _____ IRS Tax # _____

RECEIVED: _____ RESUBMITTED: _____ RELOCATED: SENT _____ REC'D _____

Part 3. Information about your investment. (Continued.)

Date of your initial investment (mm/dd/yyyy)		Amount of your initial investment $	
Your total capital investment in the enterprise to date $		Percentage of the enterprise you own	

If you are not the sole investor in the new commercial enterprise, list on separate paper the names of all other parties (natural and non-natural) who hold a percentage share of ownership of the new enterprise and indicate whether any of these parties is seeking classification as an alien entrepreneur. Include the name, percentage of ownership and whether or not the person is seeking classification under section 203(b)(5). **NOTE:** A "natural" party would be an individual person and a "non-natural" party would be an entity such as a corporation, consortium, investment group, partnership, etc.

If you indicated in **Part 2** that the enterprise is in a targeted employment area or in an upward adjustment area, name the county and state: County [ ] State [ ]

Part 4. Additional information about the enterprise.

Type of Enterprise (check one):

- ☐ New commercial enterprise resulting from the creation of a new business.
- ☐ New commercial enterprise resulting from the purchase of an existing business.
- ☐ New commercial enterprise resulting from a capital investment in an existing business.

Composition of the Petitioner's Investment:

Total amount in U.S. bank account	$
Total value of all assets purchased for use in the enterprise	$
Total value of all property transferred from abroad to the new enterprise	$
Total of all debt financing	$
Total stock purchases	$
Other (explain on separate paper)	$
Total	$

Income:

When you made the investment	Gross	$		Net	$
Now	Gross	$		Net	$

Net worth:

When you made investment	Gross	$		Now	$

Part 5. Employment creation information.

Number of full-time employees in the enterprise in U.S. (excluding you, your spouse, sons and daughters)

When you made your initial investment? [ ] Now [ ] Difference [0]

How many of these new jobs were created by your investment? [ ] How many additional new jobs will be created by your additional investment? [ ]

What is your position, office or title with the new commercial enterprise?

[ ]

Briefly describe your duties, activities and responsibilities.

[ ]

What is your salary? $ [ ] What is the cost of your benefits? $ [ ]

Part 6. Processing information.

Check One:

☐ The person named in **Part 1** is now in the United States and an application to adjust status to permanent resident will be filed if this petition is approved.

☐ If the petition is approved and the person named in **Part 1** wishes to apply for an immigrant visa abroad, complete the following for that person:

Country of nationality: [ ]

Country of current residence or, if now in the United States, last permanent residence abroad: [ ]

If you provided a United States address in **Part 1**, print the person's foreign address:

[ ]

If the person's native alphabet is other than Roman letters, write the foreign address in the native alphabet:

[ ]

Is a Form I-485, Application for Adjustment of Status, attached to this petition? ☐ Yes ☐ No

Are you in deportation or removal proceedings? ☐ Yes (Explain on separate paper) ☐ No

Have you ever worked in the United States without permission? ☐ Yes (Explain on separate paper) ☐ No

Part 7. Signature. *Read the information on penalties in the instructions before completing this section.*

I certify, under penalty of perjury under the laws of the United States of America, that this petition and the evidence submitted with it is all true and correct. I authorize the release of any information from my records that the U.S. Citizenship and Immigration Services needs to determine eligibility for the benefit I am seeking.

Signature [ ] Date [ ]

NOTE: *If you do not completely fill out this form or fail to the submit the required documents listed in the instructions, you may not be found eligible for the immigration benefit you are seeking and this petition may be denied.*

Part 8. Signature of person preparing form, if other than above. (Sign below)

I declare that I prepared this application at the request of the above person and it is based on all information of which I have knowledge.

Signature [ ] Print Your Name [ ] Date [ ]

Firm Name [ ]

Address [ ] Daytime phone # with area code [ ]

U.S. Department of Justice
Immigration and Naturalization Service

Notice of Entry of Appearance as Attorney or Representative

Appearances - An appearance shall be filed on this form by the attorney or representative appearing in each case. Thereafter, substitution may be permitted upon the written withdrawal of the attorney or representative of record or upon notification of the new attorney or representative. When an appearance is made by a person acting in a representative capacity, his personal appearance or signature shall constitute a representation that under the provisions of this chapter he is authorized and qualified to represent. Further proof of authority to act in a representative capacity may be required. **Availability of Records** - During the time a case is pending, and except as otherwise provided in 8 CFR 103.2 (b), a party to a proceeding or his attorney or representative shall be permitted to examine the record of proceeding in a Service office. He may, in conformity with 8 CFR 103.10, obtain copies of Service records or information therefrom and copies of documents or transcripts of evidence furnished by him. Upon request, he/she may, in addition, be loaned a copy of the testimony and exhibits contained in the record of proceeding upon giving his/her receipt for such copies and pledging that it will be surrendered upon final disposition of the case or upon demand. If extra copies of exhibits do not exist, they shall not be furnished free on loan; however, they shall be made available for copying or purchase of copies as provided in 8 CFR 103.10.

In re:	Date:
	File No.

I hereby enter my appearance as attorney for (or representative of), and at the request of the following named person(s):

Name:	☐ Petitioner ☐ Beneficiary	☐ Applicant		
Address: (Apt. No.)	(Number & Street)	(City)	(State)	(Zip Code)
Name:	☐ Petitioner ☐ Beneficiary	☐ Applicant		
Address: (Apt. No.)	(Number & Street)	(City)	(State)	(Zip Code)

Check Applicable Item(s) below:

☐ 1. I am an attorney and a member in good standing of the bar of the Supreme Court of the United States or of the highest court of the following State, territory, insular possession, or District of Columbia

_____ _____ and am not under a court or administrative agency
Name of Court
order suspending, enjoining, restraining, disbarring, or otherwise restricting me in practicing law.

☐ 2. I am an accredited representative of the following named religious, charitable, social service, or similar organization established in the United States and which is so recognized by the Board:

☐ 3. I am associated with _____
the attorney of record previously filed a notice of appearance in this case and my appearance is at his request. (*If you check this item, also check item 1 or 2 whichever is appropriate.*)

☐ 4. Others (Explain Fully.)

SIGNATURE	COMPLETE ADDRESS
NAME (Type or Print)	TELEPHONE NUMBER

PURSUANT TO THE PRIVACY ACT OF 1974, I HEREBY CONSENT TO THE DISCLOSURE TO THE FOLLOWING NAMED ATTORNEY OR REPRESENTATIVE OF ANY RECORD PERTAINING TO ME WHICH APPEARS IN ANY IMMIGRATION AND NATURALIZATION SERVICE SYSTEM OF RECORDS:

_____
(Name of Attorney or Representative)

THE ABOVE CONSENT TO DISCLOSURE IS IN CONNECTION WITH THE FOLLOWING MATTER:

Name of Person Consenting	Signature of Person Consenting	Date

(NOTE: Execution of this box is required under the Privacy Act of 1974 where the person being represented is a citizen of the United States or an alien lawfully admitted for permanent residence.)

This form may not be used to request records under the Freedom of Information Act or the Privacy Act. The manner of requesting such records is contained in 8CFR 103.10 and 103.20 Et.SEQ.

Form G-28 (09/26/00)Y

U.S. Department of Justice
Immigration and Naturalization Service

Notice of Entry of Appearance as Attorney or Representative

Appearances - An appearance shall be filed on this form by the attorney or representative appearing in each case. Thereafter, substitution may be permitted upon the written withdrawal of the attorney or representative of record or upon notification of the new attorney or representative. When an appearance is made by a person acting in a representative capacity, his personal appearance or signature shall constitute a representation that under the provisions of this chapter he is authorized and qualified to represent. Further proof of authority to act in a representative capacity may be required. **Availability of Records** - During the time a case is pending, and except as otherwise provided in 8 CFR 103.2 (b), a party to a proceeding or his attorney or representative shall be permitted to examine the record of proceeding in a Service office. He may, in conformity with 8 CFR 103.10, obtain copies of Service records or information therefrom and copies of documents or transcripts of evidence furnished by him. Upon request, he/she may, in addition, be loaned a copy of the testimony and exhibits contained in the record of proceeding upon giving his/her receipt for such copies and pledging that it will be surrendered upon final disposition of the case or upon demand. If extra copies of exhibits do not exist, they shall not be furnished free on loan; however, they shall be made available for copying or purchase of copies as provided in 8 CFR 103.10.

In re:	Date:
	File No.

I hereby enter my appearance as attorney for (or representative of), and at the request of the following named person(s):

Name:	☐ Petitioner ☐ Beneficiary	☐ Applicant
Address: (Apt. No.) (Number & Street)	(City)	(State) (Zip Code)
Name:	☐ Petitioner ☐ Beneficiary	☐ Applicant
Address: (Apt. No.) (Number & Street)	(City)	(State) (Zip Code)

Check Applicable Item(s) below:

☐ 1. I am an attorney and a member in good standing of the bar of the Supreme Court of the United States or of the highest court of the following State, territory, insular possession, or District of Columbia _____ _____ (Name of Court) and am not under a court or administrative agency order suspending, enjoining, restraining, disbarring, or otherwise restricting me in practicing law.

☐ 2. I am an accredited representative of the following named religious, charitable, social service, or similar organization established in the United States and which is so recognized by the Board:

☐ 3. I am associated with _____ the attorney of record previously filed a notice of appearance in this case and my appearance is at his request. (*If you check this item, also check item 1 or 2 whichever is appropriate.*)

☐ 4. Others (Explain Fully.)

SIGNATURE	COMPLETE ADDRESS
NAME (Type or Print)	TELEPHONE NUMBER

PURSUANT TO THE PRIVACY ACT OF 1974, I HEREBY CONSENT TO THE DISCLOSURE TO THE FOLLOWING NAMED ATTORNEY OR REPRESENTATIVE OF ANY RECORD PERTAINING TO ME WHICH APPEARS IN ANY IMMIGRATION AND NATURALIZATION SERVICE SYSTEM OF RECORDS:

_____
(Name of Attorney or Representative)

THE ABOVE CONSENT TO DISCLOSURE IS IN CONNECTION WITH THE FOLLOWING MATTER:

Name of Person Consenting	Signature of Person Consenting	Date

(NOTE: Execution of this box is required under the Privacy Act of 1974 where the person being represented is a citizen of the United States or an alien lawfully admitted for permanent residence.)

This form may not be used to request records under the Freedom of Information Act or the Privacy Act. The manner of requesting such records is contained in 8CFR 103.10 and 103.20 Et.SEQ.

Form G-28 (09/26/00)Y

FedEx Express US Airbill 8709 1376 9266 0200 Form ID No. FedEx Retrieval Copy

MG

1 From
Date 2/18/09 Sender's FedEx Account Number 112926844
Sender's Name Larry J Behar Phone 954 524-8888
Company Larry J Behar PA
Address 888 se 3rd ave #400 Dept./Floor/Suite/Room
City Fort Lauderdale State FL ZIP 33316

2 Your Internal Billing Reference

3 To
Recipient's Name USCIS Caseworker Service Center
Company Attn: EOS processing
Address 24000 Avila Rd 2nd Floor Dept./Floor/Suite/Room
We cannot deliver to P.O. boxes or P.O. ZIP codes.
Address
Print FedEx location address here if a HOLD option is selected.
City Laguna Niguel State CA ZIP 92677

HOLD Weekday: Print FedEx location address here. NOT available for FedEx First Overnight. 31 ☐
HOLD Saturday: Print FedEx location address below. Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

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AM DEC 21 2009

COOR

4a Express Package Service * To most locations. Packages up to 150 lbs.
1 ☐ FedEx Priority Overnight: Next business morning.* Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
5 ☒ FedEx Standard Overnight: Next business afternoon.* Saturday Delivery NOT available.
6 ☐ FedEx First Overnight: Earliest next business morning delivery to select locations.* Saturday Delivery NOT available.
3 ☐ FedEx 2Day: Second business day.* Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
20 ☐ FedEx Express Saver: Third business day.* Saturday Delivery NOT available.

4b Express Freight Service ** To most locations. Packages over 150 lbs.
7 ☐ FedEx 1Day Freight: Next business day.** Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected. FedEx 1Day Freight Booking No.
8 ☐ FedEx 2Day Freight: Second business day.** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
83 ☐ FedEx 3Day Freight: Third business day.** Saturday Delivery NOT available.

5 Packaging * Declared value limit $500.
6 ☐ FedEx Envelope* 2 ☐ FedEx Pak* Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.* 3 ☒ FedEx Box 4 ☐ FedEx Tube 1 ☒ Other

6 Special Handling and Delivery Signature Options
3 ☐ SATURDAY DELIVERY
☐ No Signature Required: Package may be left without obtaining a signature for delivery.
10 ☒ Direct Signature: Someone at recipient's address may sign for delivery. Fee applies.
34 ☐ Indirect Signature: If no one is available at recipient's address, someone at a neighboring address may sign for delivery. For residential deliveries only. Fee applies.

Does this shipment contain dangerous goods?
One box must be checked.
☒ No 4 ☐ Yes As per attached* Shipper's Declaration. ☐ Yes Shipper's Declaration not required. 6 ☐ Dry Ice: Dry ice, 9, UN 1845 ____ x ____ kg.
Dangerous goods (including dry ice) cannot be shipped in FedEx packaging or placed in a FedEx Express Drop Box.* ☐ Cargo Aircraft Only

7 Payment Bill to: Obtain Recip. Acct. No. ☐
Enter FedEx Acct. No. or Credit Card No. below.
1 ☒ Sender Acct. No. in Section 1 will be billed. 2 ☐ Recipient 3 ☐ Third Party 4 ☐ Credit Card 5 ☐ Cash/Check

Total Packages 1 Total Weight 12 lbs. Credit Card Auth.

*Our liability is limited to $100 unless you declare a higher value. See the current FedEx Service Guide for details.

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AL3100621 RECD CSC'10NOV 4 6:46

November 2, 2010

Via USPS Express Mail

CSC Director
U.S. Citizenship and Immigration Services
California Service Center
Attention: EB-5 Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, California
92677

Re: TENNESSEE REGIONAL CENTER
File Number: W09001230

Ladies and Gentlemen,

Our firm is attorney of record for the Tennessee Regional Center, LLC. Following a recent review of the Confidential Private Offering Memorandum (herein after "COM"), we came across a minor typographical error.

(b)(4)

Page 13 of the original COM filed with the regional center application listed the maximum offering for [redacted] units as [redacted] as opposed to the actual [redacted] The modification has been made and the [redacted] is consistent throughout the remainder of the documents.

(b)(4)

As such, we have enclosed an updated copy of the COM with the correct maximum offering, to therefore be included in the Tennessee Regional Center's file. Please be advised that there have been no investors who have invested in the regional center to date.

Should you require any further information, please do not hesitate to contact our firm.

Yours very sincerely,

LARRY J. BEHAR, P.A.

By: _____
Larry J. Behar, Attorney

.encl.

.cc Peter Medlyn (cover only)
.cc Ronald Hensarling (cover only)

CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

BIG ELK RESORT, LLC

(b)(4) (A Tennessee limited liability company)

(b)(4)

(b)(4)

January 31, 2010

(b)(4)

NOTICES TO INVESTORS

(b)(4)

(b)(4)

(b)(4)

FORWARD-LOOKING STATEMENTS - IMPORTANT FACTORS AND ASSOCIATED RISKS

TABLE OF CONTENTS

I. OFFERING SUMMARY 13
II. THE OFFERING 19
- A. General 19
- B. The Project 20
- C. The Subscription Procedure 22
- D. Escrow Accounts 23
- E. Closings 24
- F. Failure to Satisfy Initial Condition or Minimum Condition 24
- G. Risk Factors 24
- H. Leverage 24
- I. Payment Of Expenses 25
- J. Organizational Expenses 25
- K. Formation 25
- L. Executive Summary 26
- M. Suitability Standards And How To Subscribe 26
- N. How to Subscribe 27
- O. Miscellaneous 28

III. DESCRIPTION OF BUSINESSES OF COMPANY 28
IV. IMMIGRATION MATTERS 36
V. RISK FACTORS 45
- A. RISKS RELATED TO THE COMPANY'S PROPOSED BUSINESSES-GENERAL 45
- B. SPECIAL RISKS ASSOCIATED WITH THE BIG ELK RESORT PROJECT 47
- C. RISKS RELATED TO THE OFFERING 50
- D. TAX RISKS 52
- E. IMMIGRATION RISK FACTORS 55

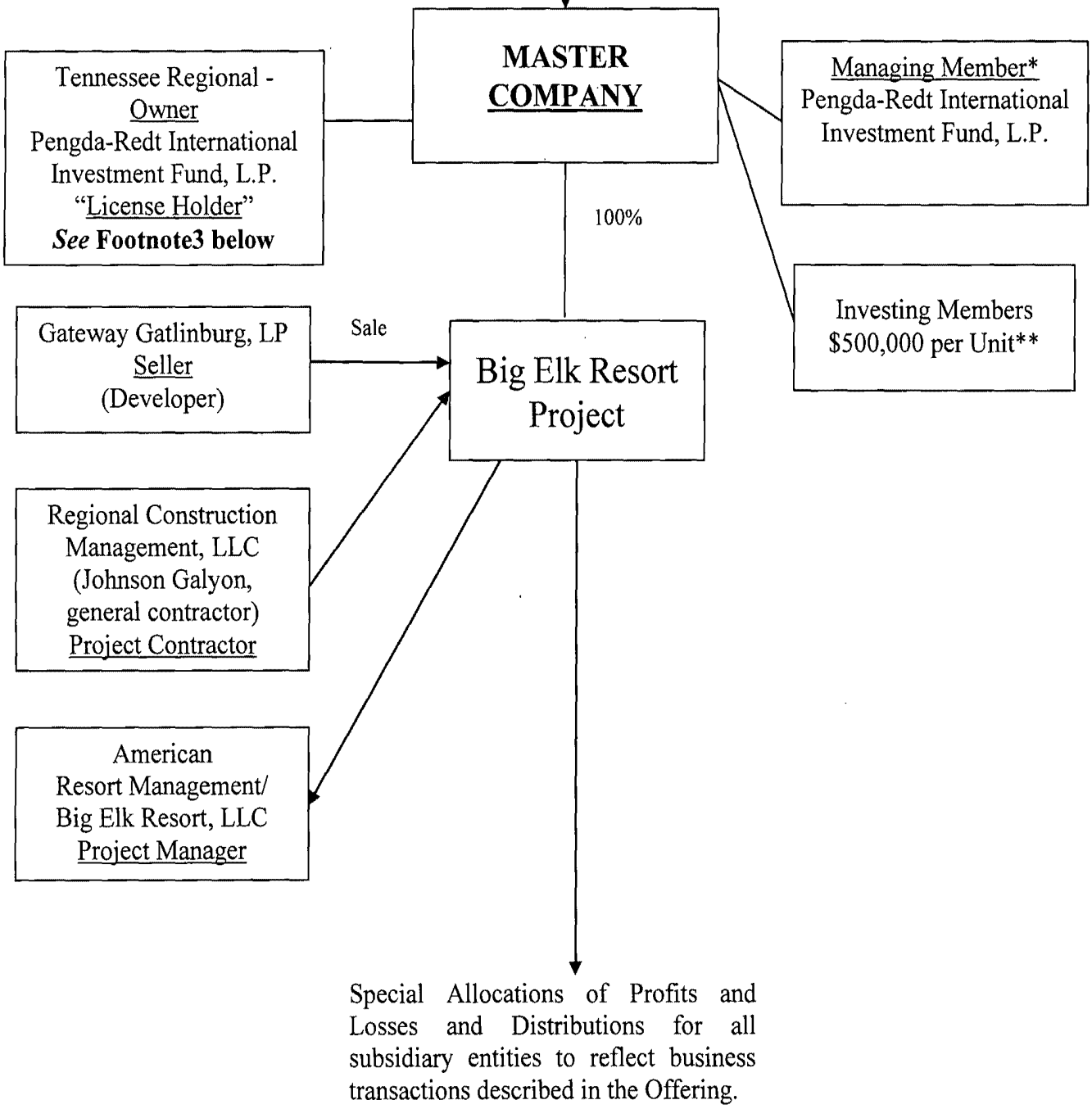
VI. SUMMARY OF THE OPERATING AGREEMENT 60
VII. SUBSCRIPTION AGREEMENT 63
VIII. ESCROW AGREEMENT 67
IX. PROJECT MANAGEMENT AGREEMENTS 68
X. TAX MATTERS 69
XI. ADDITIONAL INFORMATION 72

LIST OF EXHIBITS

Exhibit A	-	Subscription Agreement
Exhibit B	-	Form of Escrow Agreement
Exhibit C	-	Operating Agreement
Exhibit D	-	Form of Purchase and Sale Agreement to Acquire Project
Exhibit E	-	Background of Principals of Managing Member
Exhibit F	-	Executive Summary, Description of Project (including Financial Projections)

OVERVIEW STRUCTURE

RE: BIG ELK RESORT, LLC
(OR "THE "COMPANY")



* Principals include Peter Medlyn, Ron Hensarling, Bob Woerner and David Buschmann as well as the potential participation by Pengda Timeshare Co.

*** Excludes [redacted] per Investor for Offering costs and migration services.

(b)(4)

Notes

1. Subscription proceeds, except for [redacted] per Unit for migration and offering costs funded into an Expense Escrow Account, to be funded in a Project Escrow Account as described below and disbursed by the escrow agent in accordance with budget and draw requests that will be made by the Managing Member from time to time.

(b)(4)

2. Job creation through Master Company.

3. License Holder of EB-5 Regional Center for the Gatlinburg, Tennessee area will grant a license to the Company to utilize the EB-5 Regional Center designation. Tennessee Regional Center, LLC as the License Holder for the USCIS territorial rights for the EB-5 program and will assign its development rights to the Company in consideration of receiving a payment of [redacted] The License Holder is the same entity as the Managing Member.

(b)(4)

4. [redacted]

5. American Resort Management/Big Elk LLC will serve as the Project Manager for fees as set forth in the Executive Summary. See website American Resort Management.com. (*See* **Exhibit F**).

6. The Managing Member of Big Elk Resort LLC is **Pengda-Redt International Investment Fund, L.P.**, a Nevada limited partnership. The Managing Member is also the License Holder of the EB-5 Regional Center for the Gatlinburg, Tennessee area.

The Managing Member of Pengda-Redt International Investment Fund is Redt, L.P. Medlyn Real Estate Inc. is the general partner of REDT, L.P., Peter Medlyn, Chairman. Principals and officers of Medlyn Real Estate Inc. are Peter Medlyn, Chairman and Bob Woerner, President. Pengda, a large Chinese timeshare company, may become up to a [redacted] owner of the entity in consideration of services it will be rendering for the benefit of the Company and the Project in organizing the investor group in China and assisting in the migration process.

(b)(4)

The limited partners of REDT, L.P. are Ron Hensarling, Peter Medlyn, Bob Woerner, and David Buschmann. See REDTLP.com website for resumes on certain of these principals.

7. The Contractor for the development is Regional Construction Management, LLC. This is a limited liability venture between Regional Construction (Johnson Galyon) and Managing Member affiliates. See website JohnsonGalyon.com for more information on the Contractor.

I. OFFERING SUMMARY

*This Offering Summary should not be considered comprehensive or complete and is qualified by the more detailed information appearing elsewhere in this Memorandum, including the Exhibits hereto. Prospective Investors should carefully read this entire Memorandum, especially the matters discussed under "**Risk Factors**".* (b)(4)

(b)(4)

(b)(4)

(b)(4)

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(b)(4)

II. THE OFFERING

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

BIG ELK RESORT

DEVELOPMENT COSTS

(b)(4)

Business Plan Summary [redacted] **Investor Participation**

[redacted]

(b)(4)

BIG ELK RESORT

DEVELOPMENT COSTS & INCOME - EXPENSE PROFORMA

(b)(4)

(b)(4)

IV. IMMIGRATION MATTERS

Overview

The EB-5 fifth employment-based visa preference is intended to encourage the flow of capital into the United States economy and to promote employment of workers in the United States. To accomplish these goals and so that foreign investors may obtain immigration benefits for having made an investment, the program mandates the minimum capital that foreign investors must contribute and it mandates that 10 full-time jobs must be created on account of each investment. In addition to the return that investors hope to achieve on their investment, foreign investors and their qualifying family members are offered the prospect, but not the guarantee, of conditional lawful permanent residence in the United States. Investors are responsible to apply for the lifting of their conditional status by filing an I-829 within two (2) years of receiving conditional status. Neither the Company nor the Managing Member is responsible to undertake this process on behalf of any individual investor.

The Offering has been structured so that investors may meet the investment requirements of the EB-5 program (8 U.S.C. § 1153 (b)(5)(A) - (D); INA § 203(b)(5)(A) - (D) of the Immigration & Nationality Act) (the "Act") and qualify under this program to become eligible for admission to the United States of America as lawful permanent residents with their spouses and unmarried, minor children.

The Offering relies on the provisions of the Act concerning a Regional Center and upon the fact that the Project, as it is planned to be expanded is within a Regional Center authorized by the Act.

Amount of Investment

As a general rule, the EB-5 program calls for a minimum investment of $1,000,000 per investor, in U.S. dollars, with exceptions for high unemployment or low permanent population areas, where the minimum investment has been reduced to $500,000 per investor. The Managing Member has been advised by its economist, that the Project should qualify for the lower investment amount based upon the rural nature of each Project.

Counting Jobs Created

To qualify as an EB-5 investor, each investor must demonstrate that 10 full-time, year-around jobs will be created on account of the investment. These jobs must be for U.S. citizens, lawful permanent residents and those lawfully admitted to the United States, such as asylees, refugees, conditional residents and some others. Non-immigrant (temporary) workers are not included in the count. Also excluded are the investor, the investor's spouse and the investor's children.

A full-time job means one that requires at least 35 hours each week to fulfill. Job sharing is permitted so long as the total weekly-hours requirement is met. The EB-5 program does not permit the combination of part-time jobs in an effort to create a full-time position.

Normally, under the EB-5 regime, a job is deemed created when the employee provides services or labor to the new commercial enterprise and is remunerated directly by the new enterprise. Independent contractors are excluded from the job creation count. Payment or other remuneration does not have to come directly from the new enterprise if it is located within a Regional Center.

Tennessee Regional Center

In further support of the EB-5 visa preference program the U.S. Congress created a Pilot Program that provided for the authorization of Regional Centers by the U.S. Department of Justice, Immigration and Naturalization Service (now, United States Citizenship and Immigration Services). Enterprises located within a Regional Center are not required to employ 10 workers for each EB-5 qualifying investment. It suffices if the investor demonstrates that at least 10 qualifying jobs will be created directly or indirectly on account of the investment.

It is anticipated that in approximately first quarter of 2010, the Tennessee Regional Center will be granted a designation as an approved Regional Center. An investment in a commercial enterprise situated within that Regional Center fosters economic expansion through increased exports, greater regional productivity, job creation or additional domestic capital investment and qualifies for the broader view of job creation.

The Company had an independent economist conduct an economic and statistical analysis to determine the number of jobs expected to be created as a result of foreign investors each contributing $500,000 (U.S. Dollars) (assuming $500,000 funding to the Company per Investor) to the Company to enable it to acquire and develop the Project. This analysis was conducted using the Regional Dynamics Economic Analysis Model (REDYN). This analysis demonstrated that new jobs are anticipated from expenditure of the proceeds of this Offering in excess of the 4000 jobs required under EB-5 law and regulations if all Member Interests being marketed in this Offering are sold pursuant to the maximum offering of 400 Units.

The EB-S Application Process

For investors seeking lawful permanent residence, the first step in the process is to file an 1-526 immigration Petition for Entrepreneur, referred to in this Offering Memorandum as the EB-5 Application, together with accompanying evidence in support of the program's requirements. The United States Citizenship and Immigration Services (USCIS) adjudicates 1-526 petitions by reviewing these criteria, among others:

New Commercial Enterprise

There must be evidence that shows that the enterprise is new, and authorized to transact business.

Investment Capital

The petition must be supported by evidence that the petitioner has invested (or is actively in the process of investing) the minimum required capital. USCIS expects these funds to be "at risk", connoting an irrevocable commitment to the enterprise. The funds must be used by the

enterprise exclusively to create employment. Funds used to pay administrative costs or other obligations undertaken to promote the investment in the enterprise are not deemed "at risk."

Source of Capital

Evidence must support the legal acquisition of capital. Funds earned or obtained in the United States while the investor was in unlawful immigration status are not deemed to be lawfully acquired. If funds are not lawfully acquired, they may not be deemed "at risk." Interest earned on the funds while the investor is gaining lawful immigration status will be deemed earned by each Investing Member. **(NEED TO CONFIRM)**

Managerial Role

The investor is expected to participate in the management of the new enterprise by assisting in the formulation of the enterprise's business policy, by participating in one or more of the activities permitted in the Tennessee Limited Liability Company Act, and as otherwise set forth in the Operating Agreement, investors in an EB-5 enterprise must have all the rights and duties usually accorded to members applicable Tennessee Limited Liability Act (the "Act"). The rights of the Investing Members under the Operating Agreement are consistent with rights normally granted to non-managing members under the Act.

Amount of the Investment

The petition must be supported by evidence that the required minimum sum has been invested.

Employment Creation

There must be evidence that 10 jobs will be created on account of each EB-5 investment. See the earlier discussion about qualifying jobs and investment in a Regional Center, which may permit counting employment created outside the qualifying enterprise.

EB-5 Conditional Approval Not Guaranteed

The I-526 immigration Petition for Entrepreneur will be approved only if USCIS is satisfied that the foregoing criteria have been met. The determination of whether these criteria have been established is within the discretion of USCIS. It is also within the power, if not the discretionary authority, of USCIS to seek information about other aspects of the investment and the relationship of the investor to the enterprise. USCIS frequently reinterprets the meaning of qualifying criteria. There can be no certainty that compliance with the foregoing criteria, supported by appropriate documentation, will lead to the EB-5 Conditional Approval.

In the event that USCIS denies the EB-5 Application, the investor may not proceed with the next step in the immigration process, consular processing or adjustment of status. Instead, the investor must decide whether to appeal the denial of the EB-5 Application at its own cost and expense with consent of the Company or abandon the prospect of investing in the Company and obtaining lawful permanent resident status thereby.

Consular Processing or Adjustment of Status

Approval of the EB-5 Application means that the alien and the alien's spouse and children under the age of 21 years may apply for admission as conditional lawful permanent residents (CLPR). Approval of the EB-5 Application does not mean that the investor has been granted admission to the United States as a lawful permanent resident. Approval means that the investment documented by the EB-5 Application has qualified the investor as an alien entrepreneur.

The application for admission is a separate and subsequent process that concerns issues common to all aliens who wish to live in the United States permanently. Admission as a CLPR may be sought using one of two methods: consular processing or adjustment of status.

Consular Processing

Consular processing is designed for aliens who are living outside of the United States, who prefer to process at a consulate for strategic reasons or as a matter of convenience or are ineligible to adjust status. Typically, the consular post, which is chosen at the time the EB-5 Application is filed, is in the country of last residence, i.e., the last principal actual dwelling place. In very limited instances, usually involving a recognized hardship, a different consular post may process for lawful permanent residence.

Before issuing an immigrant visa, the consular post must determine if each alien is admissible to the United States. Receipt of EB-5 Conditional Approval does not by itself establish admissibility. An alien is admissible who proves that no grounds of inadmissibility exist and the alien has proper travel documents. (See the discussion on Immigration Risk Factors, below, for a list of the grounds of inadmissibility). Waivers are available for certain of the many grounds of inadmissibility, but the grant of a waiver is in the discretion of the government and aliens seeking waivers experience lengthy delays in adjudication of waiver applications. Investors should consult with independent immigration counsel to determine if any grounds of inadmissibility may affect the investor's admission or the admission of the investor's spouse or children to the United States.

If the consular post finds that the investor is admissible, it will issue a CLPR visa to the investor. The consular post will also determine if the spouse and the qualifying children of the investor are admissible. A determination of admissibility must be made as to each visa applicant. There is no guarantee that all members of the investor's family will be granted a CLPR visa. If the investor is denied a CLPR visa, applications by the spouse and children of the investor for such a visa will be denied.

Notably, consular posts are administered by the U.S. Department of State (DOS), an agency unrelated to the Department of Homeland Security (DHS) and its sub-agency, USCIS. Consular processing subjects both the visa applicant and the EB-5 Application to the scrutiny of a second government agency whose decisions are not appealable. If the consular officer, based upon information not available to USCIS in its adjudications process, suspects fraud or misrepresentation in the EB-5 Application process or if the consul doubts the eligibility for lawful permanent resident status, the consul may return the case to USCIS for re-adjudication of

the EB-5 Application. If USCIS reaffirms its approval, the consul is expected to issue a CLPR visa, assuming there are no other grounds of inadmissibility.

Consular processing begins when USCIS transmits the EB-5 Conditional Approval to the National Visa Center (NVC). At appropriate intervals, the NVC issues instructions and appointment packages and requests required documents and information. In time, the alien will be instructed to obtain fingerprints and a physical examination and to report to a consular interview. CLPR visas usually are issued shortly after the interview unless the consul detects problems in the visa application, the underlying EB-5 Application or during the interview process. Visa applicants should allow about twelve months to complete consular processing, although times for processing vary greatly among consular posts.

Visa Issuance Not Guaranteed

Decisions by consuls are discretionary and unreviewable. USCIS and DOS report recent efforts to communicate more efficiently regarding their respective roles in determining the eligibility of EB-5 investors for CLPR visas. There cannot be any assurance that improved communications will occur generally or with respect to a particular investor or the investor's spouse or minor children. Neither may it be assured that improved communications will result in the issuance of a visa. Other factors that a consul may, with unreviewable discretion, elect to consider could result in the denial of a visa.

Visa applicants should not change any living, employment, schooling or other lifestyle arrangements in their country of residence before they are issued a CLPR visa based upon an approved EB-5 Application.

Admission After CLPR Visa Issued Not Guaranteed

After issuance, CLPR visas remain valid for six (6) months. During this period, the holder of the visa must use it to apply for admission to the United States at a designated port of entry. The port of entry is frequently in an international airport. When the alien arrives at the port of entry, he or she will present the CLPR visa to a Customs and Border Protection officer who has the authority to admit the investor to the United States as a CLPR. This process is known as inspection. Generally, possession of a valid immigrant visa will result in an admission unless the inspecting officer suspects fraud, the alien's travel documents are not in order or the alien has become inadmissible in the time between the date of visa issuance and the date admission is sought. Possession of a CLPR visa does not guarantee admission to the United States.

Adjustment of Status

The Adjustment of Status (AOS) procedure is designed to permit aliens who have been admitted to the United States as non-immigrants or who have been paroled into the country to apply for admission as permanent residents without leaving the country. These non-immigrants must establish that they are admissible permanently, meeting the same standards as aliens who use consular processing to obtain a permanent resident visa. (See the discussion, above, on Consular Processing and see the section on Immigration Risk Factors—Aliens, below).

Aliens seeking AOS must also comply with requirements peculiar to the AOS process. Aliens who do not meet these additional requirements will be required to use consular processing to obtain a CLPR visa, which will necessitate a departure from the United States. Aliens admitted in certain non-immigrant statuses may encounter more difficulties (and may not be successful) adjusting status than aliens admitted in other non-immigrant statuses. Investors should consult with immigration counsel regarding these issues before the EB-5 Application is filed.

An alien investor or the investor's spouse or children who are eligible for CLPR may not be eligible for AOS if they: (1) were employed in the U.S. without authorization; (2) were not in lawful status on the date their AOS application was filed or if they failed to maintain lawful status thereafter; (3) were ever out of status during earlier admissions to the U.S.; (4) are admitted in certain non-immigrant statuses, such as "A", "G" or "J" (unless the two-year foreign residency requirement does not apply or a waiver of the requirement has been obtained); (5) have been in removal proceedings in the ten years prior to seeking AOS; (6) were admitted under the visa waiver program at the time AOS is sought; or, (7) obtained CLPR as the spouse of a U.S. citizen or as the son or daughter of a spouse of a U.S. citizen and have not abandoned this CLPR prior to seeking AOS.

There may be additional reasons why an alien may not adjust status, which is a benefit granted in the discretion of USCIS. There is no appeal from a denial of AOS; the only relief available is a request to re-open or re-consider the AOS application. Investors should consult with immigration counsel to determine if they, their spouse and their children are eligible for AOS.

During AOS processing, the applicant will be required to submit a medical examination and will receive instructions from USCIS regarding biometric data collection and an interview. The interview may be waived by USCIS, but the waiver should not be expected. USCIS uses profiling information to determine who will be interviewed and it also interviews some AOS applicants to maintain the integrity of its screening process. There is no formal process to request the waiver of an interview. If the investor is interviewed, the spouse and children of the investor will be required to attend the interview.

The USCIS Texas Service Center currently has jurisdiction of the AOS process for investors in the Project. It will schedule the interview of investors in the Project. The Texas Service Center is currently reporting a six month processing time for AOS applications. The interview follows this processing and is conducted at a USCIS office near the investor's residence. USCIS uses the interview to update information about AOS applicants that may have

changed subsequent to the filing of the AOS application and to explore any issue that USCIS believes is relevant to deciding the AOS case. Typically, CLPR is conferred on the AOS applicants at the conclusion of the interview.

Travel During Adjustment of Status Processing

An alien investor who leaves the United States without advance permission while an AOS application is pending is deemed to have abandoned that application unless the applicant has been admitted in and continues to hold valid H or L non-immigrant status pending adjudication of the AOS application.

Advance permission to depart the U.S. is issued routinely if the alien articulates a *bona fide* need to travel. It is not necessary to demonstrate an emergent need to travel; any purpose not contrary to law is usually deemed sufficient. Advance permission, known as Advance Parole, is usually granted for multiple entries during the time required to complete the AOS process, but not longer than one year. It may be necessary to re-apply for Advance Parole if the AOS process is not complete within a year.

Advance Parole is not available to aliens who are outside the U.S. It is important for AOS applicants who wish the right to travel to make application for Advance Parole while they are in the U.S. They must remain in the U.S. until Advance Parole is granted to avoid abandonment of the AOS application. Advance Parole applications may take about 60-90 days to be granted. Processing times may be longer if an applicant is subjected to extended background checking. In demonstrated emergent circumstances, an AOS applicant may receive expedited Advance Parole.

Alien investors admitted to the United States in any non-immigrant status who have obtained Advance Parole during the AOS process should consult with immigration counsel before traveling. Re-admission to the U.S. using the Advance Parole document may jeopardize the non-immigrant status of the alien's family members who did not travel. The consequences, if any, of this situation should be examined prior to travel.

Employment During The Adjustment of Status Processing

Applicants for AOS who wish to work in the United States must obtain employment authorization unless they have been admitted to the U.S. in a non-immigrant status that confers employment authorization that does not end before AOS is granted. Self-employment requires employment authorization.

Employment authorization applications currently take 60-90 days to be adjudicated. Processing times may be longer if an applicant is subjected to extended background checking. Employment authorization is usually granted during the time required to complete the AOS process, but not longer than one year. It may be necessary to re-apply for employment authorization if the AOS process is not complete within a year. To avoid a lapse in employment authorization re-applications should be made sufficiently in advance of the expiry of existing authorization. Employment without authorization at any time in the U.S. is a violation of immigration status and may jeopardize the right to adjust status.

Adjustment of Status Cannot Be Guaranteed

AOS is granted in the discretion of USCIS. Its decision is unreviewable. An alien whose AOS application has been denied may request that the case to be re-opened or re-considered by the same office that denied AOS. If the request to re-open or re-consider the case is denied, or, if, after such a review, the alien fails to convince this office to reverse its original decision, the alien is without further recourse.

Aliens admitted in unexpired non-immigrant status who are denied AOS to CLPR are usually entitled to remain in the U.S. in that status and may seek an extension of that non-immigrant status or seek a change to a different non-immigrant status for which they are qualified. At such time as the alien's non-immigrant status expires, the alien is expected to depart the U.S. If at the time of the denial of AOS, the alien's non-immigrant status was expired, the alien is expected to depart the U.S. Failure to depart timely is a violation of U.S., immigration law and regulation which may affect the ability of the alien to qualify for future immigration benefits.

If an alien investor is admitted to the U.S, in a non-immigrant status (pending AOS), the spouse and children of the alien investor are frequently admitted for a time coincident with the authorization of the investor to remain in the U.S. If AOS is not granted to the alien investor and the investor's non-immigrant status expires, the status of the spouse and children will be deemed to have expired at the same time. They, too, will be expected to depart the U.S. at that time.

AOS applicants should not make any permanent connections to the United States or change any permanent living, employment, schooling or other lifestyle arrangements in their country of residence before they are issued AOS based upon an approved 1-526 Petition.

Removal of Conditions

Approval of an AOS application or the grant of an EB-5 visa followed by entry into the U.S. in EB-5 status means that the investor and the spouse and qualified children of the investor have been granted Conditional Lawful Permanent Residence (CLPR) for two years. The "conditions" must be removed so that the aliens may reside in the U.S. indefinitely. Failure to remove the conditions results in the termination of CLPR status and will likely result in the commencement of removal proceedings.

Removal of conditions is sought by the filing of a petition in the 90-day period immediately preceding the second anniversary of the grant of CLPR status. In support of the petition, the alien investor must demonstrate full investment in the enterprise and compliance with the requirement that 10 jobs have been created as a result of the investment. The investor must also demonstrate maintenance of the investment continuously since becoming a CLPR. The Managing Member will provide documentation, upon request by a Member, as reasonably necessary and available in support of such Member's application for removal of conditions

The Texas Service Center currently has jurisdiction to decide a petition to remove conditions. It is authorized to approve a petition, seek additional written information before deciding the petition, refer the petition to a local office where information will be elicited in an

interview, or, it may deny the petition. If the petition is referred for an interview, the local office of USCIS will decide the petition after the interview.

During the pendency of the petition, aliens admitted in CLPR Status remain in valid status even if the petition is not decided before the expiry of the two year period of admission. CLPR is extended in one year increments or until the petition to remove conditions is adjudicated. Unfortunately, some USCIS offices have been reluctant to extend CLPR status, presumably in ignorance of the law. Aliens have also experienced difficulty obtaining advance permission to travel during this period. This difficulty is not experienced in all instances and it may abate as local USCIS offices become more familiar with the law. Delays and improper denials of documents evidencing extended CLPR status and Advance Parole cannot be ruled out. Denial of such documents does not end the lawful status granted by statute.

Removal of Conditions Not Guaranteed

In the history of the EB-5 program, INS (now USCIS) modified the requirements for removal of conditions after the time that some investors were granted CLPR. As a result of this action, some of those investors were unable to comply with the new requirements, creating the possibility that they would be removed from the United States. Some of these investors contested the change in rules after their investments were made.

Their position was supported in litigation that resulted in INS being ordered to reconsider their applications to remove conditions by applying the original rules.

There cannot be any assurance that USCIS will not change the requirements for removal of conditions after investors are granted CLPR status through investment in the Project. There cannot be any assurance that an investor will able to demonstrate to the satisfaction of USCIS that the Project is operating within its business plan, that it has created the requisite jobs at the time required by USCIS or that any other requirements for the removal of conditions have been met.

V. RISK FACTORS

THE PURCHASE OF UNITS INVOLVES A HIGH DEGREE OF RISK AND IS SUITABLE ONLY FOR PERSONS OF SUBSTANTIAL MEANS WHO CAN BEAR THE RISK OF LOSS OF THEIR ENTIRE INVESTMENT AND WHO HAVE NO NEED FOR LIQUIDITY IN THEIR INVESTMENT. IN ADDITION TO ALL OTHER INFORMATION SET FORTH ELSEWHERE IN THIS MEMORANDUM, INCLUDING THE EXHIBITS HERETO, A PROSPECTIVE INVESTOR SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS, AND SHOULD CONSULT HIS OWN LEGAL, TAX, REAL ESTATE AN FINANCIAL ADVISORS WITH RESPECT THERETO, BEFORE MAKING A DECISION TO PURCHASE UNITS. THE ORDER IN WHICH THE FOLLOWING RISKS ARE PRESENTED DOES NOT NECESSARILY CORRELATE TO THE MAGNITUDE OF THE RISKS DESCRIBED. THE FACT THAT THE FOLLOWING RISK FACTORS ARE ENUMERATED IN NO WAY IMPLIES THAT THESE ARE THE ONLY RISK FACTORS ASSOCIATED WITH THIS INVESTMENT AND ARE MERELY ILLUSTRATIVE OF THE TYPES OF RISKS INVOLVED IN THIS TYPE OF INVESTMENT.

A. RISKS RELATED TO THE COMPANY'S PROPOSED BUSINESSES-GENERAL

1. The Company has limited Operating History. The Company was recently organized and has a limited history of operations. The Company therefore should be considered a development stage company and its operations are subject to all of the risks inherent in the establishment of a new business enterprise, including, but not limited to, hurdles or barriers to the implementation of its business plans. Further, because there is a limited history of operations there is also a limited operating history from which to evaluate the Managing Member's ability to manage the Company's operations and achieve its goals or the likely performance of the Company. However, the Managing Member and its Principals and other affiliates have had a reasonable degree of success in projects similar to the **Big Elk Resort, LLC Project**, and such Principals and affiliates have had significant experience in acquiring, developing, operating and selling various real estate properties. No assurances can be given that the Company can operate profitably.

2. Investing Members Will Bear a Significant Financial Risk. Purchasers of Units (including the Managing Member, the Principals and its other affiliates) will be providing basically all of the equity risk capital for the Company and will be investing at a time when the success of the Company remains uncertain. Accordingly, Investing Members will incur substantially all of the capital risk related to Company.

3. The Managing Member, the Principals and its Other Affiliates will be Subject to Conflicts of Interest. The Operating Agreement provides the Managing Member with broad powers and authority which could result in one or more conflicts of interest between the interests of the Investing Members and the Managing Member, the Principals and its other affiliates. The potential conflicts of interest include, but are not limited to, the following:

(a) The Managing Member, the Principals and/or its other affiliates may acquire and operate other real estate projects for their own respective accounts, provided same is

not directly competitive with the Project; there may be a Phase II within one mile that would attempt to raise funds on generally the same basis. This shall not be considered to be a conflict of interest.

(b) The Managing Member, the Principals and its other affiliates will not be required to disgorge any profits or fees or other compensation they may receive from any other business they own separate from the Company, and Investing Members will not be entitled to receive or share in any of the profits, return, fees or compensation from any other business owned and operated by the Managing Member, the Principals and its other affiliates for their own benefit;

(c) The Managing Member, the Principals and its other affiliates are not required to devote all of their time and efforts to the affairs of the Company and this could result in a conflict of interest for the time and attention of the Managing Member, the Principals and its other affiliates; and;

(d) The Company, the Managing Member, and the Prospective Investors have not been represented by separate counsel in connection with the formation of the Company, the drafting of the Operating Agreement or the Subscription Documents, or this Offering.

4. The Managing Member's Liability will be Limited. Pursuant to the Operating Agreement, the Managing Member, the Principals and its other affiliates will not be liable to the Company or any Members for any damages, losses, liabilities or expenses (including reasonable legal fees, expenses and related charges and cost of investigation) unless one of those parties is guilty of fraud, deceit, gross negligence, willful misconduct or wrongful taking. Thus, Members will have limited recourse against those parties. The Operating Agreement also provides that the Company will indemnify, hold harmless and waive any claim against the Managing Member, the Principals and its other affiliates, for any and all losses, damages, liability claims, causes of action, omissions, demands and expenses or any other act or failure to act arising from or out of the performance of their duties to the Company under the Operating Agreement or as a result of any action which the Managing Member is requested to take or refrained from taking by the Company unless such loss has arisen as a result of their gross negligence or willful misconduct.

5. The Company will have no Diversification of its Investment. The Company will invest its capital in the Project, thus limiting the diversification of the investment into one (1) industry (resort/recreational real estate).

6. The Company's Success is Dependent Upon the Successful Implementation of its Business Plan. The success of the Company will largely depend upon the Managing Member's success in implementing the Company's business plan. Because many of the factors necessary for success are beyond the control of the Managing Member, there can be no assurance that the Managing Member will be able to successfully implement the Company's business plan, or that the Managing Member can carry out that business plan as circumstances require.

7. ***The Company will be Subject to Insurance Risks.*** The Company intends to obtain and maintain insurance on any property that it acquires. The foregoing notwithstanding, no assurance can be give that either the Company or a particular client will have or be able to obtain sufficient insurance in the event of a catastrophic loss to a particular property.

8. ***Distributions by the Company are not Guaranteed.*** Payment of distributions and the amounts thereof will be dependent upon returns received by the Company on its investments. No assurances can be given that the Company will operate profitably or be able to declare and pay any distributions to the Members, or that Investing Members will earn a positive return on their investment or receive a return of any or all of their investment.

9. ***Investors may be Liable in Certain Circumstances for Repayment of Distributions.*** Members are not personally liable for any debts or losses of the Company beyond the amount of their capital contributions and profits attributable thereto (if any) if the Company is otherwise unable to meet its obligations. However, Members might be required to repay to the Company cash or in-kind distributions (including distributions on partial or complete redemption of Units and distributions deemed a return of capital) received by them to the extent of overpayments and to the extent such distribution made the Company insolvent at the time of the payment or the distribution.

B. SPECIAL RISKS ASSOCIATED WITH THE BIG ELK RESORT PROJECT

1. Zoning Approvals. Although all required zoning approvals have been obtained in order to develop the Big Elk Resort Project in accordance with the current business plan, there are no assurances that the business plan may have to be modified and accordingly, that additional or modified zoning approvals need to be obtained.

2. Marketing of Hospitality Units. One of the most significant risks of this Project is the ability of the Company to market the hospitality units to the general public as a hospitality destination resort. Although the Project is quite unique in its location, habitat and recreational offering and setting, there are no assurances that the Company will be able to successfully market or rent units at projected rates as set forth in the financial forecasts contained in **Exhibit F**.

3. Timing of Completion. Included in the Executive Summary [*see* **Exhibit F**] is a time schedule for the completion of improvements and substantial selling of the Project. There are no assurances that such time schedule can be satisfied, and if the timing for the completion of development is delayed by any significant degree, then the cost of said development will increase accordingly.

4. Cost Overruns. Cost overruns may be encountered as a result of numerous factors, including not only the delay in the development process, the failure of certain contracted parties to complete their work in accordance with the contracted amount, necessitating the substitution of subcontractors and potential increases in pricing. Furthermore, unforeseen issues may be encountered that otherwise require an increase in the development budget that have not otherwise been reserved for in the contingency fund.

5. Management of the Project. The success of the Project in large part will be dependent upon the ability of the Company to develop and promote the Project through the marketing channels generated by the Managing Member.

Another key factor in connection with the resort/recreational business is the state of the tourism market in the State of Tennessee, and in particular the needs of the local market to provide recreational facilities to the public. The recreation business is volatile in nature and dependent upon many factors, including the state of both the local and national economy, the status of tourism in the immediate area, issues involving the traveling plans of tourist from specific locales. The recreation and residential industries have been impacted in the State of Tennessee as a result of the economic downturn, and as a result, occupancy rates and pricing have both declined. There are no assurances as to the status of the recreation market when the Project is actively marketed. (***See* discussion below for more details concerning issues involving the risk involved in the recreation business in general).**

6. Concentration on Residential/Recreation Industry. The investment in the Project substantially involves the concentration in the residential and recreation industries, which industries have been seriously impacted in recent times due to the downturn in the economy. The Managing Member is hopeful that by the time the Project comes on line, that the recovery would have been in place and that the residential/recreation market would be normalized.

7. Intense Competition. There is intense competition with respect to the marketing of the Project since there are a variety of other competing opportunities for the public to invest in and/or utilize other residential and recreation facilities in comparable geographic locations, although the Managing Member believes that the features of the Project are unique as well as price competitive.

8. Seasonal Revenue. Unit rentals may also be affected by seasonal affects, and the lodging rental market in the region of operations may require the Company to charge less for the rental of units during certain times of the year in order to remain competitive. Other similar properties that may be deemed competitive to the Project, often experience gaps in business from season to season, month to month and even weekdays versus weekends. Any decrease in revenue could reduce the net operating profits, or even result in operating losses; either of which could adversely affect the results of operations and the ability to make distributions to members.

9. Discretionary Consumer Spending. The strength and profitability of the business depends on consumer demand for alternative residential and recreational opportunities. Changes in consumer preferences or discretionary consumer spending could harm the business. An extended period of reduced discretionary spending and/or disruptions or declines in airline travel and business conventions could significantly harm our operations. In particular, because the business will rely heavily upon high-end customers, including international customers, factors resulting in a decreased propensity to travel could have a negative impact on our operations. Terrorist attacks, the outbreak of infectious diseases such as the avian flu (hereinafter mentioned), the impact of a natural disaster such as a hurricane, and other factors affecting travel and discretionary consumer spending, including general economic conditions, disposable consumer income, fears of recession and reduced consumer confidence in the economy, may negatively impact our business. Negative changes in factors affecting discretionary spending

could reduce customer demand for hotel services, thus imposing practical limits on demand, pricing and harming our operations.

10. Terrorism and Military Conflicts. The terrorist activities in the United States and elsewhere, military conflicts in Iraq and in the Middle East, and past outbreaks of infectious disease have had negative impacts on travel and leisure expenditures, including lodging, travel and tourism. It is difficult to predict the extent to which similar events and conditions may continue to affect us, directly or indirectly, in the future. However, any disruptions or declines in airline travel and business conventions could significantly harm operations.

11. The Company's Investment is Speculative. Investing in real estate as contemplated by the Company involves an inherent exposure to fluctuations in the real estate market, including the availability of financing, increases in mortgage rates and borrowing rates and general economic conditions, and there is no assurance that the Company's investment strategy will be successful. Prospective Investors should not subscribe for Units unless they can afford a loss of all their capital invested in the Company.

12. The Company's Investment is Illiquid. The Project may not be easy to liquidate. No assurance can be given that any of the Company's assets can or will be sold or liquidated, if necessary.

13. There may be Difficulty in Valuing the Company's Investment. It may be difficult to value the investment in the Project that will be made by the Company. Although the Managing Member has obtained a qualified appraisal indicating that the value of the current Project approximates the sales price from the Developer to the Company, no assurances can be given that the underlying real estate can be sold at the price reflected in any such appraisal.

14. The Company's Project Will be Subject to Typical Real Estate Investment Risks. The typical risks relating to an investment in real estate will apply to an investment in the Units including, but not limited to, the national, regional and local economic climates, competitive market forces, changes in market values, changes in market rates of interest and competition from other existing competing properties and new competing properties that may be developed in the future.

15. The Company may be Subject to the Risks of Leverage. The Company may obtain new first mortgage financing on all or a portion of the Project in order to minimize the amount of equity to be invested by the Members. The Company's target average debt to total book capitalization ratio will not exceed 60%. If its operations of a Property deviate in any material adverse respect from those projected, the Company may not have sufficient cash flow to service the required indebtedness as to a particular property. If the Company cannot do so, regardless of the cause, the Company will face a risk of forfeiture or foreclosure of its interest in a particular property.

16. The Managing Member and its Affiliates will Receive a Management Fee Regardless of the Company's Performance. The Company will pay the Managing Member and/or its Affiliates various fees for services rendered regardless of whether any distributions are made to the Members.

C. RISKS RELATED TO THE OFFERING

1. Determination of the Offering Price and Other Terms of the Units have been Arbitrarily Determined. The Offering Prices for the Units, and the returns proposed to be paid to Members and other terms of the Units have been arbitrarily determined by the Managing Member and do not and will not bear any relationship to assets acquired or to be acquired or the book value of the Company or any other established criteria or quantifiable indicia for valuing a business. No representation is being made by the Company or the Managing Member that the Units have or will have a market value equal to their Offering Price or could be resold (if at all) at their original Offering Price. The Offering Price for the Units should not be considered an indication of the actual value of the Units or the business of the Company or the price at which the Units may be transferred following the consummation of this Offering.

2. There will be no Public Market for the Units and the Units are Subject to Significant Restrictions on Transferability. There is no public market for the Units and no such market is expected to develop in the future. The sale of the Units is being made without registration under the Securities Act and applicable state securities laws in reliance upon various exemptions under the Securities Act, including the "**private offering**" exemption of Section 4(2) and Regulation D promulgated under the Securities Act and available exemptions under applicable state securities laws. Such Federal and state securities laws severely restrict the transferability of the Units offered hereby. Accordingly, an investment in the Units will be highly illiquid. The Units are considered "**restricted securities**" under the Securities Act and applicable state securities laws and cannot be resold or otherwise transferred unless they are registered under the Securities Act and any applicable state securities laws or are transferred in a transaction exempt from such registration requirements. Consequently, a holder of the Units may not be able to liquidate his/her/its investment and each investor's ability to control the timing of the liquidation of his/her/its investment in the Company will be restricted. Investors should be prepared to hold their Units indefinitely. In addition, an investor should be able to withstand a total loss of his/her/its investment in the Company.

3. The Operating Agreement also Limits Transferability of Units. Pursuant to the Operating Agreement, the Units are not readily transferable and no transfer of Units may be made unless, among other things, the transferor delivers to the Managing Member an opinion of counsel satisfactory to the Company that the transfer will not create adverse tax consequences and would not violate federal or state securities laws. Obtaining such an opinion on securities laws would generally require for its basis that the Units be registered under such laws or that an exemption from registration exists and there can be no assurance that an exemption will be available.

4. There are Important Factors Related to Forward-Looking Statements and Associated Risks. This Memorandum contains certain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21 E of the Securities Exchange Act of 1934, as amended, and the Managing Member intends that such forward-looking statements be subject to the safe harbors created thereby. These forward-looking statements include the plans and objectives of management for future operations, including plans and objectives relating to the products and future economic performance of the Company.

The forward-looking statements included herein are based on current expectations that involve a number of risks and uncertainties. These forward-looking statements are based on assumptions, including but not limited to, the following: that the Company will be able to find investment opportunities that meet the criteria established by Company; that the Company will be able to negotiate terms of its investments on a basis favorable to the Company; that acquired real estate is operated and sold profitably; that the Company will accurately anticipate market demand; and that there will be no material adverse change in the Company's operations or business. Assumptions relating to the foregoing involve judgments with respect to, among other things, future economic, competitive and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Company. Although the Company believes that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in forward-looking information will be realized. In addition, as disclosed elsewhere under other risk factors, the business and operations of the Company are subject to substantial risks, which increase the uncertainty inherent in such forward-looking statements. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should **not** be regarded as a representation or assurance by the Company or any other person that the objectives or plans of the Company will be achieved.

5. The Operating Agreement has not been Negotiated at Arm's - Length. The Managing Member has generally determined the terms of the Operating Agreement, which were not negotiated on an arm's-length basis. In addition, legal counsel for the Company and the Managing Member has not acted as counsel for or represented the interests of the Prospective Investors. Prospective Investors should consult with their own legal counsel with respect to the investment to the Company.

6. Risks Related to the Investment Company Act of 1940. The Company intends to avoid becoming subject to the Investment Company Act of 1940, as amended (the "**1940 Act**"). However, it cannot absolutely assure Prospective Investors that under certain conditions, changing circumstances or changes in the law, it may not become subject to the Act of 1940 Act in the future. Becoming subject to the 1940 Act could have a material adverse effect on the Company. It is also probable that the Company would be terminated and liquidated due to the cost of registration under the 1940 Act.

7. Returns To Investing Members. The Offering has been structured to provide an Investing Member the right to receive title to a furnished hospitality unit and a designated parking space in the parking garage. Accordingly, the value of such assets is limited and Investing Members will only share in their proportionate allocation of the profits and losses generated by the hospitality units owned by them and not in the overall operation of the Project, which benefit shall be retained by the Managing Member. Furthermore, each hospitality unit will be restricted in use by the applicable twenty-five (25) year management contract with the Project Manager. The costs of operating the hospitality project will be guaranteed to be funded by the Project Manager, but not any profit on the investment. Furthermore, there are no assurances that the Project Manager will continue to be able to fund the required cost expenses since the Project Manager is a newly formed entity that is not being separately capitalized and will be dependent upon the performance of the Project as a whole to fund such expenses. Based

upon current estimates, the value of each hospitality unit, including the furnishings and the allocable parking space, is projected to be below the Five Hundred Thousand Dollar ($500,000) investment amount.

D. TAX RISKS

There are various federal income tax risks associated with an investment in the Units. Some, but not all, of the various risks associated with the federal income tax aspects of the Offering of which Prospective Investors should be aware are set forth below. The effect of certain tax consequences on a Member will depend, in part, on other items in the investor's tax return. No attempt is made herein to discuss or evaluate the state or local tax effects on any Prospective Investor. Although each Prospective Investor is urged to consult the Prospective Investor's own tax advisor concerning the effects of federal, state and local income tax laws on an investment in the Units and on the Prospective Investor's individual tax situation.

1. There are Risks Related to the Status of the Company for Federal Income Tax. The Company has been organized as a limited liability company under the laws of the State of Tennessee. The Company will not apply for a ruling from the Internal Revenue Service (the "**IRS**") that it will be treated as a partnership for federal income tax purposes. Therefore, no assurance can be given that the IRS will not successfully challenge the classification of the Company as a partnership.

The Company intends to file its tax returns as a partnership for federal and state income tax purposes. Prospective Investors should recognize that many of the advantages and economic benefits of an investment in the Interests depend upon the classification of the Company as a partnership (rather than as an association taxable as a corporation) for federal income tax purposes. A change in this classification would require the applicable Company to pay a corporate level tax on its income which would reduce cash available to fund distributions to Members or for internally funding growth of the Company, prevent the flow-through of tax benefits, if any, for use on Members' personal tax returns, and could require that distributions be treated as dividends, which together could materially reduce the yield from an investment in the Company. In addition, such a change in a Company's tax status during the life of the Company could be treated by the IRS as a taxable event, in which event the Members could have tax liability without receiving a cash distribution from the Company to enable them to pay such tax liability. The continued treatment of each Company as a partnership is dependent on present law and regulations, which are subject to change, and on the Company's ability to continue to satisfy a variety of criteria.

2. Members may have Possible Federal Income Tax Liability In Excess of Cash Distributions. The Managing Member believes that there is a reasonable basis to assume that the Company will be treated as a partnership for federal income tax purposes and will not be subject to federal income tax. Further, each Member will be taxed on the Member's allocable share of the Company's taxable income, regardless of whether the Company distributes cash to Members. Prospective Investors should be aware that although the Company will use its best efforts to make distributions in an amount necessary to pay income tax at the highest effective individual income tax rate on Company's income, the federal income tax on a Member's allocable share of the Company's taxable income may exceed distributions to such Member. A Member's allocable

share of the Company's cash distribution is subject to federal income taxation only to the extent the amount of such distribution exceeds the Member's tax basis in the Member's Membership Interest at the time of the distribution. Additionally, distributions, which exceed the amount for which a Member is considered "**at-risk**" with respect to the activity, could cause a recapture of previous losses, if any. There is a risk that a Member may not have sufficient basis or amounts "**at-risk**" to prevent allocated amounts from being taxable.

3. Deductibility of Employee's Salaries and Other Fees May be Challenged. To be deductible, payments for services must be ordinary and necessary expenses of a trade or business, reasonable in amount, and for services performed during the taxable year in which paid or accrued (or for past, but not future, years' services). The IRS has stated publicly that the deduction of fees and syndication costs will receive close scrutiny when returns are audited. If the informational tax return filed annually for federal income tax purposes by a Company is audited, no assurance can be given as to what extent the deductions claimed for these fees will be allowed. Any disallowance by the IRS which is not successfully rebutted will have the effect of increasing the taxable income of a Member by decreasing the allowable deduction attributed to each Member for the year in question.

4. Tax Auditing Procedures will be under Control of the Managing Member. Any audit of items of income, gain, loss or credits of a Company will be administered at the partnership level. The decisions made by the Managing Member with respect to such matters will be made in good faith consistent with the Managing Member's fiduciary duties to both the Company and to the Members, but may have an adverse affect upon the tax liabilities of the Members.

5. Changes in Federal Income Tax Laws and Policies may Adversely Affect Members. There can be no assurance that U.S. federal income tax laws and IRS administrative policies respecting the U.S. federal income tax consequences described in this Memorandum will not be changed in a manner which adversely affects the interests of Members.

6. Risks Related to Tax Shelter - Imposition of Accuracy-Related Penalty on Underpayments (Code Section 6662). A Member who is an individual could be subject to the Internal Revenue Code Section 6662 understatement penalty, if the Member's federal income tax liability is understated by the greater of $5,000 or ten percent (10%) of the tax shown on the return.

The exceptions to the understatement penalty apply different standards based on whether the item giving rise to the tax understatement resulted from a "**tax shelter**." The term "**tax shelter**" is defined to include a partnership if a significant purpose of such partnership is the avoidance or evasion of federal income tax. The Managing Member believes that that there is a reasonable basis to assume that the Company should not be classified as a tax shelter for purposes of the understatement penalty. If a tax shelter does exist, the understatement penalty will not be reduced even with adequate disclosure on the Member's tax return.

7. Risks Related to Disclosure of "Reportable Transactions" and Related Penalties. Pursuant to the regulations under Code section 6011, taxpayers are required to disclose with their tax return certain information for each "**reportable transaction**" in which the taxpayer

participates. The disclosure is on Form 8886 Reportable Transaction Disclosure Statement filed with the taxpayer's income tax return for each year which the taxpayer participates in a reportable transaction, with a copy to the Office of Tax Shelter Analysis ("**OTSA**") in Washington, D.C. for the first taxable year for which the transaction is disclosed.

Reportable transactions fall into six categories: listed transactions (transactions that IRS has determined to be a tax avoidance transaction and identified by published guidance), confidential transactions, transactions with contractual protection, loss transactions, transactions with a significant book-tax differences, and transactions involving a brief asset holding period.

Pursuant to Code Section 6111, each material advisor is required with respect to any reportable transaction to make a return of (i) information identifying and describing the transaction; (ii) information describing any potential tax benefits expected to result from the transaction; and (iii) other information as the Secretary may prescribe. A "**material advisor**" is defined as any person who (i) provides material aid, assistance or advice with respect to organizing, managing, promoting, selling, implementing, insuring or carrying out any reportable transaction; and (ii) directly or indirectly derives gross income in excess of $250,000 ($40,000 in cases involving a reportable transaction of which all of the tax benefits are provided to natural persons) or another amount as prescribed by the Internal Revenue Service.

A material advisor with respect to any reportable transaction is also required to maintain a list identifying each person with respect to whom the advisor acted as a material advisor with respect to the transaction.

Code Section 6662A - Imposition of Accuracy-Related Penalty on Understatements with Respect to Reportable Transactions, provides that a 20-percent accuracy-related penalty may be imposed on any reportable transaction understatement. In addition, a higher 30-percent penalty applies to a reportable transaction understatement if a taxpayer does not adequately disclose, in accordance with regulations prescribed under Code Section 6011, the relevant facts affecting the tax treatment of the item giving rise to the reportable transaction understatement.

Code Section 6707A - Penalty For Failure To Include Reportable Transaction Information With Return, imposes a penalty of $10,000 on natural persons who fail to include on any return or statement any information with respect to a reportable transaction that is required under Code section 6011. All other taxpayers are subject to a $40,000 penalty for the same type of violation. For failures with respect to listed transactions, the penalty is increased to $100,000 for natural persons and $200,000 for all other taxpayers.

These penalties are effectively automatic and apply even if there is no understatement of income.

IN VIEW OF THE FOREGOING, IT IS ABSOLUTELY NECESSARY THAT EACH AND EVERY PROSPECTIVE INVESTOR CONSULT WITH THE PROSPECTIVE INVESTOR'S OWN ATTORNEYS, ACCOUNTANTS AND OTHER PROFESSIONAL ADVISORS AS TO THE LEGAL, TAX, ACCOUNTING AND OTHER CONSEQUENCES OF AN INVESTMENT IN THE INTERESTS.

PURSUANT TO INTERNAL REVENUE SERVICE CIRCULAR NO. 230, BE ADVISED THAT ANY FEDERAL TAX ADVICE IN THIS COMMUNICATION, INCLUDING

ANY ATTACHMENTS OR ENCLOSURES, WAS NOT INTENDED OR WRITTEN TO BE USED, AND IT CANNOT BE USED BY ANY PERSON OR ENTITY TAXPAYER, FOR THE PURPOSE OF AVOIDING ANY INTERNAL REVENUE CODE PENALTIES THAT MAY BE IMPOSED ON SUCH PERSON OR ENTITY. SUCH ADVICE WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTION(S) OR MATTER(S) ADDRESSED BY THE WRITTEN ADVICE. EACH PERSON OR ENTITY SHOULD SEEK ADVICE BASED ON THE ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

E. IMMIGRATION RISK FACTORS

A SUBSCRIBER SHOULD CONSULT WITH LEGAL COUNSEL FAMILIAR WITH UNITED STATES IMMIGRATION LAWS AND PRACTICE. PURCHASE OF A MEMBER INTEREST DOES NOT GUARANTEE LAWFUL PERMANENT RESIDENCE IN THE UNITED STATES. THE MEMBER INTERESTS DESCRIBED IN THIS OFFERING MEMORANDUM INVOLVE A SIGNIFICANT DEGREE OF RISK RELATING TO IMMIGRATION MATTERS. AMONG THE IMMIGRATION RISK FACTORS THAT A PROSPECTIVE INVESTOR SHOULD CONSIDER CAREFULLY ARE THE FOLLOWING; HOWEVER, THIS LIST IS NOT EXHAUSTIVE AND DOES NOT PURPORT TO SUMMARIZE ALL RISKS ASSOCIATED WITH THE PURCHASE OF A MEMBER INTEREST. SEE "GENERAL RISK FACTORS" FOR CERTAIN ADDITIONAL RISKS ASSOCIATED WITH A PURCHASE OF A MEMBER INTEREST.

1. General.

While best efforts have been made to structure this offering so that you may meet EB-5, fifth employment-based visa preference requirements under 8 U.S.C. § 1153 (B)(5)(A) - (D); Immigration and Nationality Act § 203 (B)(5)(A) - (D) (the "Act") and qualify as "alien entrepreneurs," a preliminary step to becoming eligible for admission to the United States with your spouse and qualifying children as lawful permanent residents, no representations can be made and no guarantees can be given with respect to the ability of this investment to guarantee or otherwise assure that your application will be approved as an "alien entrepreneur" and will be granted by USCIS and obtain conditional or unconditional lawful permanent resident status.

2. Approval Of Investments In The Offering.

There is no procedure in the Act or its enabling regulations to pre-qualify an investment for the EB-5 alien entrepreneur program: an application on form 1-526 must filed with USCIS by you to determine the suitability of the investment offered herein for immigration purposes under 8 U.S.C. § 1153 (B)(5)(A) - (D); JNA § 203 (B)(5)(A) - (D). USCIS may deny such an application for cause (as described in the statutes cited above).

3. Attaining Lawful Permanent Residence.

Despite the approval of your EB-5 Application, there cannot be any guarantee that you or your spouse or any of your minor, unmarried children will be granted lawful permanent residence. The grant of such immigration status is dependent, among other things, upon the personal and financial history of each applicant. Any one of the several government agencies may determine in its discretion, sometimes without the possibility of appeal, that an applicant for lawful permanent residence is excludable from the United States. In limited instances, a waiver of a ground of exclusion may be available under the law, but adjudications of waiver applications are themselves made in the unreviewable discretion of the government.

4. Grounds For Exclusion.

Persons applying for lawful permanent residence must overcome the statutory presumption of inadmissibility. Applicants must demonstrate, affirmatively, that they are admissible to the United States. There are many grounds of inadmissibility that the government may cite as a basis to deny admission for lawful permanent residence. Various statutes, including for example Sections 212, 237 & 241 of the Act, the Antiterrorism & Effective Death Penalty Act of 1996 (AEDPA) and the Illegal Immigration Reform & Immigrant Responsibility Act of 1996 (IIRAIRA) set forth grounds of inadmissibility, which may prevent an otherwise eligible applicant from receiving an immigrant visa, entering the United States or adjusting to lawful permanent residence.

Examples of aliens precluded from entering the United States include:

(a) persons who are determined to have a communicable disease of public health significance;

(b) persons who are found to have, or have had, a physical or mental disorder and behavior associated with the disorder which poses or may pose, a threat to the property, safety, or welfare of the alien or of others, or have had a physical or mental disorder and a history of behavior associated with the disorder, which behavior has posed a threat to the property, safety, or welfare of the immigrant alien or others, and which behavior is likely to recur or to lead to other harmful behavior.

(c) persons who have been convicted of a crime involving moral turpitude (other than a purely political offense), or persons who admit having committed the essential elements of such a crime.

(d) persons who have been convicted of any law or regulation relating to a controlled substance, admitted to having committed or admits committing acts which constitute the essential elements of same;

(e) persons who are convicted of multiple crimes (other than purely political offenses) regardless of whether the conviction was in a single trial or whether the offenses arose from a single scheme of misconduct and regardless of whether such offenses involved moral turpitude;

(f) persons who are known, or for whom there is reason to believe, are, or have been, traffickers in controlled substances;

(g) persons engaged in prostitution or commercialized vice;

(h) persons who have committed in the united states certain serious criminal offenses, regardless of whether such offense was not prosecuted as a result of diplomatic immunity;

(i) persons excludable on grounds related to national security, related grounds, or terrorist activities;

(j) persons determined to be excludable by the secretary of state of the United States on grounds related to foreign policy;

(k) persons who are or have been a member of a totalitarian party, or persons who have participated in Nazi persecutions or genocide;

(l) persons who are likely to become a public charge at any time after entry;

(m) persons who were previously deported or excluded and deported from the United States;

(n) persons who by fraud or willfully misrepresenting a material fact, seek to procure (or have procured) a visa, other documentation or entry into the united states or other benefit under the Immigration Act;

(o) persons who have at any time assisted or aided any other alien to enter or try to enter the United States in violation of law;

(p) certain aliens who have departed the United States to avoid or evade U.S. Military service or training;

(q) persons who are practicing polygamists; and

(r) persons who were unlawfully present in the United States for continuous or cumulative periods in excess of 180 days.

5. <u>No Return of Funds if Visa or Adjustment of Status is Denied</u>.

Following receipt of EB-5 Conditional Approval, you, your spouse and qualifying children must timely apply for an immigrant visa or adjustment to permanent resident status. As part of this process, you will undergo medical, police, security and immigration history checks to determine whether you, your spouse and qualifying children are inadmissible to the United States for any of the reasons mentioned above or for any other reason. The visa or adjustment of status may be denied notwithstanding EB-5 Conditional Approval. If, following closing and disbursement of both the Expense Escrow Account and the Project Escrow Account, you or your spouse or any of your children are denied a visa for conditional lawful permanent residence or

denied adjustment of status to conditional lawful permanent residence such action will not entitle you to the return of any funds paid to the Company or its affiliates.

6. Conditional Lawful Permanent Residence.

Lawful permanent residence status granted initially to you, your spouse and your qualifying children is "conditional;" you, your spouse and your qualifying children must seek removal of conditions before the second anniversary of lawful permanent admission to the United States. There cannot be any assurance that the USCIS will consent to the removal of conditions as to you, your spouse and your qualifying children, each of whom must make a separate application to remove conditions. If you fail to have conditions removed, you, your spouse and your qualifying children will be required to leave the United States and may be placed in removal proceedings. Even if you succeed in having conditions removed, your spouse and each of your qualifying children, separately, must have conditions removed. Failure to have conditions removed as to any of these members of your family may require some members to depart from the United States and such family members may be placed in removal proceedings.

7. No Regulations Regarding Removal of Conditions.

The USCIS regulations governing lawful permanent residence for investors do not state specifically the criteria which USCIS must apply to determine eligibility for the removal of conditions to lawful permanent resident status. Courts have determined some standards to be followed by USCIS in some, but not all, circumstances. The Company may make certain management decisions in the absence of these specific eligibility criteria. The Company will seek as much information as possible from USCIS in an effort to assist you qualify for the removal of conditions, where good business practices permit. This notwithstanding, you should become educated about the standards that will determine eligibility of an investor and the spouse or children of the investor to achieve unconditional lawful permanent residence in the United States pursuant to this program which currently is in a state of evolution.

8. Numerical Quotas.

Currently, ten thousand (10,000) EB-5, fifth preference visa statuses are allocated annually to alien investors and the spouse and qualifying children of the investor of which 3,000 are currently allocated to Regional Centers. EB-5 status is available on a first-come, first-served basis. If more statuses are sought than are available, a delay in the availability of EB-5, lawful permanent resident status will result. There is no reliable means to predict if such a delay will occur, or if it occurs, how long an investor or the spouse and qualifying children of the investor will wait before visa status for them becomes available. Sometimes the number of visa statuses authorized changes or the preference of a visa status is redefined. There is no reliable means to predict whether or when either or both of these changes will occur. In the event of either or both of these changes, the availability of current EB-5, fifth preference visa statuses may end, the number of EB-5, fifth preference statuses may decrease or increase, or the time it takes to acquire EB-5 status may increase significantly. Other changes in the administration of the visa preference system may affect and even preclude the ability to obtain a visa for lawful permanent residence or to adjust to lawful permanent residence.

9. Expiration Of The Regional Center Pilot Program.

The regional center pilot program was first created in 1992. Since then it has been extended, most recently through October 31, 2009 and then for an additional three (3) years. This project relies on the regional center pilot program so that employment created indirectly by investments in the project may be counted towards the minimum number of jobs needed to qualify an investor, the investor's spouse and the qualifying children of the investor to have conditions removed. It is reported that EB-5 petitions are increasing in regional centers. There is not reliable means to know if the regional center program will be extended or made permanent. If the regional center program is not extended, applicants from this project seeking removal of conditions may have their applications delayed or denied causing serious hardship, including possible removal from the United States.

10. Active Participation in the Company's Business.

The EB-5 program requires that an applicant is actively involved in the business affairs of the Company. Failure to be actively involved may jeopardize your EB-5 Conditional Approval or result in the denial of lawful permanent residence status for you, your spouse and your qualifying children. The Operating Agreement, reflecting the EB-5 regulations governing what level of participation is acceptable to meet the EB-5 criteria, mandates that each member shall participate in the management of the Company to the extent reflected therein. The right to approve certain decisions of the Company as set forth in the Operating Agreement is expected to be sufficient to meet these requirements, or else the Managing Member will cause the Operating Agreement to be amended to conform with EB-5 regulations.

11. Risks Attendant to the EB-5, Fifth Preference Visa Status.

The EB-5 program has many requirements that must be met to the satisfaction of USCIS. The failure to meet even one of these requirements to the satisfaction of USCIS may result in the denial of a 1-526 petition.

12. Family Relationships.

(a) spouses of the investor may accompany or follow to join an investor who has been granted conditional lawful permanent residence provided that the investor and the spouse, deemed a derivative beneficiary, where married at the time of the investor's first admission to the United States as a conditional lawful permanent resident or following adjustment of status to lawful permanent residence. USCIS will not recognize common law marriages for the purpose of permitting a spouse to be a qualifying derivative beneficiary. If the relationship is one of common law, the "spouse" of the investor may not acquire lawful permanent resident status on account of the relationship.

(b) Children or step-children of the investor may accompany or follow to join an investor who has been granted conditional lawful permanent residence provided that the investor can establish parentage or step-parentage at the time of the investor's first admission to the United States as a conditional lawful permanent resident or adjustment of status to lawful permanent residence. Failure to comply with all applicable requirements may result in the separation of a child from the investor or the investor's spouse for protracted periods, in some

instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

(c) A "child" is someone under the age of 21 years who is unmarried. If a child becomes age 21 or marries before being admitted to the U.S. as a lawful permanent resident or adjusting to lawful permanent resident status, the former child, now deemed a son or daughter may not be eligible to accompany or follow to join the investor. In some circumstances, the child status protection act may assist a son or daughter to qualify as a child by reducing the deemed age of the son or daughter to less than 21 years. Failure to meet the requirements of the child status protection act may result in the separation of a son or daughter from the investor or the investor's spouse for protracted periods, in some instances for years, while other immigration opportunities are attempted in an effort to reunite the family.

(d) Under some circumstances, a child who becomes 21 years of age or marries while holding conditional lawful permanent resident status may remain eligible to remove conditions. Failure to meet qualifying conditions, most of which are not within the child's control, will result in the child being placed in removal proceedings and may require the child to depart the United States.

(e) Upon the death of an investor before conditions are removed, a spouse and qualifying children of the investor are entitled to seek removal of conditions by submission of the same evidence demonstrating compliance with required criteria that USCIS requires of an investor seeking to remove conditions. Failure of each member of the family to establish these criteria will result in the denial of the application to remove conditions, placement of the family members in removal proceedings and their mandated departure from the United States.

(f) It is unclear under USCIS procedures if a child who becomes a son or daughter before the death of the investor is entitled to seek removal of conditions. USCIS regulations are silent on this matter. If USCIS does not extend this benefit, such a son or daughter will be denied an application to remove conditions and will be placed in removal proceedings and may be mandated to depart the United States.

(b)(4)

VI. SUMMARY OF THE OPERATING AGREEMENT

(b)(4)

(b)(4)

(b)(4)

Manager.

VII. SUBSCRIPTION AGREEMENT

Subscription Agreement (b)(4)

(b)(4)

(b)(4)

(b)(4)

(b)(4)

VIII. ESCROW AGREEMENT

Escrow Agreement

(b)(4)

(b)(4)

IX. PROJECT MANAGEMENT AGREEMENTS

(b)(4)

X. TAX MATTERS

No Federal income tax ruling will be requested from the IRS with respect to any of the income tax consequences or Federal estate tax consequences attributable to the Company's activities or ownership of a Unit. Therefore, a material risk exists that upon audit certain items of deduction may be disallowed in whole or in part or required to be capitalized by the Company. The Managing Member presently intends to prepare the Company's information returns based on interpretations of tax law it deems to be most favorable to the majority of investors. However, it will be the responsibility of each Member to prepare and file all appropriate tax returns that he or she may be required to file as a result of his participation in the Company. EACH PROSPECTIVE INVESTOR IS STRONGLY URGED TO CONSULT WITH HIS OWN TAX ADVISOR AND COUNSEL WITH RESPECT TO ALL TAX ASPECTS OF THE ACQUISITION AND OWNERSHIP OF A UNIT.

United States Tax Status

The Company will be classified for U.S. federal income tax purposes as a partnership rather than as an association taxable as a corporation under currently applicable tax laws. This advice, however, is not binding on the IRS or the courts, and no ruling has been, or will be, requested from the IRS. No assurance can be given that the IRS will concur with such opinions or the tax consequences set forth below.

The Company will not pay U.S. federal income taxes, but each Member will be required to report his or her distributive share (whether or not distributed) of the income, gains, losses, deductions and credits of the Company. It is possible that the Members could incur income tax liabilities without receiving from the Company sufficient distributions to defray such tax liabilities. The Company's taxable year will be the calendar year, or such other year as required by the Code. Tax information will be distributed to each Member as soon as reasonably practicable after the end of the year.

Certain Considerations for U.S. Investors

The following discussion summarizes certain significant U.S. federal income tax consequences to a Prospective Investor who: (a) owns, directly or indirectly through a partnership or other flow-through entity, an interest as an Investing Member; (b) is, with respect to the United States, a citizen or resident individual, a domestic corporation, an estate, the income of which is subject to U.S. federal income taxation regardless of its source, or a trust for which a court in the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all substantial decisions, as such terms are defined for U.S. federal income tax purposes; and (c) is not tax-exempt.

Except as described in the following paragraph, interest on any amount borrowed by a Member (other than a corporation) to purchase Units in the Company will generally be "**investment interest**," subject to a limitation on deductibility. In general, investment interest will be deductible only to the extent of the taxpayer's "**net investment income**." For this purpose "net investment income" will generally include net income from the Company and other income from property held for investment (other than income treated as passive business

income). However, long-term capital gain is excluded from the definition of net investment income unless the taxpayer makes a special election to treat such gain as ordinary income rather than long-term capital gain. Interest which is not deductible in the year incurred because of the investment interest limitation may be carried forward and deducted in a future year in which the taxpayer has sufficient investment income.

Interest on any amount borrowed by an Investing Member to make a capital contribution to the Company which amount is allocable to a portfolio company that is a limited liability company engaged in business will generally be treated as a passive business activity expense (rather than an "**investment interest**"). As discussed below, certain categories of Investing Members are subject to limitations on deducting losses from passive business activities.

The Operating Agreement will contain provisions intended to comply substantially with IRS regulations describing partnership allocations that will be treated as having "**substantial economic effect**," and hence be respected, for tax purposes. However, those regulations are extremely complex, and there can be no assurance that the allocations of income, deduction, loss and gain for tax purposes made pursuant to the Operating Agreement will be respected by the IRS, if reviewed. Even if the IRS were to review the Company's allocations and determine that they do not technically comply with such regulations, such allocations would be determined "in accordance with each partner's interest in the partnership (determined by taking into account all facts and circumstances)." The allocations under the Operating Agreement should in most cases be substantially identical to each "**partner's interest in the partnership**."

Non-corporate investors (and certain closely held, personal service and S corporations) are subject to limitations on using losses from passive business activities to offset active business income, compensation income, and portfolio income (e.g., interest, dividends, capital gains from portfolio investment, royalties, etc.). The Company's distributive share of income or losses generally will be treated as passive activity income or losses. Accordingly, a Member will be subject to the passive activity loss limitations on the use of any allowable Company losses and allocable Company expenses.

Certain U.S. Tax Considerations for Foreign Investors

The U.S. federal income tax treatment of a non-resident alien (a "**non-U.S. Investing Member**") investing as an Investing Member in the Company is complex and will vary depending on the circumstances and activities of such Investing Member and the Company. Each non-U.S. Investing Member is urged to consult with its own tax advisor regarding the U.S. federal, state, local and foreign income, estate and other tax consequences of an investment in the Company. The following discussion assumes that a non-U.S. Investing Member is not subject to U.S. federal income taxes as a result of the Member's presence or activities in the United States other than as an Investing Member in the Company.

A non-U.S. Investing Member will generally be subject to U.S. federal withholding taxes at the rate of thirty percent (30%) (or such lower rate provided by an applicable tax treaty) on its share of Company income from dividends interest (other than interest which constitutes portfolio interest within the meaning of the Code) and certain other income.

The Company will be deemed to be engaged in a U.S. trade or business. A non-U.S. Investing Member's share of Company income and gains will be deemed "effectively connected" with such a U.S. trade or business of the Company (including operating income from Company) will be subject to tax at normal graduated U.S. federal income tax rates. A non-U.S. Investing Member generally will be required to file a U.S. federal income tax return with respect to the non-U.S. Investing Member's share of the Company's effectively connected income. The Company will be required to withhold U.S. federal income tax with respect to the non-U.S. Investing Member's share of Company income that is effectively connected income.

A non-U.S. Investing Member's share of the Company's gain from the sale of the Property will be subject to U.S. capital gains taxes since same constitutes a United States real property interest, in which case such gain would be deemed to be "effectively connected income" and subject to the treatment described in the previous paragraph.

As the interest in the Company constitutes a Unites States real property interest, each non-U.S. Investing Member is subject to US estate tax on his or her interest in the Company, if at the time death, the non-U.S. Investing Member remains a non-U.S. resident. Currently, under the Internal Revenue Code, a non- U.S. Investing Member may pass, free of US estate tax, the first $60,000 of U.S. sitused assets. The value in excess of this $60,000 exemption will be subject to federal estate tax at a 45% rate. In order to alleviate the potential burden of US estate tax, the Managing Member has consulted with a licensed insurance agent who may offer each non-U.S. Investing Member, on an individual basis, the opportunity to purchase a life insurance policy insuring their individual lives for a period of five (5) years. While this does not avoid or minimize the US estate tax, it provides liquidity to pay such tax.

This Memorandum does not address all of the U.S. federal income tax consequences to the Members of an investment in the Company, and does not address any of the state or local tax consequences of such an investment to any Member, or all of the United States or foreign tax consequences of such an investment to any Member that is not a United States person or entity. Each prospective investor is advised to consult its own tax counsel as to the U.S. federal income tax consequences of an investment in the Company and as to applicable state, local and foreign taxes. Special considerations may apply to prospective investors who are not United States persons or entities and such investors are advised to consult their tax advisors with regard to the United States, state, local and foreign tax consequences of an investment in the Company.

Real Estate Business Features

Given the nature of the Big Elk Resort Project and the intended operation of the Property and liquidation of completed units in the ordinary course of business, this component of the Project will subject the Company, and therefore its members, to ordinary income tax treatment on profits generated from this activity. Currently, the maximum United States tax rate is thirty-five percent (35%), although there are pending proposals by the President and in Congress to increase this maximum rate to forty percent (40%) or even more, depending upon the level of income of the taxpayer. Furthermore, there is an effective State of Tennessee income tax, which tax serves as a deduction against ordinary income otherwise includible.

The operation of the hospitality portion of the Project also involves a trade or business and will subject the Company, and therefore its members, to ordinary income treatment on operating profits. However, the sale of the capital based components of the Project, such as the recreational facilities, should result in a reduced capital gains treatment.

Possible Tax Law Changes

The foregoing discussion is only a summary and is bases upon existing U.S. federal income tax law. Investors should recognize that the U.S. federal income tax treatment of an investment in Units may be modified at any time by legislative, judicial or administrative action. Any such changes may have retroactive effect with respect to existing transactions and investments and may modify the statements made above.

XI. ADDITIONAL INFORMATION

Prior to the consummation of the Offering, the Company will provide to each Prospective Investor and such Prospective Investor's representatives and advisors, if any, the opportunity to ask questions and receive answers concerning the terms and conditions of this offering and to obtain any additional information which the Company may possess or can obtain without unreasonable effort or expense that is necessary to verify the accuracy of the information furnished to such prospective investor. Any such questions should be directed to Peter Medlyn, a principal of the Managing Member. No other persons have been authorized to give information or to make any representations concerning this Offering, and if given or made, such other information or representations must not be relied upon as having been authorized by the Company.

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LARRY J. BEHAR, P.A.
888 S.E. 3RD AVENUE
SUITE 400
FORT LAUDERDALE, FL 33316

TO: (PLEASE PRINT) PHONE (

CSC DIRECTOR
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CALIFORNIA SERVICE CENTER
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Larry J. Behar, P.A.

888 S.E. Third Avenue
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Fort Lauderdale, Florida 33316

LARRY J. BEHAR, LL.L., J.D.
LEA SALAMA DIMITRI, B.B.A., J.D.

TELEPHONE: (954) 524-8888
FACSIMILE: (954) 524-0088

RECD CSC10APR30 6:26 AL3100621

April 29, 2010

Via USPS Express Mail

Attention: EB-5 RC Proposal
Department of Homeland Security
U.S. Citizenship & Immigration Services
California Service Center
P.O. Box 10590
Laguna Niguel, California 92607-0526

RE: Tennessee Regional Center Proposal – Receipt #W09001230

Ladies and Gentlemen:

Thank you for your correspondence dated April 20, 2010, with reference to the presentation of the Regional Center Proposal for the Tennessee Regional Center. We are pleased to enclose herein the following additional documentation related to this application and look forward to a favorable determination on behalf of the applicant.

1. Form G-28 duly signed by Peter Medlyn on behalf of Tennessee Regional Center, LLC and the undersigned attorney;
2. Attorney letter requesting adjudication of the Regional Center Designation Application duly signed by Larry J. Behar, P.A., attorney of record, and acknowledged, accepted, and approved by Peter Medlyn on behalf of the Tennessee Regional Center, LLC;
3. A signed statement from Peter Medlyn, on behalf of the Tennessee Regional Center requesting adjudication of the regional center application;
4. A signed statement from Ronald Hensarling, on behalf of the Tennessee Regional Center, discussing their dedication and commitment to EB-5; and
5. Amended Business Plan, dated April 29, 2010.

E-MAIL: lbehar@immigrationflorida.com • WEBSITE: http://www.immigrationflorida.com

The proposal must be signed by a principal of the Economic Entity filing the proposal:

As requested, enclosed is a duly signed Attorney letter signed by Larry J. Behar, P.A., attorney of record, which has been acknowledged, accepted, and approved by Peter Medlyn, principal of the Tennessee Regional Center requesting the benefit of regional center designation.

Additionally, we have enclosed a signed statement from Peter Medlyn, on behalf of the Tennessee Regional Center requesting adjudication of the regional center application.

Regional Center's Operational Plan:

For your records, attached is an amended and updated business plan for the Tennessee Regional Center, LLC. For the purposes of your review and simplicity, we have extracted the relevant section necessary for your consideration.

For the purposes of clarification and consistency please note the corrections which have been made.

i. Page 12 of the Regional Center Plan: It was never the intent or conduct of the managing members to provide a guaranty of interim mortgage financing with members or such services. Accordingly, *Section 2.3 LLC Structure and Investor Safety* of the business plan has been amended to reflect the regional center's structure.

ii. Page 13 of the Regional Center Plan: For the purposes of clarification and consistency, we have deleted any reference to the Uniform Limited Partnership Act, and amended *Section 2.4 Active vs. Passive Investment* of the business plan in order to be entirely compatible with the SEC documents previously submitted. EB-5 investors' managerial roles are herby governed by the Tennessee Limited Liability Act.

iii. Page 14 of the Regional Center Plan: As requested and for the purposes of clarification, *Section 2.8 Exit Strategy Options* of the business plan has been amended to include an explanation of the obligations owed to the investors by the regional center, in the event that condominium units are not built for EB-5 investors.

As evidence of the obligations owed, please reference the Confidential Private Offering Memorandum, as originally received by USCIS on December 21, 2009.

iv. Use of Capital Investment: EB-5 investors will invest their foreign capital into Big Elk Resort, LLC. In turn Big Elk Resort, LLC will use the funds raised by the offering in order to purchase the development site and construct the proposed resort improvements. The development of the Big Elk Resort in Gatlinburg, Tennessee is the initial job creating enterprise.

As evidence of the projected job creation please refer to the Economic plan originally received by USCIS on December 21, 2009.

To further clarify how and when the invested funds will be used please reference the SEC documentation originally received by USCIS on December 21, 2009.

Attorney Representation:

As requested attached is a duly signed Form G-28 Notice of Appearance as Attorney signed by the Tennessee Regional Center, LLC Manager Peter Medlyn and Attorney Larry J. Behar.

Regional Center Information for USCIS Website:

The following is the public information related to the instant Regional Center:

Name of the Regional Center:	Tennessee Regional Center, LLC
Public Address:	109 S Broadway Knoxville, Tennessee 37905
Point of Contact:	Peter Medlyn
Phone/Fax Numbers:	Telephone: (865) 599-2322 Fax: (865) 544-4226
Email Address:	pmedlyn@eb5-invest.com
Website:	www.eb5-invest.com

Translations:

This section is not applicable as all documentation submitted was in the English language.

Copies:

The documentation submitted includes an original signed G-28, and original signed letters from the regional center principal and attorney of record. All other submitted documentation are legible photocopies.

Should you require additional information, please do not hesitate to contact our firm.

Yours very sincerely,

LARRY J. BEHAR, P.A.

By:_____
Larry J. Behar, Attorney

.encl.

.cc Peter Medlyn
.cc Ronald Hensarling

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Larry J. Behar, P.A.

888 S.E. Third Avenue
Suite #400
Fort Lauderdale, Florida 33316

LARRY J. BEHAR, LL.L., J.D.
LEA SALAMA DIMITRI, B.B.A., J.D.

TELEPHONE: (954) 524-8888
FACSIMILE: (954) 524-0088

April 29, 2010

CSC Director
U.S. Citizenship and Immigration Services
California Service Center
Attention: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, California
92677

VIA UPS EXPRESS MAIL

RE: TENNESSEE REGIONAL CENTER (hereinafter "TNRC")

Dear CSC Director,

We are pleased to enclose herewith for your thorough review and consideration the application for the Tennessee Regional Center Designation. The proposed Regional Center's all encompassing area, as confirmed by the economic and business reports, is strategically located in various counties throughout both Tennessee and North Carolina:

The *Immigration & Nationality Act* at §203(b)(5), as amended in 1990, provides an annual quota of 10,000 employment-based immigrant visas for individual applicants who meet the following conditions:

(a) investment in a new commercial enterprise;
(b) investment or process of investment of at least $1 million ($500,000 if the investment is located in a "targeted employment area");
(c) investment must benefit the U.S. economy;
(d) investment must create full-time employment for not fewer than ten (10) United States citizens or aliens lawfully admitted for permanent residence or other immigrants lawfully authorized to be employed in the United States;
(e) Investor must have a policy-making role in the enterprise.

E-MAIL: lbehar@immigrationflorida.com • WEBSITE: http://www.immigrationflorida.com

Subsequently, in late 1992, Congress enacted an EB-5 Pilot Program designed to create full-time employment positions by promoting exports, regional productivity, and capital investment. Currently, President Obama has signed a continuing resolution that extends the EB-5 Regional Center Program until October 2012 pending an expected more lengthy extension. The Pilot Program reserves 3,000 immigrant visas annually for investors who make qualifying investments and to their spouses and unmarried children. The investment must be made in a commercial enterprise located within a "regional center," defined as "any economic unit, public or private which is involved with the promotion of economic growth, including increased export sales, improved regional productivity, job creation, or increased domestic capital investment."[1]

The purpose of this presentation is to seek approval and designation of the TNRC project as a "Regional Center." This regional center proposal, accompanied by corresponding comprehensive plans,[2] shows in verifiable detail: how full time employment positions will be created both directly and indirectly, the amount and source of capital committed to the enterprise, and the promotional efforts made and planned for the project.[3]

Gatlinburg Tennessee's vision-driven renaissance is guided by a master plan focused on growth, improvement, and redevelopment. Situated in Gatlinburg's downtown district, and surrounded by a thriving central business district with arts, entertainment, shopping, and dining, the "*Big Elk Resort Project*" is a brilliantly designed investment program for foreign national investors who wish to benefit from the Investor Pilot Program.

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[1] The original definition of "Regional Center" was established in the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. No. 102-395, 610, 106 Stat. 1637, 1647 (2000). The 21st Century Department of Justice Appropriations Authorization Act, Pub. L. No. 107-273, 11037, 116 Stat. 1758 (2002), liberalized the definition by replacing "and" with "or." The regulations have not yet incorporated this statutory change. *Compare* 8 C.F.R. 204.6(e) (2005).

[2] Plans featured in this Regional Center Applications include: a thorough business plan, a detailed economic plan, as well as general and investor marketing plans.

[3] 8 C.F.R. 204.6(m)(3).

Hidden away amid the splendor of the Smoky Mountains, Gatlinburg embodies the simple goodness of small town life with major local attractions. Businesses in Gatlinburg understand the importance of providing the visitor with a green destination for eco-friendly vacations and get-a-ways. Gatlinburg Tennessee eagerly welcomes individuals of all ages to enjoy the mountains, diverse corporate culture, and a multitude of tourist attractions. The "Big Elk" project is truly the gateway to this entire region.

A new limited liability entity, Big Elk Resort LLC, (the "LLC"), has been created for the benefit of the Immigrant Investors who will have direct managerial control over the investment. The project consists of a 400 Unit Lodge, Parking Garage, Water Park and adjoining Retail/ Restaurant space.

The following are the main factors to be considered:

INVESTMENT: (b)(4)

THE TEAM:

The Regional Center Sponsor has assembled a team of specialists to address all of the key issues as they pertain to regional center designation. As such, a detailed package has been organized and is enclosed which abides by all laws as specified under the *Securities and Exchange Commission* and the *Immigration and Nationality Act*. Investors will be given every opportunity to review and inspect the proposed investment with independent legal counsel and with economic advisors.

In addition, the sponsor has retained competent legal counsel to address the myriad of immigration issues which have and will continue to arise. As such, a comprehensive list of Investor Documents will be submitted along with the standard USCIS government forms necessary for regional center approval.

SOURCE OF FUNDS & PATH OF FUNDS:

The source and path of investment funds is a primary concern for all parties involved in the project, including the regional center sponsor. As such, no less than five (5) filters have been created and will be applied to ensure that the funds have been obtained and received from a lawful, reliable, and identifiable source, and that the given investment amount will be applied directly to the subject project. The foreign capital investment will be placed in a pre-determined RBC Bank Escrow Account in the U.S. pending approval of the Immigrant Investor's I-526 petition, at which point the funds will then be transferred to the regional center.

ECONOMETRIC MODELS: (b)(4)

The results of an economic study, conducted by Economic and Policy Resources, Inc., demonstrates that the foreign capital investment is expected to create [redacted] permanent full time jobs within TNRC's geographic region in the post-construction time period. The final modeling iteration is sufficient to support [redacted] (b)(4)

From the initial review, it is evident that the project supported the creation of thousands of direct and indirect employment positions and the economic report further details how this will be achieved. When considering the various factors in determining the approval of this regional center, the economic multipliers should be considered as a significant and integral part of that determination.

(b)(4)

[redacted]

Providing that this regional center receives USCIS approval, a large number of legal U.S. employees will be given employment opportunities.

MARKETING MATERIALS:

Marketing and sales materials have been cautiously designed to avoid any false or misleading expectations by the prospective investors. The website and printed materials all advise the prospective investor to take every precaution necessary to secure independent legal and financial counsel prior to investing in the subject project.

The project has been reviewed by state officials and is supported by a myriad of state and local politicians and business leaders. The project has gone through lengthy efforts to ensure that an investor not only partakes in the investment process, but fully understands its functioning and role in the overall success of the regional center.

In light of the restricted credit market and elevated unemployment rate, it is evident that the United States is in the midst of tumultuous economic times. A new source of capital investment received through foreign investors, which will result in the development of numerous new employment opportunities for Americans, provides a promising opportunity for growth and redevelopment across the nation.

THE SPONSOR:

The TNRC sponsor is comprised of highly qualified and experienced professionals. Each sponsor has extensive experience in the real estate industry, developing a multitude of residential, commercial, retail, and hotel projects. Collectively, the developers have been responsible for creating and sustaining thousands of employment positions.

With a wide array of marketing sources abroad, the sponsor is committed to the success and excellence of the EB-5 program presently and in the future.

The Sponsor owns the land and construction of the Big Elk Resort is well under way. Diligent efforts have been made to procure a working relationship with a large Chinese company. Upon Regional Center approval the company has committed to providing approximately [redacted] investors for the project.
(b)(4)

Supported by strict accounting and banking procedures, the sponsor is also focused on ensuring the financial security of the investor by providing a very detailed and verifiable spreadsheet of all financial activity, as well as monthly investment reports and payments.

INVESTOR ACCREDITATION:

While the success of the project is the primary motivation behind developing the regional center, the quality of the investor is an integral component to ensuring a given project's success. As such, from the onset of the investment process, an accreditation of the investor will take place which will include a review of the investor's personal history and identification of his/her source and path of funds. Any suspicious applicant will be highly scrutinized and rejected, if necessary. The prospective investor will be required to adhere to the requirements of full disclosure including no less than five (5) years' worth of tax returns, financial statements, bank statements, and personal documentation to determine net worth.

BUSINESS PLAN:

In addition to this letter, an extremely detailed business plan is being submitted as part of the regional center designation application. The business plan has been divided into various segments reflecting the direction of the project, the sponsor, as well as outlining the existing market.

In addition, the TNRC program has provided a realistic exit strategy for the immigrant investors which will provide each investor with a means for financial remuneration as well as lawful U.S. permanent residency via the EB-5 Pilot Program.

CORPORATE STRUCTURE:

As indicated earlier, a new Limited Liability Company, Big Elk Resort, LLC, has been created for the benefit of the investors. The LLC will be owned and controlled by the two principal managing members; Peter Medlyn and Ron Hensarling, as well as the [redacted] investing members. (b)(4)

[redacted]

Additionally, the sponsor has created ***American Resort Management / Big Elk Resort LLC.*** This entity will oversee the proper administration of the EB-5 program and the financial success of the investment. By investing the foreign capital in a real commercial enterprise with the intent of generating a profit, the investment has been placed "at risk" as required under *8 C.F.R. §204.6(j)(2).*

CONCLUSION:

As you will surmise, a great deal of time, effort, and expense have been infused in the creation of this project. We look forward to your commentary and to an ongoing relationship with your office to ensure compliance with current and future procedures and regulations.

Your kind review and issuance of Regional Center Designation on a timely basis will be most appreciated.

LAW OFFICES • ETUDE LEGALE

Larry J. Behar, P.A.

Yours very sincerely,

LARRY J. BEHAR, P.A.

By: _____

Larry J. Behar, Attorney at Law

Acknowledged, Accepted, and Approved:

TENNESSEE REGIONAL CENTER, LLC

By: _____

Peter Medlyn, Managing Member

PETER MEDLYN

By: _____

Peter Medlyn

Peter Medlyn
Tennessee Regional Center LLC
109 S Broadway
Knoxville
TN 37902
(865) 599 2322
pmedlyn@eb5-invest.com

United States Citizenship
And Immigration Service
EB 5 Unit
Laguna Niguel, CA

Re: TENNESSEE REGIONAL CENTER
FILE NUMBER: W09001230

STATEMENT

February 5, 2010

Dear Officer,

My name is Peter Medlyn. I am the Managing Member of Tennessee Regional Center, LLC. I have authorized the filing of the submission for regional center qualification and approval by my attorneys, Larry J. Behar, P.A.

Further to our above submission, I would like to provide my confirmation that I have authorized the approval of the application. We have reviewed its content and approve its filing, its content, and its intent. We are very pleased to be part of the job creation and foreign capital program commonly known as EB 5. We have cross-state support for this endeavor and look forward with great anticipation to commence the process.

My partner, Ronald Hensarling, and I have extensive experience in the real estate industry, developing numerous residential, commercial, retail, and hotel projects. Our current project, Big Elk Resort, LLC, consists of a 400 unit lodge, parking garage, Indoor Water Park, and adjoining retail and restaurant space.

Collectively, we own the land and construction of the Big Elk Resort has commenced. All funds used for the Big Elk Resort, LLC development were acquired through a combination of our own capital and a loan from Community Trust Bancorp:

The name of our contact bankers are:

Ricky Sparkman, Executive Vice President
Community Trust Bancorp, Inc.
Executive Vice President
Phone: 270-789-5901
Fax: 270-789-5930
sparkmri@ctbi.com

All funds were lawfully gained, have had income tax paid thereon and are US source verifiable. The funds came from me and my partner, Ronald Hensarling, an extremely well known business individual with a substantial portfolio. We estimate the investment amount to date on the project to be in excess of [redacted] (b)(4)

These funds are irrevocably and irrefutably committed and will continue to be so invested in the project until its successful closure. We have the full support of the City of Gatlinburg and other political entities.

Should you need any further information, please do not hesitate to contact me.

Best wishes,

TENNESSEE REGIONAL CENTER, LLC

BY: _____
PETER MEDLYN, Managing Member

R.E.D.
REAL ESTATE
DEVELOPMENT
TRUST

U.S. Citizenship and Immigration Services
California Service Center
Attn: EB5 RC Proposal
P.O. Box 10590
Laguna Niguel
CA 92607 - 0526

April 29, 2010

Re: Tennessee Regional Center

Dear Sirs and Madam,

We are Real Estate Development Trust LLC, the developers of Tennessee Regional Center located in Gatlinburg, Tennessee.

We would like to provide you with an update on our sales and marketing efforts for our Regional Center. We refer you to our marketing web site EB5-Invest.com that is in both English and Chinese.

We now have a residence in China:

(b)(4)

Apartment 502, Tower 9,
Central Park (East Gate)
No.6, Chaowaidajie, Beijing
Zip code : 100020

REDT
109 S Broadway, Knoxville, TN 37902
Phone: +1-865-599-2322 • Fax: +1-865-544-4226
info@eb5-invest.com • eb5-invest.com • eb5investchina.com • redtllc.com

We are in the application process for our Beijing REP office. The REP office application has been lodged through the law offices of Frederick W. Hong. We will be opening our new office within the next 60 days in the Beijing Kerry Center.

11/FL, North Tower, Beijing Kerry Center
No.1 Guang Hua Road
Chao Yang District
Beijing PRC 100020.

We presently have 3 REDT employees on the ground in China ready to coordinate our sales program. Four members of our sales and marketing partner located in Hong Kong are scheduled to arrive in Beijing on May 24th to help co-ordinate our EB-5 Regional Center launch in Beijing. Our sales and marketing partner have strong affiliations with the Chinese Government and are scheduled to visit our project in Tennessee on the week ending May 7th to complete due diligence for a Chinese government entity. Due to the signing of confidentially agreements I am not able to disclose the name of the Hong Kong partner or Chinese Government entity that we have partnered with for sales and marketing. (b)(4)

We look forward to your positive and timely response to your request for evidence response from our legal counsel. Our Chief Executive Officer, Peter Medlyn, returned from China last month and can be reached in the USA on (865) 599 2322. I am still in Beijing China and can be reached via email.

Sincerely,

Ron Hensarling
Chairman

Ron@eb5-invest.com

REGIONAL CENTER DESIGNATION APPLICATION PROPOSAL

AMENDED SECTION 2

SPONSOR:
Tennessee Regional Center, LLC

109 S Broadway
Knoxville, TN 37902
USA

Email: info@EB5-invest.com
Web Site: http://www.EB5-invest.com

DATE: April 29, 2010

This document contains confidential and proprietary information belonging exclusively to: Tennessee Regional Center, LLC. This is a business plan. It does not imply an offering of securities.

SECTION 2

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

(b)(4)

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

(b)(4)

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(b)(4)

TABLE OF CONTENTS/OUTLINE

(b)(4)

SECTION 1

EXECUTIVE SUMMARY

(b)(4)

SECTION 1

EXECUTIVE SUMMARY

(b)(4)

SECTION 1

EXECUTIVE SUMMARY

(b)(4)

SECTION 1

EXECUTIVE SUMMARY

(b)(4)

(b)(6)

SECTION 1

EXECUTIVE SUMMARY

(b)(4)

SECTION 1

EXECUTIVE SUMMARY

(b)(4)

SECTION 1

EXECUTIVE SUMMARY

(b)(4)

SECTION 1

EXECUTIVE SUMMARY

(b)(4)

SECTION 1

EXECUTIVE SUMMARY

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

(b)(4)

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

SECTION 2

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

(b)(4)

SECTION 2

TENNESSEE REGIONAL CENTER PROGRAM DEVELOPMENT STRATEGY

(b)(4)

(b)(4)

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE:

(b)(4)

BIG ELK RESORT, GATLINBURG, TN

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE:
BIG ELK RESORT, GATLINBURG, TN

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3

(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE:

(b)(4)

BIG ELK RESORT, GATLINBURG, TN

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE:

(b)(4) BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4) THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

PROJECTED STATEMENT OF INCOME

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 3

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

SECTION 3

(b)(4)

THE INITIAL JOB-CREATING COMMERCIAL ENTERPRISE: BIG ELK RESORT, GATLINBURG, TN

(b)(4)

SECTION 4

COMPANIES AND PEOPLE NVOLVED

(b)(4)

SECTION 4

COMPANIES AND PEOPLE NVOLVED

(b)(4)

SECTION 4

COMPANIES AND PEOPLE NVOLVED

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SECTION 4

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SECTION 4

(b)(4)

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SECTION 4

COMPANIES AND PEOPLE NVOLVED

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SECTION 4

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SECTION 4

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SECTION 4

COMPANIES AND PEOPLE NVOLVED

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COMPANIES AND PEOPLE NVOLVED

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SECTION 4

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SECTION 4

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SECTION 4

COMPANIES AND PEOPLE NVOLVED

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SECTION 4

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COMPANIES AND PEOPLE NVOLVED

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SECTION 4

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SECTION 4

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(b)(4)

SECTION 4

COMPANIES AND PEOPLE NVOLVED

(b)(4)

SECTION 4

COMPANIES AND PEOPLE NVOLVED

(b)(4)

SECTION 4

COMPANIES AND PEOPLE NVOLVED

(b)(4)

SECTION 5

MARKETING PLAN

[1] USCIS, July, 2009

SECTION 5

(b)(4)

MARKETING PLAN

SECTION 5

(b)(4)

MARKETING PLAN

(b)(4)

SECTION 5

MARKETING PLAN

(b)(4)

SECTION 5

MARKETING PLAN

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(b)(4)

SECTION 5

MARKETING PLAN

(b)(4)

SECTION 5

MARKETING PLAN

(b)(4)

SECTION 5

MARKETING PLAN

(b)(4)

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MARKETING PLAN

(b)(4)

SECTION 5

MARKETING PLAN

(b)(4)

SECTION 5

MARKETING PLAN

(b)(4)

SECTION 5

MARKETING PLAN

SECTION 5

MARKETING PLAN

(b)(4)

(b)(4)

SECTION 5

MARKETING PLAN

(b)(4)

SECTION 5

MARKETING PLAN

(b)(4)

SECTION 6

OPERATING PLAN & PROGRAM ADMINISTRATION

(b)(4)

SECTION 6

OPERATING PLAN & PROGRAM ADMINISTRATION

(b)(4)

SECTION 6

OPERATING PLAN & PROGRAM ADMINISTRATION

(b)(4)

SECTION 6

OPERATING PLAN & PROGRAM ADMINISTRATION

(b)(4)

SECTION 6

OPERATING PLAN & PROGRAM ADMINISTRATION

(b)(4)

SECTION 6

OPERATING PLAN & PROGRAM ADMINISTRATION

(b)(4)

SECTION 7

LEGAL & RISK PLANNING

(b)(4)

SECTION 7

LEGAL & RISK PLANNING

(b)(4)

SECTION 7

LEGAL & RISK PLANNING

(b)(4)

SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

SECTION 8

(b)(4) ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

SECTION 8

(b)(4)

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

SECTION 8

(b)(4)

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

SECTION 8

(b)(4)

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

SECTION 8

(b)(4)

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

SECTION 8

(b)(4)

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

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ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

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SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

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SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

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SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

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SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

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SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 8

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

SECTION 8

(b)(4)

ANALYSIS OF GEOGRAPHIC FOCUS LOCATION

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

SECTION 9

(b)(4)

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

SECTION 9

(b)(4)

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

SECTION 9

(b)(4)

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

SECTION 9

(b)(4)

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

SECTION 9

(b)(4)

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

SECTION 9

(b)(4)

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

SECTION 9

(b)(4)

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

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SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

SECTION 9

(b)(4)

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

SECTION 9

(b)(4)

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

(b)(4)

SECTION 10

FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

(b)(4)

SECTION 10

FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

(b)(4)

SECTION 10

FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

SECTION 10

(b)(4)

FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

SECTION 10

(b)(4)

FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

(b)(4)

SECTION 10

FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

SECTION 10

(b)(4)

FINANCIAL INFORMATION
ECONOMIC IMPACT ANALYSIS AND JOB CREATION STUDY

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PART 2

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(DATE)

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Form M-134
(7-15-59)

DOJ-1981-09

CONTINUED UNDER

PART 2 OF 4

2/17/2013

(DATE)

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Form M-134
(7-15-59)

DOJ-1981-09

EB-5 Immigrant purposes shall focus investments into new commercial enterprises in the following target industry economic clusters:

1. Accommodations (NAICS 721)
2. Food Services (NAICS 722)
3. Amusement (NAICS 713)
4. Retail (NAICS 45)
5. Construction and Related (NAICS 23622)

If any investment opportunities arise that are beyond the scope of the approved industry clusters, then an amendment would be required to add that cluster.

Aliens seeking immigrant visas through the Immigrant Investor Pilot Program may file individual petitions with USCIS for these commercial enterprises located within the approved Regional Center area. For any alien requesting the reduced threshold of $500,000 based upon an investment in a Targeted Employment area, the alien must establish at the time of filing of the I-526 petition that either the investment will be made in a TEA designated area or was in a TEA designated area at the time of the alien's initial investment into the enterprise.

EMPLOYMENT CREATION

Immigrant investors who file petitions for commercial enterprises located in the Regional Center area must fulfill all of the requirements set forth in 8 CFR 204.6, except that the petition need not show that the new commercial enterprises created ten new jobs indirectly as a result of the immigrant investor's investment. This determination has been established by way of USCIS' acceptance of the final economic analysis that is contained as part of the approved Regional Center proposal and its indirect job creation model and multipliers contained within the final approved Regional Center application package. Rather, the investor must show at the time of removal of conditions that they performed the activities described in the model and on which the approved methodology is based. In this case, the REDYN methodology was used.

Multiplier based on underlying new "direct jobs"

In addition, where job creation or preservation of existing jobs is claimed based on a multiplier rooted in underlying new "direct jobs", the immigrant investor's individual I-526 petition affiliated with your Regional Center, should include as supporting evidence:

- A comprehensive detailed business plan with supporting financial, marketing and related data and analysis providing a reasonable basis for projecting creation of any new direct jobs for "qualifying employees" to be achieved/realized within two years pursuant to 8 CFR 204.6(j)(4)(B).

An alien investor's I-829 petition to remove the conditions which was based on an I-526 petition approval that involved the creation of new direct jobs or the creation of new indirect jobs based on a multiplier tied to underlying new direct jobs needs to be properly supported by evidence of job creation. To support the full number of direct and indirect new jobs being claimed in connection with removal of conditions, the petition will need to be supported by probative evidence of the number of new direct full time (35 hours per week) jobs for qualified employees whose positions have been created as a result of the alien's investment. Such evidence may include copies of quarterly state employment tax reports, Forms W-2, Forms I-9, and any other pertinent employment records sufficient to demonstrate the number of qualified employees whose jobs were created directly.

Additional Guidelines for individual Immigrant Investors Visa Petition (I-526)

Each individual petition, in order to demonstrate that it is associated with the Regional Center, in conjunction with addressing all the requirements for an individual immigrant investor petition, shall also contain as supporting evidence relating to this Regional Center designation, the following:

1. A copy of this letter, the Regional Center approval and designation.

2. A copy of the USCIS approved Regional Center narrative proposal and business plan.

3. A copy of the job creation methodology required in 8 CFR 204.6(j)(4)(iii), as contained in the final Regional Center economic analysis which has been approved by USCIS, which reflects that investment by an individual immigrant investor will create not fewer than ten (10) full-time employment positions, either directly or indirectly, per immigrant investor.

4. A legally executed copy of the USCIS approved:

a.	Operating Agreement;	(Sample submitted 12/21/09)
b.	Private Placement Memorandum;	(Sample submitted 12/21/09)
b.	Subscription Agreement;	(Sample submitted 12/21/09)
c.	Limited Partnership Agreement;	(Sample submitted 12/21/09)
d.	Business Plan for the project and	(Sample submitted 12/21/09)
e.	Escrow Agreement.	(Sample submitted 12/21/09)

DESIGNEE'S RESPONSIBILITIES INHERENT IN CONDUCT OF THE REGIONAL CENTER:

The law, as reflected in the regulations at 8 CFR 204.6(m)(6), requires that an approved Regional Center in order to maintain the validity of its approval and designation must continue to meet the statutory requirements of the Immigrant Investor Pilot Program by serving the purpose of promoting economic growth, including increased export sales (where applicable), improved regional productivity, job creation, and increased domestic capital investment. Therefore, in order for USCIS to determine whether your Regional Center is in compliance with the above cited regulation, and in order to continue to operate as a USCIS approved and designated Regional Center, your administration, oversight, and management of your Regional Center shall be such as to monitor all investment activities under the sponsorship of your Regional Center and to maintain records, data and information on a quarterly basis in order to report to USCIS upon request the following year to date information for each Federal Fiscal Year[1], commencing with the initial year as follows:

1. Provide the principal authorized official and point of contact of the Regional Center responsible for the normal operation, management and administration of the Regional Center.

2. Be prepared to explain how you are administering the Regional Center and how you will be actively engaged in supporting a due diligence screening of its alien investors' lawful source of capital and the alien investor's ability to fully invest the requisite amount of capital.

3. Be prepared to explain the following:

   a. How the Regional Center is actively engaged in the evaluation, oversight and follow up on any proposed commercial activities that will be utilized by alien investors.

[1] A Federal Fiscal Year runs for twelve consecutive months from October 1st to September 30th.

b. How the Regional Center is actively engaged in the ongoing monitoring, evaluation, oversight and follow up on any investor commercial activity affiliated through the Regional Center that will be utilized by alien investors in order to create direct and/or indirect jobs through qualifying EB-5 capital investments into commercial enterprises within the Regional Center.

4. Be prepared to provide:

   a. the name, date of birth, petition receipt number, and alien registration number (if one has been assigned by USCIS) of each principal alien investor who has made an investment and has filed an EB-5/I-526 Petition with USCIS, specifying whether:
      i. the petition was filed,
      ii. was approved,
      iii. denied, or
      iv. withdrawn by the petitioner, together with the date(s) of such event.
   b. The total number of visas represented in each case for the principal alien investor identified in 4.a. above, plus his/her dependents (spouse and children) for whom immigrant status is sought or has been granted.

   c. The country of nationality of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.

   d. The U.S. city and state of residence (or intended residence) of each alien investor who has made an investment and filed an EB-5/I-526 petition with USCIS.

   e. For each alien investor listed in item 4.a., above, identify the following:

      i. the date(s) of investment in the commercial enterprise;

      ii. the amount(s) of investment in the commercial enterprise; and

      iii. the date(s), nature, and amount(s) of any payment/remuneration/profit/return on investment made to the alien investor by the commercial enterprise and/or Regional Center from when the investment was initiated to the present.

5. Be prepared to identify/list each of the target industry categories of business activity within the geographic boundaries of your Regional Center that have:

   a. received alien investors' capital, and in what aggregate amounts;

   b. received non-EB-5 domestic capital that has been combined and invested together, specifying the separate aggregate amounts of the domestic investment capital;

   c. of the total investor capital (alien and domestic) identified above in 5.a and 5.b, identify and list the following:
      i. The name and address of each "direct" job creating commercial enterprise.
      ii. The industry category for each indirect job creating investment activity.

6. Be prepared to provide:

   a. The total aggregate number of approved EB-5 alien investor I-526 petitions per each Federal

Fiscal Year to date made through your Regional Center.

b. The total aggregate number of approved EB-5 alien investor I-829 petitions per each Federal Fiscal Year to date through your Regional Center.

7. The total aggregate sum of EB-5 alien capital invested through your Regional Center for each Federal Fiscal Year to date since your approval and designation.

8. The combined total aggregate of "new" direct and/or indirect jobs created by EB-5 investors through your Regional Center for each Federal Fiscal Year to date since your approval and designation.

9. If applicable, the total aggregate of "preserved" or saved jobs by EB-5 alien investors into troubled businesses through your Regional Center for each Federal Fiscal Year to date since your approval and designation.

10. If for any given Federal Fiscal Year your Regional Center did or does not have investors to report, then provide:

    a. a detailed written explanation for the inactivity,

    b. a specific plan which specifies the budget, timelines, milestones and critical steps to:

        i. actively promote your Regional Center program,

        ii. identify and recruit legitimate and viable alien investors, and

        iii. a strategy to invest into job creating enterprises and/or investment activities within the Regional Center.

11. Regarding your website, if any, please be prepared to provide a hard copy which represents fully what your Regional Center has posted on its website, as well as providing your web address. Additionally, please provide a packet containing all of your Regional Center's hard copy promotional materials such as brochures, flyers, press articles, advertisements, etc.

12. Finally, please be aware that <u>it is incumbent on each USCIS approved and designated Regional Center, in order to remain in good standing</u>, to notify the USCIS within 15 business days at <u>USCIS.ImmigrantInvestorProgram@dhs.gov</u> of any change of address or occurrence of any material change in:

- the name and contact information of the responsible official and/or Point of Contact (POC) for the RC
- the management and administration of the RC,
- the RC structure,
- the RC mailing address, web site address, email address, phone and fax number,
- the scope of the RC operations and focus,
- the RC business plan,
- any new, reduced or expanded delegation of authority , MOU, agreement, contract, etc. with another party to represent or act on behalf of the RC,
- the economic focus of the RC, or
- any material change relating to your Regional Center's basis for its most recent designation and/or reaffirmation by USCIS.

If you have any questions concerning the Regional Center approval and designation under the Immigrant Investor Pilot Program, please contact the USCIS by Email at USCIS.ImmigrantInvestorProgram@dhs.gov.

Sincerely,

Barbara Velarde,
Acting Director, California Service Center

cc: Larry J. Behar, Esq.

U.S. Department of Homeland Sec
U.S. Citizenship and Immigration Se

Notice of Action

		Application/Petition REGIONAL CENTER PROPOSAL
Receipt # W09001230		
Notice Date April 20, 2010	Page 1 of 4	Regional Center Tennessee Regional Center, LLC

Larry J. Behar, P.A.
Law Offices of Larry J. Behar
888 S.E. Third Avenue, Suite 400
Fort Lauderdale, Florida 33316

Request for Evidence

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 EIGHTY-FOUR (84) DAYS FROM THE DATE OF THIS NOTICE. IF YOU DO NOT PROVIDE THE REQUESTED DOCUMENTATION WITHIN THE TIME ALLOTTED, YOUR APPLICATION WILL BE CONSIDERED ABANDONED PURSUANT TO 8 C.F.R. 103.2(B)(13) AND, AS SUCH, WILL BE DENIED.

WS 24064/CSC3700 DIV III

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

Note: You are given until JULY 13, 2010 **in which to submit the information requested.**

Pursuant to 8 C.F.R. 103.2(b)(11) failure to submit ALL evidence requested at one time may result in the denial of your application.

For non-US Postal Service
Attn: EB 5 RC Proposal
24000 Avilla Road, 2nd Floor
Laguna Niguel, CA 92677

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:

U.S. CITIZENSHIP AND IMMIGRATION SERVICES
CALIFORNIA SERVICE CENTER
Attn: EB 5 RC Proposal
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0526

W09001235

Form I-797 (8/06)

Please see additional information on the back.

RECD CSC 10 JUL 2 13:00 AL3100621

Besides the basic general proposal, the Regional Center Proposal may now be approved to include two optional requests, review of the enterprise's organization and operational documents and/or a specific investment project. Thus, documentation submitted in support of the Regional Proposal may be grouped into two categories, mandatory, required for the basic general proposal, and optional, needed for the two options.

What is the Immigrant Investor Pilot Program?

The Immigrant Investor Pilot Program ("Pilot Program") was created by Section 610 of Public Law 102-395 (October 6, 1992). This is different in certain ways from the basic EB-5 investor program.

The Pilot Program began in accordance with a Congressional mandate aimed at stimulating economic activity and creating jobs for U.S. workers, while simultaneously affording eligible aliens the opportunity to become lawful permanent residents. Through this innovative program, foreign investors are encouraged to invest funds in an economic unit known as a "Regional Center."

A Regional Center is defined as any economic unit, public or private, engaged in the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment.

8 CFR 204.6 (m)(3) describes specific evidence that must be submitted before consideration for eligibility for this benefit may proceed. After review of your proposal in the light of these requirements, the following information, evidence or clarification is needed to proceed.

It is always best to start with a cover letter that acts as an executive summary followed by a table of contents of the various tabbed sections to follow.

Regional Center Proposals must meet all the Requirement of 8 CFR 103.2.

The proposal must be signed by a principal of the Economic Entity filing the proposal.

8 CFR 103.2(a)(2) requires that the applicant or petitioner must sign their petition or application. While no specific form is required for a Regional Center Proposal, the proposal must include a signature of a principal and the point of contact of the proposed Regional Center, generally found on the letter requesting the benefit. In this case the requesting letter was signed only by the attorney of record. Since there is no claim that the attorney is also a principal of the Regional Center the Proposal has not been properly filed by a principal of the Regional Center. Therefore, provide a new and updated request signed by a Regional Center principal.

Mandatory Evidence for the Basic General Proposal

Regional Center's Operational Plan (8 CFR 204.6(m) and 8 CFR 204.6):

A review of the Regional Center's Operational Plan reveals that multiple issues exist with respect to structure of capital investment and whether capital is actually placed at risk for the purpose of job creation:

Page 12 of the Regional Center Plan states that EB-5 TRC Program purchases each property with its own funds and interim mortgage financing that is personally guaranteed by the Company's members. Evidence needs to be submitted to show where the Regional Center is acquiring these funds including evidence of the guarantee for interim mortgage financing with members.

Page 13 of the Regional Center Plan indicates that member investors will have the same rights under the Uniform Limited Partnership Act or otherwise satisfy the EB-5 regulations for management involvement. However, the record is not clear how member investors will have the same rights under the Uniform Limited Partnership Act. Submit evidence to show that the member investors have rights under the Uniform Limited Partnership Act or otherwise satisfy the requirement for management involvement.

(b)(4)

Page 14 of the Regional Center Plan indicates that a redemption arrangement exists in which each investor will receive [redacted] and one [redacted] Further, Page 44 of the Regional Center Plan (under the heading of "Big Elk Resort, LLC") indicates that a redemption arrangement exists in which "the management company
(b)(4) will guarantee the investor a minimum rental equal to the annual real estate taxes, insurance and home owner registration fees". What is not clear is what will happen to these obligations in the event that [redacted] units are not built for EB-5 investors. Please submit a statement explaining how and include evidence to support your claims.

If the capital investment is based on investors guaranteeing the interim financing of the regional center projects, then any investment capital will not be placed at risk and that the prerequisite job creation requirements will not be met. If the investor funds are going to used in another fashion that will create the requisite jobs for each individual EB-5 investor, submit a statement explaining how and when the funds will be used and include evidence to support your claims.

General issues related to Regional Centers

Attorney Representation (8 CFR 103.2(a)(3))

If the Regional Center wishes to be represented by an outside attorney, that is, an attorney that is neither an employee nor principal of the Regional Center, that attorney must submit a properly executed form G-28, signed by a principal of the Regional Center.

Posting of Regional Center information on the USCIS Web site:

If the regional center proposal is approved, then public information relating to the regional center will be posted on the USCIS web site. In order to provide accurate and updated information provide the following, as it relates to the Regional Center

- Name of the Regional Center
- Public address
- Point of Contact
- Phone/Fax
- E-mail/Web Page

Translations:

Any document containing a foreign language submitted to USCIS shall be accompanied by a full English translation that the translator has certified as complete and accurate, and by the translator's certification that he or she is competent to translate from the foreign language into English.

Copies:

Unless specifically required that an original document be filed with an application or petition, an ordinary legible photocopy may be submitted. Original documents submitted when not required will remain part of the record, even if the submission was not required.

LAW OFFICES • ETUDE LEGALE

Larry J. Behar, P.A.

888 S.E. Third Avenue
Suite #400
Fort Lauderdale, Florida 33316

LARRY J. BEHAR, LL.L., J.D.
LEA SALAMA DIMITRI, B.B.A., J.D.

TELEPHONE: (954) 524-8888
FACSIMILE: (954) 524-0088

July 1st, 2010

Via USPS Express Mail

U.S. Citizenship & Immigration Services
Department of Homeland Security
Attention: EB 5 RC Proposal
P.O. Box 10590
Laguna Niguel, California 92607-0526

RE: TENNESSEE REGIONAL CENTER LLC – Receipt #W09001230

Ladies and Gentlemen,

Our firm is attorney of record of the Tennessee Regional Center LLC. We hereby acknowledge receipt of your Request for Evidence dated April 20th, 2010, which is due on July 13th, 2010. Please note that our firm responded to this Request for Evidence via USPS Express Mail on April 29th, 2010. In a series of emails with the USCIS EB-5 Unit in California, we have been informed that the package was indeed received but due to a technical or administrative issue, was "interfiled" and not forwarded to the adjudications unit or reviewed since the date of receipt.

We are pleased to enclose herein a DUPLICATE response for your records and hereby make the following arguments in support of expedited review of this matter:

(b)(4)

1. SEVERE FINANCIAL LOSS:

[redacted]

E-MAIL: lbehar@immigrationflorida.com • WEBSITE: http://www.immigrationflorida.com

(b)(4)

2. EXTREME EMERGENT SITUATION:

The sponsors/developers filed the application in good faith back on December 21, 2009. They have been patiently waiting since then but economic conditions in the State of Tennessee and the U.S., in general, have gotten worse and thus, the JOBS and capital which this project will provide are now critical to the economy of this depressed region. The company further risks losing valuable marketing opportunities in the busy summer travel season pending review and approval of the application by the USCIS.

3. HUMANITARIAN SITUATION:

There are several humanitarian conditions for your consideration. First, even if the Remand Notice was not placed on top of the response to the Request for Evidence, it may have been a human and inadvertent error, and thus subject to your discretion to have the matter placed "back on track". Second, it would be unjust to penalize all the workers who are depending on this project, the investors who are waiting for approval, and the related groups for such an inadvertent possible oversight. We were not present at the handling of the file at receipt by USCIS. That said, the Remand request and response was short and an EXPEDITED ADJUDICATION is entirely within the purview of USCIS and in its discretion which we respectfully request that it apply.

4. SERVICE ERROR:

We are unsure if the matter is a service error or not. That said, we find it extraordinary that no one at the contractor's office or mail room would have flagged the compilation of response and notified either us or you. Further, you were given due notice twice via email that the delay caused a suspicion on our part that something was amiss in the processing. The Express Mail receipt demonstrates that we responded within but a few days of the receipt of the Request for Evidence.

5. COMPELLING INTEREST OF THE SERVICE:

There are several compelling interests which are administrative in nature and in the national interest. First, we highly recommend a backup system which prevents this type of internal oversight even if there had been a human error on anyone's part. Second, it

is unjust to penalize those who are dependent on a decision from USCIS on the Regional Center. This was a very highly documented and extensive application and in the interests of justice, we believe that the Service should grant this Expedited Review as well as adjudication of the Regional Center Application.

We hope and trust that the enclosed documentation is sufficient for your purposes and look forward to a favorable and expeditious adjudication of the Regional Center application.

Should you require any further information, please do not hesitate to contact our firm.

Yours very sincerely,

LARRY J. BEHAR, P.A.

By: _____
Larry J. Behar, Attorney

.encl.

.cc Peter Medlyn (cover only)

.cc Ronald Hensarling (cover only)

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☐ NO DELIVERY ☐ Weekend ☐ Holiday

Mailer Signature

FROM: (PLEASE PRINT) PHONE (954) 524-8888

LARRY J. BEHAR, ESQ.
LARRY J. BEHAR, P.A.
883 S.E. 3RD AVENUE
SUITE 400
FT. LAUDERDALE, FL 33316

TO: (PLEASE PRINT) PHONE ( )

ATTN: EB-5 RC PROPOSAL
DEPT. OF HOMELAND SECURITY
USCIS
CALIFORNIA SERVICE CENTER
P.O. BOX 10590
LAGUNA NIGUEL, CA 92607-0526

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Larry J. Behar, P.A.

888 S.E. Third Avenue
Suite #400
Fort Lauderdale, Florida 33316

LARRY J. BEHAR, LL.L., J.D.
LEA SALAMA DIMITRI, B.B.A., J.D.

TELEPHONE: (954) 524-8888
FACSIMILE: (954) 524-0088

April 29, 2010

Via USPS Express Mail

Attention: EB-5 RC Proposal
Department of Homeland Security
U.S. Citizenship & Immigration Services
California Service Center
P.O. Box 10590
Laguna Niguel, California 92607-0526

RE: Tennessee Regional Center Proposal – Receipt #W09001230

Ladies and Gentlemen:

Thank you for your correspondence dated April 20, 2010, with reference to the presentation of the Regional Center Proposal for the Tennessee Regional Center. We are pleased to enclose herein the following additional documentation related to this application and look forward to a favorable determination on behalf of the applicant.

1. Form G-28 duly signed by Peter Medlyn on behalf of Tennessee Regional Center, LLC and the undersigned attorney;
2. Attorney letter requesting adjudication of the Regional Center Designation Application duly signed by Larry J. Behar, P.A., attorney of record, and acknowledged, accepted, and approved by Peter Medlyn on behalf of the Tennessee Regional Center, LLC;
3. A signed statement from Peter Medlyn, on behalf of the Tennessee Regional Center requesting adjudication of the regional center application;
4. A signed statement from Ronald Hensarling, on behalf of the Tennessee Regional Center, discussing their dedication and commitment to EB-5; and
5. Amended Business Plan, dated April 29, 2010.

E-MAIL: lbehar@immigrationflorida.com • WEBSITE: http://www.immigrationflorida.com

The proposal must be signed by a principal of the Economic Entity filing the proposal:

As requested, enclosed is a duly signed Attorney letter signed by Larry J. Behar, P.A., attorney of record, which has been acknowledged, accepted, and approved by Peter Medlyn, principal of the Tennessee Regional Center requesting the benefit of regional center designation.

Additionally, we have enclosed a signed statement from Peter Medlyn, on behalf of the Tennessee Regional Center requesting adjudication of the regional center application.

Regional Center's Operational Plan:

For your records, attached is an amended and updated business plan for the Tennessee Regional Center, LLC. For the purposes of your review and simplicity, we have extracted the relevant section necessary for your consideration.

For the purposes of clarification and consistency please note the corrections which have been made.

i. Page 12 of the Regional Center Plan: It was never the intent or conduct of the managing members to provide a guaranty of interim mortgage financing with members or such services. Accordingly, *Section 2.3 LLC Structure and Investor Safety* of the business plan has been amended to reflect the regional center's structure.

ii. Page 13 of the Regional Center Plan: For the purposes of clarification and consistency, we have deleted any reference to the Uniform Limited Partnership Act, and amended *Section 2.4 Active vs. Passive Investment* of the business plan in order to be entirely compatible with the SEC documents previously submitted. EB-5 investors' managerial roles are herby governed by the Tennessee Limited Liability Act.

iii. Page 14 of the Regional Center Plan: As requested and for the purposes of clarification, *Section 2.8 Exit Strategy Options* of the business plan has been amended to include an explanation of the obligations owed to the investors by the regional center, in the event that condominium units are not built for EB-5 investors.

As evidence of the obligations owed, please reference the Confidential Private Offering Memorandum, as originally received by USCIS on December 21, 2009.

iv. Use of Capital Investment: EB-5 investors will invest their foreign capital into Big Elk Resort, LLC. In turn Big Elk Resort, LLC will use the funds raised by the offering in order to purchase the development site and construct the proposed resort improvements. The development of the Big Elk Resort in Gatlinburg, Tennessee is the initial job creating enterprise.

As evidence of the projected job creation please refer to the Economic plan originally received by USCIS on December 21, 2009.

To further clarify how and when the invested funds will be used please reference the SEC documentation originally received by USCIS on December 21, 2009.

Attorney Representation:

As requested attached is a duly signed Form G-28 Notice of Appearance as Attorney signed by the Tennessee Regional Center, LLC Manager Peter Medlyn and Attorney Larry J. Behar.

Regional Center Information for USCIS Website:

The following is the public information related to the instant Regional Center:

Name of the Regional Center:	Tennessee Regional Center, LLC
Public Address:	109 S Broadway Knoxville, Tennessee 37905
Point of Contact:	Peter Medlyn
Phone/Fax Numbers:	Telephone: (865) 599-2322 Fax: (865) 544-4226
Email Address:	pmedlyn@eb5-invest.com
Website:	www.eb5-invest.com

Translations:

This section is not applicable as all documentation submitted was in the English language.

Copies:

The documentation submitted includes an original signed G-28, and original signed letters from the regional center principal and attorney of record. All other submitted documentation are legible photocopies.

Should you require additional information, please do not hesitate to contact our firm.

Yours very sincerely,

LARRY J. BEHAR, P.A.

By:_____
Larry J. Behar, Attorney

.encl.

.cc Peter Medlyn
.cc Ronald Hensarling

LAW OFFICES • ETUDE LEGALE

Larry J. Behar, P.A.

888 S.E. Third Avenue
Suite #400
Fort Lauderdale, Florida 33316

LARRY J. BEHAR, LL.L., J.D.
LEA SALAMA DIMITRI, B.B.A., J.D.

TELEPHONE: (954) 524-8888
FACSIMILE: (954) 524-0088

April 29, 2010

CSC Director
U.S. Citizenship and Immigration Services
California Service Center
Attention: EB-5 Processing Unit
24000 Avila Road, 2nd Floor
Laguna Niguel, California
92677

VIA UPS EXPRESS MAIL

RE: TENNESSEE REGIONAL CENTER (hereinafter "TNRC")

Dear CSC Director,

We are pleased to enclose herewith for your thorough review and consideration the application for the Tennessee Regional Center Designation. The proposed Regional Center's all encompassing area, as confirmed by the economic and business reports, is strategically located in various counties throughout both Tennessee and North Carolina:

The *Immigration & Nationality Act* at §203(b)(5), as amended in 1990, provides an annual quota of 10,000 employment-based immigrant visas for individual applicants who meet the following conditions:

(a) investment in a new commercial enterprise;
(b) investment or process of investment of at least $1 million ($500,000 if the investment is located in a "targeted employment area");
(c) investment must benefit the U.S. economy;
(d) investment must create full-time employment for not fewer than ten (10) United States citizens or aliens lawfully admitted for permanent residence or other immigrants lawfully authorized to be employed in the United States;
(e) Investor must have a policy-making role in the enterprise.

E-MAIL: lbehar@immigrationflorida.com • WEBSITE: http://www.immigrationflorida.com

Subsequently, in late 1992, Congress enacted an EB-5 Pilot Program designed to create full-time employment positions by promoting exports, regional productivity, and capital investment. Currently, President Obama has signed a continuing resolution that extends the EB-5 Regional Center Program until October 2012 pending an expected more lengthy extension. The Pilot Program reserves 3,000 immigrant visas annually for investors who make qualifying investments and to their spouses and unmarried children. The investment must be made in a commercial enterprise located within a "regional center," defined as "any economic unit, public or private which is involved with the promotion of economic growth, including increased export sales, improved regional productivity, job creation, or increased domestic capital investment."[1]

The purpose of this presentation is to seek approval and designation of the TNRC project as a "Regional Center." This regional center proposal, accompanied by corresponding comprehensive plans,[2] shows in verifiable detail: how full time employment positions will be created both directly and indirectly, the amount and source of capital committed to the enterprise, and the promotional efforts made and planned for the project.[3]

Gatlinburg Tennessee's vision-driven renaissance is guided by a master plan focused on growth, improvement, and redevelopment. Situated in Gatlinburg's downtown district, and surrounded by a thriving central business district with arts, entertainment, shopping, and dining, the "*Big Elk Resort Project*" is a brilliantly designed investment program for foreign national investors who wish to benefit from the Investor Pilot Program.

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[1] The original definition of "Regional Center" was established in the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act of 1993, Pub. L. No. 102-395, 610, 106 Stat. 1637, 1647 (2000). The 21st Century Department of Justice Appropriations Authorization Act, Pub. L. No. 107-273, 11037, 116 Stat. 1758 (2002), liberalized the definition by replacing "and" with "or." The regulations have not yet incorporated this statutory change. *Compare* 8 C.F.R. 204.6(e) (2005).

[2] Plans featured in this Regional Center Applications include: a thorough business plan, a detailed economic plan, as well as general and investor marketing plans.

[3] 8 C.F.R. 204.6(m)(3).

Hidden away amid the splendor of the Smoky Mountains, Gatlinburg embodies the simple goodness of small town life with major local attractions. Businesses in Gatlinburg understand the importance of providing the visitor with a green destination for eco-friendly vacations and get-a-ways. Gatlinburg Tennessee eagerly welcomes individuals of all ages to enjoy the mountains, diverse corporate culture, and a multitude of tourist attractions. The "Big Elk" project is truly the gateway to this entire region.

A new limited liability entity, Big Elk Resort LLC, (the "LLC"), has been created for the benefit of the Immigrant Investors who will have direct managerial control over the investment. The project consists of a [redacted]

(b)(4)

The following are the main factors to be considered:

INVESTMENT:

(b)(4) [redacted]

THE TEAM:

The Regional Center Sponsor has assembled a team of specialists to address all of the key issues as they pertain to regional center designation. As such, a detailed package has been organized and is enclosed which abides by all laws as specified under the *Securities and Exchange Commission* and the *Immigration and Nationality Act*. Investors will be given every opportunity to review and inspect the proposed investment with independent legal counsel and with economic advisors.

In addition, the sponsor has retained competent legal counsel to address the myriad of immigration issues which have and will continue to arise. As such, a comprehensive list of Investor Documents will be submitted along with the standard USCIS government forms necessary for regional center approval.

SOURCE OF FUNDS & PATH OF FUNDS:

The source and path of investment funds is a primary concern for all parties involved in the project, including the regional center sponsor. As such, no less than five (5) filters have been created and will be applied to ensure that the funds have been obtained and received from a lawful, reliable, and identifiable source, and that the given investment amount will be applied directly to the subject project. The foreign capital investment will be placed in a pre-determined RBC Bank Escrow Account in the U.S. pending approval of the Immigrant Investor's I-526 petition, at which point the funds will then be transferred to the regional center.

ECONOMETRIC MODELS:

The results of an economic study, conducted by Economic and Policy Resources, Inc., demonstrates that the foreign capital investment is expected to create [redacted] permanent full time jobs within TNRC's geographic region in the post-construction time period. The final modeling iteration is sufficient to support [redacted] EB-5 investors (with a [redacted] full-time job surplus for unanticipated developments, or [redacted] in investment capital at the $500,000 per investor level). This means that economic modeling supports 100% EB-5 financing of the project. (b)(4)

From the initial review, it is evident that the project supported the creation of thousands of direct and indirect employment positions and the economic report further details how this will be achieved. When considering the various factors in determining the approval of this regional center, the economic multipliers should be considered as a significant and integral part of that determination.

All projected employment positions will be full-time, at a minimum of [redacted] hours per week, and will not include the combination of part-time positions. Providing that this regional center receives USCIS approval, a large number of legal U.S. employees will be given employment opportunities.

MARKETING MATERIALS:

Marketing and sales materials have been cautiously designed to avoid any false or misleading expectations by the prospective investors. The website and printed materials all advise the prospective investor to take every precaution necessary to secure independent legal and financial counsel prior to investing in the subject project.

The project has been reviewed by state officials and is supported by a myriad of state and local politicians and business leaders. The project has gone through lengthy efforts to ensure that an investor not only partakes in the investment process, but fully understands its functioning and role in the overall success of the regional center.

In light of the restricted credit market and elevated unemployment rate, it is evident that the United States is in the midst of tumultuous economic times. A new source of capital investment received through foreign investors, which will result in the development of numerous new employment opportunities for Americans, provides a promising opportunity for growth and redevelopment across the nation.

THE SPONSOR:

The TNRC sponsor is comprised of highly qualified and experienced professionals. Each sponsor has extensive experience in the real estate industry, developing a multitude of residential, commercial, retail, and hotel projects. Collectively, the developers have been responsible for creating and sustaining thousands of employment positions.

With a wide array of marketing sources abroad, the sponsor is committed to the success and excellence of the EB-5 program presently and in the future.

The Sponsor owns the land and construction of the Big Elk Resort is well under way. Diligent efforts have been made to procure a working relationship with a large Chinese company. Upon Regional Center approval the company has committed to providing approximately [redacted] investors for the project.

(b)(4)

Supported by strict accounting and banking procedures, the sponsor is also focused on ensuring the financial security of the investor by providing a very detailed and verifiable spreadsheet of all financial activity, as well as monthly investment reports and payments.

INVESTOR ACCREDITATION:

While the success of the project is the primary motivation behind developing the regional center, the quality of the investor is an integral component to ensuring a given project's success. As such, from the onset of the investment process, an accreditation of the investor will take place which will include a review of the investor's personal history and identification of his/her source and path of funds. Any suspicious applicant will be highly scrutinized and rejected, if necessary. The prospective investor will be required to adhere to the requirements of full disclosure including no less than five (5) years' worth of tax returns, financial statements, bank statements, and personal documentation to determine net worth.

BUSINESS PLAN:

In addition to this letter, an extremely detailed business plan is being submitted as part of the regional center designation application. The business plan has been divided into various segments reflecting the direction of the project, the sponsor, as well as outlining the existing market.

In addition, the TNRC program has provided a realistic exit strategy for the immigrant investors which will provide each investor with a means for financial remuneration as well as lawful U.S. permanent residency via the EB-5 Pilot Program.

CORPORATE STRUCTURE:

As indicated earlier, a new Limited Liability Company, Big Elk Resort, LLC, has been created for the benefit of the investors. The LLC will be owned and controlled by the two principal managing members; Peter Medlyn and Ron Hensarling, as well as the [redacted] investing members.

(b)(4)

The investors will acquire 1 unit each [redacted] Investors) this will include a $[redacted] Investors. The LLC will have management control.

Additionally, the sponsor has created ***American Resort Management / Big Elk Resort LLC.*** This entity will oversee the proper administration of the EB-5 program and the financial success of the investment. By investing the foreign capital in a real commercial enterprise with the intent of generating a profit, the investment has been placed "at risk" as required under *8 C.F.R. §204.6(j)(2).*

CONCLUSION:

As you will surmise, a great deal of time, effort, and expense have been infused in the creation of this project. We look forward to your commentary and to an ongoing relationship with your office to ensure compliance with current and future procedures and regulations.

Your kind review and issuance of Regional Center Designation on a timely basis will be most appreciated.

Yours very sincerely,

LARRY J. BEHAR, P.A.

By: _____
Larry J. Behar, Attorney at Law

Acknowledged, Accepted, and Approved:

TENNESSEE REGIONAL CENTER, LLC

By: _____
Peter Medlyn, Managing Member

PETER MEDLYN

By: _____
Peter Medlyn

Tennessee

Regional Center Designation

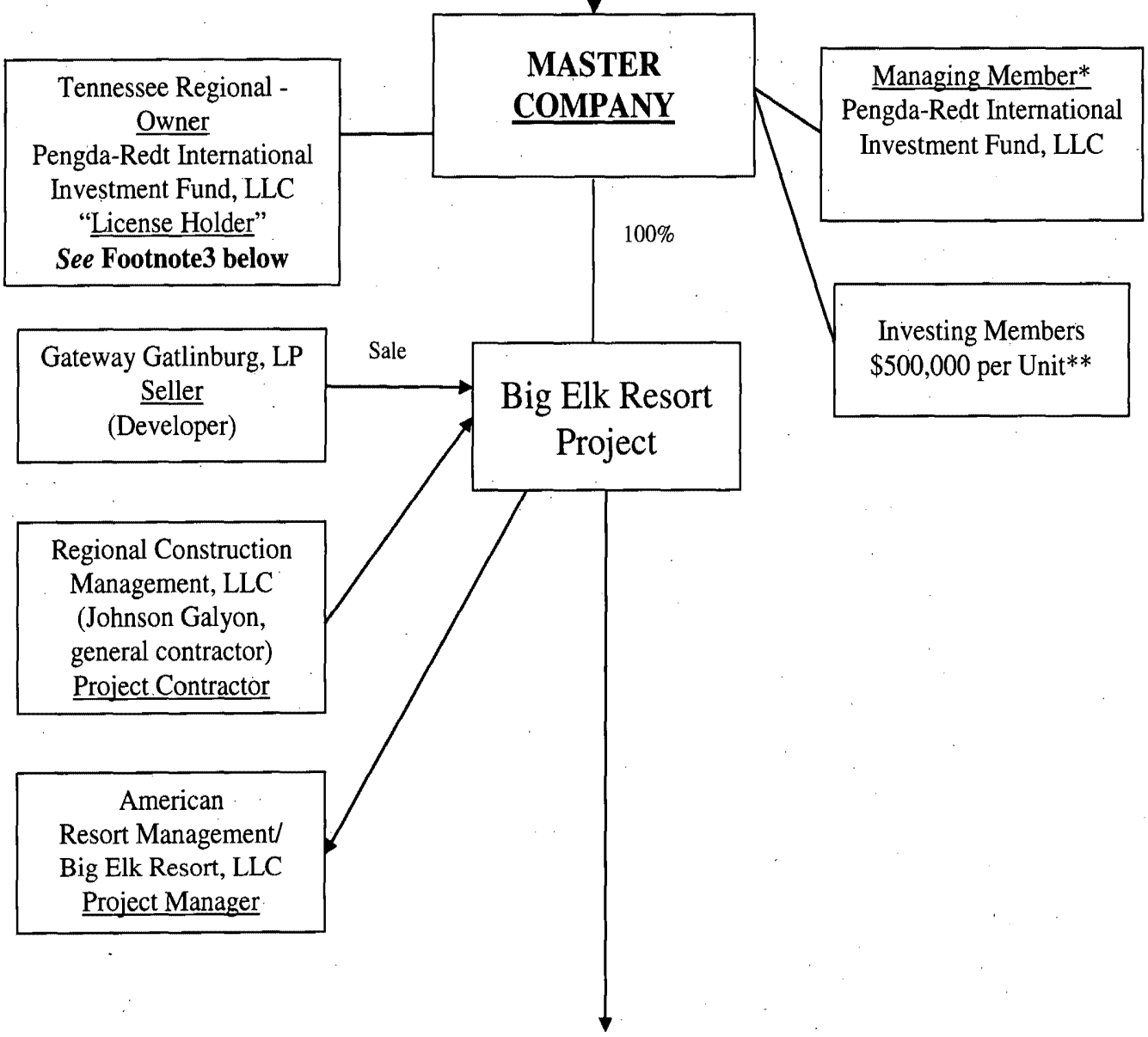
Volume 0.0

Tennessee Regional Center

©Larry J. Behar PA

OVERVIEW STRUCTURE

RE: BIG ELK RESORT, LLC (OR "THE "COMPANY")



Special Allocations of Profits and Losses and Distributions for all subsidiary entities to reflect business transactions described in the Offering.

* Principals include Peter Medlyn, Ron Hensarling, Bob Woerner and David Buschmann as well as the potential participation by Pengda Timeshare Co.

*** Excludes $50,000 per Investor for Offering costs, migration services and immigration costs.

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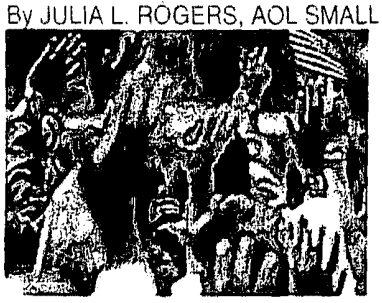
The Startup Founders Visa Program: Will Foreigners Solve U.S. Economy Woes?

By JULIA L. ROGERS, AOL SMALL BUSINESS



In a creative move to further stimulate the U.S. economy, both Democratic and Republican lawmakers as well as respected economists and advisors are promoting the idea, initially proposed last year, to turn to foreign entrepreneurs for help. Political leaders such as U.S. Representative Jared Polis, a Democrat from Colorado and Newt Gingrich, Republican former Speaker of the House are expressing their support of the Startup Founders Visa Program, an idea that would tweak the U.S. immigration laws and potentially make starting a company, living and working in this country easier for foreign risk takers with great ideas and skills.

The concept of the Startup Founders Visa Program was first formulated in 2008 by Robert Litan, the Kaufmann Foundation's vice president of research, then fine-tuned by Paul Graham, a partner at a startup venture firm Y Combinator -- as well as an avid essayist and blogger -- in April 2009. Graham pointed out that if just 10,000 startup founders from abroad established businesses in the U.S. annually, they could help reshape the economy. He states that assuming approximately four immigrants per startup, 2,500 new companies could emerge and potentially create more jobs for Americans as they grow. Graham's suggestion also addresses the concerns of those wary of encouraging foreign workers to infiltrate, believing this activity will promote off-shore outsourcing that has in previous years taken many jobs away from Americans; he asserts that the outsourcing problem could become nonexistent if the terms of the visa were that these entrepreneurial immigrants could not work for existing companies -- only the new businesses they founded.

A visa program for risk-taking entrepreneurs could also change the minds of the hordes of foreigners with deep technology skills that have been leaving the ailing U.S. economy to work in their home countries, mainly China and India. According to many experts, such as Richard Herman, an immigration attorney based in Cleveland, many of these talented immigrants could very well be capable of starting the next Microsoft or Google juggernaut. He states that giving thousands of founders work visas in the U.S. could potentially spark enough creativity and economic growth to build the economy by billions of dollars in a very short time span ... in as little as a few years instead of a few decades.

According to Vivek Wadhwa, a columnist for *BusinessWeek*, the Startup Founders Visa Program would be based on a very specific set of principles, illustrated by the following example:

1 - A skilled engineer that is not a U.S. citizen formulates a great plan for a new type of search engine and has designs on starting a new business.
2 - This person looks to the U.S. as the most viable environment for his/her new business because it is the country in which venture capital markets are the most developed, intellectual property laws are well defined and in which the skill level of talented employees is very high.
3 - Upon viewing the idea from an entrepreneur and determining it to be sound, a U.S. investor puts a specific amount of money into the startup and nominates the founder for a Founders Visa while making a formal agreement to back the company.

4 - The idea for the business as well as the founder's resume is sent to a government or industry-appointed board of venture capitalists, financial or technology experts.
5 - If the idea passes, the founder gets a permanent resident visa.

In order to free up visa slots, industry experts propose changing the existing EB-5 visa, set up for immigrant investors. This visa was initially part of the Immigration Act of 1990 and allows foreign nationals that invest at least $1 million -- or $500,000 in regions with very high unemployment rates -- in the U.S. get green cards. According to Wadhwa, adding the Founders Visa idea to the EB-5 visa is appropriate because it is already based on principles that are in the same vein as the visa, and could also prevent a new class of visas and prevent major political red tape.

While many continue to be concerned about the political viability of the proposed Startup Founders Visa Program, the fact that politicians and lawmakers on both sides of the equation -- both Republican and Democrat -- have expressed support is notable. Democratic U.S. Representative Polis, a former entrepreneur is already creating legislation to help foreign founders of startup companies in the U.S. with secure funding get visas to allow them to continue to establish themselves in this country. And Newt Gingrich has been directly quoted in his blog as saying this country needs to be "more accessible to highly skilled immigrants."

Gingrich, Polis and technology experts have stated that one of the worst parts of the recession for the U.S. has been that it has started to drain the economy of talented, intelligent immigrants that helped drive the technology boom for so many years. Other countries, including several in Europe and South America have started to attract tech-savvy foreigners and put together immigration programs that will keep them in their countries. Many economic and political leaders fear that without some action such as the Founders Visa Program or a similar revolutionary movement, the U.S. will fall behind and fail to create new jobs and opportunities, inhibiting its own recovery

SECTION 9

INDUSTRY ANALYSIS – FOCUS INDUSTRIES

Employment Of Wage And Salary Workers In Construction By Occupation, 2008 And Projected Change, 2008-2016. (Employment In Thousands)			
	Employment, 2008		Percent change, 2008-16
Occupation	Number	Percent	
Transportation and material moving occupations	281	3.7	6.9
Driver/sales workers and truck drivers	138	1.8	9.6
Material moving occupations	130	1.7	3.8

In particular, the employment of craft workers is heavily impacted by peaks and valleys in the construction industry. The construction industry employs nearly all of the workers in some construction craft occupations. Other industries, including transportation equipment manufacturing; transportation, communication, and utilities; real estate; wholesale and retail trade; educational services; and State and local government also include large numbers of construction craft occupations.

Percentage Of Wage And Salary Workers In Construction Craft Occupations Employed In The Construction Industry, 2008[3]	
Occupation	Percent
Cement masons, concrete finishers, and terrazzo workers	91.7
Insulation workers	91.4
Structural iron and steel workers	84.8
Plasterers and stucco masons	81.6
Roofers	77.1
Drywall installers, ceiling tile installers, and tapers	75.7
Brickmasons, blockmasons, and stonemasons	71.8
Pipelayers, plumbers, pipefitters, and steamfitters	71.4
Glaziers	67.7
Electricians	67.6

[3] US Department of Labor U.S. Bureau of Labor Statistics, Office of Occupational Statistics and Employment Projections

Economic and Job Creation Impacts of the Potential Big Elk Development in the Prospective Tennessee EB-5 Regional Center

December 8, 2009

Prepared by:

EPR Economic & Policy Resources, Inc.
Economists, Policy and Financial Analysts

400 Cornerstone Drive, Suite 310
Williston, VT 05495
800-765-1377
www.epreconomics.com

Letter of Transmittal

December 8, 2009

Mr. Peter Medlyn
c/o Property Service Group
109 South Broadway
Knoxville, Tennessee 37902

Dear Mr. Medlyn:

Attached with this letter is the economic and job creation impact assessment analysis of the potential EB-5 project to be developed in Gatlinburg, Tennessee which our firm prepared at your request. The report is intended to aid the prospective Tennessee Regional Center with an application to the U.S. Citizenship and Immigration Service's EB-5 Immigrant Investor Program. In the report you will find an explanation of the findings and the methods employed in the economic and job creation impact assessment analysis.

We have prepared our analyses using assumptions and estimates developed from third party data sources, information you provided, research and knowledge of the industry and region from our many years of applied economic practice. Where we have accepted third party project data and project information from you and your team, we have assumed that information to be correct without further in-depth validation. In completing our analysis, we have performed a number of tests and cross checks to verify the internal consistency of the results and find those results to be reasonable. However, changing events and circumstances may cause actual results in any one given year, and for the impacts in total, to be materially different than those reported here.

Thank you for the chance to work with you on this matter. We appreciated the opportunity to work with you on this important project.

Sincerely,

Jeffrey B. Carr
President and Economist
Economic & Policy Resources, Inc.

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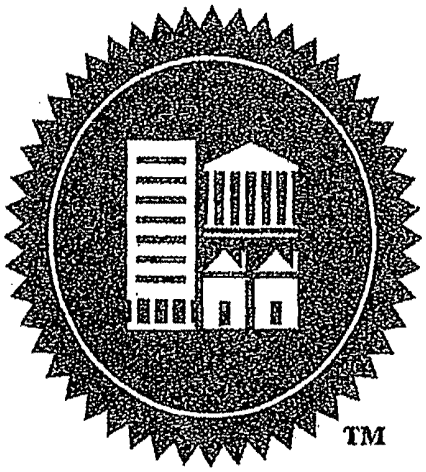
FIDELITY NATIONAL TITLE INSURANCE COMPANY



Fidelity National Title Insurance Company
P.O. Box 45023
Jacksonville, Florida 32232-5023

Fidelity National Title Insurance Company

Policy Number: **27306-** 3568

OWNER'S POLICY OF TITLE INSURANCE

Issued by

Fidelity National Title Insurance Company

Any notice of claim and any other notice or statement in writing required to be given to the Company under this Policy must be given to the Company at the address shown in Section 18 of the Conditions.

COVERED RISKS

SUBJECT TO THE EXCLUSIONS FROM COVERAGE, THE EXCEPTIONS FROM COVERAGE CONTAINED IN SCHEDULE B, AND THE CONDITIONS, FIDELITY NATIONAL TITLE INSURANCE COMPANY, a California corporation (the "Company") insures, as of Date of Policy and, to the extent stated in Covered Risks 9 and 10, after Date of Policy, against loss or damage, not exceeding the Amount of Insurance, sustained or incurred by the Insured by reason of:

1. Title being vested other than as stated in Schedule A.
2. Any defect in or lien or encumbrance on the Title. This Covered Risk includes but is not limited to insurance against loss from
   (a) A defect in the Title caused by
      (i) forgery, fraud, undue influence, duress, incompetency, incapacity or impersonation;
      (ii) failure of any person or Entity to have authorized a transfer or conveyance;
      (iii) a document affecting Title not properly created, executed, witnessed, sealed, acknowledged, notarized, or delivered;
      (iv) failure to perform those acts necessary to create a document by electronic means authorized by law;
      (v) a document executed under a falsified, expired, or otherwise invalid power of attorney;
      (vi) a document not properly filed, recorded, or indexed in the Public Records including failure to perform those acts by electronic means authorized by law; or
      (vii) a defective judicial or administrative proceeding.
   (b) The lien of real estate taxes or assessments imposed on the Title by a governmental authority due or payable, but unpaid.
   (c) Any encroachment, encumbrance, violation, variation, or adverse circumstance affecting the Title that would be disclosed by an accurate and complete land survey of the Land. The term "encroachment" includes encroachments of existing improvements located on the Land onto adjoining land, and encroachments onto the Land of existing improvements located on adjoining land.
3. Unmarketable Title.
4. No right of access to and from the Land.
5. The violation or enforcement of any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (a) the occupancy, use, or enjoyment of the Land;
   (b) the character, dimensions, or location of any improvement erected on the Land;
   (c) the subdivision of land; or
   (d) environmental protection

   if a notice, describing any part of the Land, is recorded in the Public Records setting forth the violation or intention to enforce, but only to the extent of the violation or enforcement referred to in that notice.

6. An enforcement action based on the exercise of a governmental police power not covered by Covered Risk 5 if a notice of the enforcement action, describing any part of the Land, is recorded in the Public Records, but only to the extent of the enforcement referred to in that notice.

7. The exercise of the rights of eminent domain if a notice of the exercise, describing any part of the Land, is recorded in the Public Records.

8. Any taking by a governmental body that has occurred and is binding on the rights of a purchaser for value without Knowledge.

9. Title being vested other than as stated in Schedule A or being defective

   (a) as a result of the avoidance in whole or in part, or from a court order providing an alternative remedy, of a transfer of all or any part of the title to or any interest in the Land occurring prior to the transaction vesting Title as shown in Schedule A because that prior transfer constituted a fraudulent or preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws; or

   (b) because the instrument of transfer vesting Title as shown in Schedule A constitutes a preferential transfer under federal bankruptcy, state insolvency, or similar creditors' rights laws by reason of the failure of its recording in the Public Records
   (i) to be timely, or
   (ii) to impart notice of its existence to a purchaser for value or to a judgment or lien creditor.

10. Any defect in or lien or encumbrance on the Title or other matter included in Covered Risks 1 through 9 that has been created or attached or has been filed or recorded in the Public Records subsequent to Date of Policy and prior to the recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

The Company will also pay the costs, attorneys' fees, and expenses incurred in defense of any matter insured against by this Policy, but only to the extent provided in the Conditions.

IN WITNESS WHEREOF, FIDELITY NATIONAL TITLE INSURANCE COMPANY has caused this policy to be signed and sealed by it duly authorized officers.

Fidelity National Title Insurance Company

J. Randolph Miller, Agent
Long, Ragsdale & Waters, PC
Suite S-700
1111 Northshore Drive, NW
Knoxville, Tennessee 37919-4074
(865) 524-4040

FIDELITY NATIONAL TITLE INSURANCE COMPANY CORPORATE SEAL

By: President

ATTEST Secretary

Countersigned: Authorized Signature

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy, and the Company will not pay loss or damage, costs, attorneys' fees, or expenses that arise by reason of:

1. (a) Any law, ordinance, permit, or governmental regulation (including those relating to building and zoning) restricting, regulating, prohibiting, or relating to
   (i) the occupancy, use, or enjoyment of the Land;
   (ii) the character, dimensions, or location of any improvement erected on the Land;
   (iii) the subdivision of land; or
   (iv) environmental protection;
   or the effect of any violation of these laws, ordinances, or governmental regulations. This Exclusion 1(a) does not modify or limit the coverage provided under Covered Risk 5.
   (b) Any governmental police power. This Exclusion 1(b) does not modify or limit the coverage provided under Covered Risk 6.
2. Rights of eminent domain. This Exclusion does not modify or limit the coverage provided under Covered Risk 7 or 8.
3. Defects, liens, encumbrances, adverse claims, or other matters :
   (a) created, suffered, assumed, or agreed to by the Insured Claimant;
   (b) not Known to the Company, not recorded in the Public Records at Date of Policy, but Known to the Insured Claimant and not disclosed in writing to the Company by the Insured Claimant prior to the date the Insured Claimant became an Insured under this policy;
   (c) resulting in no loss or damage to the Insured Claimant;
   (d) attaching or created subsequent to Date of Policy (however, this does not modify or limit the coverage provided under Covered Risk 9 and 10); or
   (e) resulting in loss or damage that would not have been sustained if the Insured Claimant had paid value for the Title.
4. Any claim, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that the transaction vesting the Title as shown in Schedule A, is
   (a) a fraudulent conveyance or fraudulent transfer; or
   (b) a preferential transfer for any reason not stated in Covered Risk 9 of this policy.
5. Any lien on the Title for real estate taxes or assessments imposed by governmental authority and created or attaching between Date of Policy and the date of recording of the deed or other instrument of transfer in the Public Records that vests Title as shown in Schedule A.

CONDITIONS

1. DEFINITION OF TERMS

The following terms when used in this policy mean:

(a) "Amount of Insurance": The amount stated in Schedule A, as may be increased or decreased by endorsement to this policy, increased by Section 8(b), or decreased by Sections 10 and 11 of these Conditions.

(b) "Date of Policy": The date designated as "Date of Policy" in Schedule A.

(c) "Entity": A corporation, partnership, trust, limited liability company, or other similar legal entity.

(d) "Insured": The Insured named in Schedule A.
   (i) The term "Insured" also includes
      (A) successors to the Title of the Insured by operation of law as distinguished from purchase, including heirs, devisees, survivors, personal representatives, or next of kin;
      (B) successors to an Insured by dissolution, merger, consolidation, distribution, or reorganization;
      (C) successors to an Insured by its conversion to another kind of Entity;
      (D) a grantee of an Insured under a deed delivered without payment of actual valuable consideration conveying the Title
         (1) if the stock, shares, memberships, or other equity interests of the grantee are wholly-owned by the named Insured,
         (2) if the grantee wholly owns the named Insured,
         (3) if the grantee is wholly-owned by an affiliated Entity of the named Insured, provided the affiliated Entity and the named Insured are both wholly-owned by the same person or Entity, or
         (4) if the grantee is a trustee or beneficiary of a trust created by a written instrument established by the Insured named in Schedule A for estate planning purposes.
   (ii) With regard to (A), (B), (C), and (D) reserving, however, all rights and defenses as to any successor that the Company would have had against any predecessor Insured.

(e) "Insured Claimant": An Insured claiming loss or damage.

(f) "Knowledge" or "Known": Actual knowledge, not constructive knowledge or notice that may be imputed to an Insured by reason of the Public Records or any other records that impart constructive notice of matters affecting the Title.

(g) "Land": The land described in Schedule A, and affixed improvements that by law constitute real property. The term "Land" does not include any property beyond the lines of the area described in Schedule A, nor any right, title, interest, estate, or easement in abutting streets, roads, avenues, alleys, lanes, ways, or waterways, but this does not modify or limit the extent that a right of access to and from the Land is insured by this policy.

(h) "Mortgage": Mortgage, deed of trust, trust deed, or other security instrument, including one evidenced by electronic means authorized by law.

(i) "Public Records": Records established under state statutes at Date of Policy for the purpose of imparting constructive notice of matters relating to real property to purchasers for value and without Knowledge. With respect to Covered Risk 5(d), "Public Records" shall also include environmental protection liens filed in the records of the clerk of the United States District Court for the district where the Land is located.

(j) "Title": The estate or interest described in Schedule A.

(k) "Unmarketable Title": Title affected by an alleged or apparent matter that would permit a prospective purchaser or lessee of the Title or lender on the Title to be released from the obligation to purchase, lease, or lend if there is a contractual condition requiring the delivery of marketable title.

2. CONTINUATION OF INSURANCE

The coverage of this policy shall continue in force as of Date of Policy in favor of an Insured, but only so long as the Insured retains an estate or interest in the Land, or holds an obligation secured by a purchase money Mortgage given by a purchaser from the Insured, or only so long as the Insured shall have liability by reason of warranties in any transfer or conveyance of the Title. This policy shall not continue in force in favor of any purchaser from the Insured of either (i) an estate or interest in the Land, or (ii) an obligation secured by a purchase money Mortgage given to the Insured.

3. NOTICE OF CLAIM TO BE GIVEN BY INSURED CLAIMANT

The Insured shall notify the Company promptly in writing (i) in case of any litigation as set forth in Section 5(a) of these Conditions, (ii) in case Knowledge shall come to an Insured hereunder of any claim of title or interest that is adverse to the Title, as insured, and that might cause loss or damage for which the Company may be liable by virtue of this policy, or (iii) if the Title, as insured, is rejected as Unmarketable Title. If the Company is prejudiced by the failure of the Insured Claimant to provide prompt notice, the Company's liability to the Insured Claimant under the policy shall be reduced to the extent of the prejudice.

4. PROOF OF LOSS

In the event the Company is unable to determine the amount of loss or damage, the Company may, at its option, require as a condition of payment that the Insured Claimant furnish a signed proof of loss. The proof of loss must describe the defect, lien, encumbrance, or other matter insured against by this policy that constitutes the basis of loss or damage and shall state, to the extent possible, the basis of calculating the amount of the loss or damage.

5. DEFENSE AND PROSECUTION OF ACTIONS

(a) Upon written request by the Insured, and subject to the options contained in Section 7 of these Conditions, the Company, at its own cost and without unreasonable delay, shall provide for the defense of an Insured in litigation in which any third party asserts a claim covered by this policy adverse to the Insured. This obligation is limited to only those stated causes of action alleging matters insured against by this policy. The Company shall have the right to select counsel of its choice (subject to the right of the Insured to object for reasonable cause) to represent the Insured as to those stated causes of action. It shall not be liable for and will not pay the fees of any other counsel. The Company will not pay any fees, costs, or expenses incurred by the Insured in the defense of those causes of action that allege matters

not insured against by this policy.

(b) The Company shall have the right, in addition to the options contained in Section 7 of these Conditions, at its own cost, to institute and prosecute any action or proceeding or to do any other act that in its opinion may be necessary or desirable to establish the Title, as insured, or to prevent or reduce loss or damage to the Insured. The Company may take any appropriate action under the terms of this policy, whether or not it shall be liable to the Insured. The exercise of these rights shall not be an admission of liability or waiver of any provision of this policy. If the Company exercises its rights under this subsection, it must do so diligently.

(c) Whenever the Company brings an action or asserts a defense as required or permitted by this policy, the Company may pursue the litigation to a final determination by a court of competent jurisdiction, and it expressly reserves the right, in its sole discretion, to appeal any adverse judgment or order.

6. DUTY OF INSURED CLAIMANT TO COOPERATE

(a) In all cases where this policy permits or requires the Company to prosecute or provide for the defense of any action or proceeding and any appeals, the Insured shall secure to the Company the right to so prosecute or provide defense in the action or proceeding, including the right to use, at its option, the name of the Insured for this purpose. Whenever requested by the Company, the Insured, at the Company's expense, shall give the Company all reasonable aid (i) in securing evidence, obtaining witnesses, prosecuting or defending the action or proceeding, or effecting settlement, and (ii) in any other lawful act that in the opinion of the Company may be necessary or desirable to establish the Title or any other matter as insured. If the Company is prejudiced by the failure of the Insured to furnish the required cooperation, the Company's obligations to the Insured under the policy shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation, with regard to the matter or matters requiring such cooperation.

(b) The Company may reasonably require the Insured Claimant to submit to examination under oath by any authorized representative of the Company and to produce for examination, inspection, and copying, at such reasonable times and places as may be designated by the authorized representative of the Company, all records, in whatever medium maintained, including books, ledgers, checks, memoranda, correspondence, reports, e-mails, disks, tapes, and videos whether bearing a date before or after Date of Policy, that reasonably pertain to the loss or damage. Further, if requested by any authorized representative of the Company, the Insured Claimant shall grant its permission, in writing, for any authorized representative of the Company to examine, inspect, and copy all of these records in the custody or control of a third party that reasonably pertain to the loss or damage. All information designated as confidential by the Insured Claimant provided to the Company pursuant to this Section shall not be disclosed to others unless, in the reasonable judgment of the Company, it is necessary in the administration of the claim. Failure of the Insured Claimant to submit for examination under oath, produce any reasonably requested information, or grant permission to secure reasonably necessary information from third parties as required in this subsection, unless prohibited by law or governmental regulation, shall terminate any liability of the Company under this policy as to that claim.

7. OPTIONS TO PAY OR OTHERWISE SETTLE CLAIMS; TERMINATION OF LIABILITY

In case of a claim under this policy, the Company shall have the following additional options:

(a) To Pay or Tender Payment of the Amount of Insurance.

To pay or tender payment of the Amount of Insurance under this policy together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment or tender of payment and that the Company is obligated to pay.

Upon the exercise by the Company of this option, all liability and obligations of the Company to the Insured under this policy, other than to make the payment required in this subsection, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

(b) To Pay or Otherwise Settle With Parties Other Than the Insured or With the Insured Claimant.

(i) To pay or otherwise settle with other parties for or in the name of an Insured Claimant any claim insured against under this policy. In addition, the Company will pay any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay; or

(ii) To pay or otherwise settle with the Insured Claimant the loss or damage provided for under this policy, together with any costs, attorneys' fees, and expenses incurred by the Insured Claimant that were authorized by the Company up to the time of payment and that the Company is obligated to pay.

Upon the exercise by the Company of either of the options provided for in subsections (b)(i) or (ii), the Company's obligations to the Insured under this policy for the claimed loss or damage, other than the payments required to be made, shall terminate, including any liability or obligation to defend, prosecute, or continue any litigation.

8. DETERMINATION AND EXTENT OF LIABILITY

This policy is a contract of indemnity against actual monetary loss or damage sustained or incurred by the Insured Claimant who has suffered loss or damage by reason of matters insured against by this policy.

(a) The extent of liability of the Company for loss or damage under this policy shall not exceed the lesser of

(i) the Amount of Insurance; or

(ii) the difference between the value of the Title as insured and the value of the Title subject to the risk insured against by this policy.

(b) If the Company pursues its rights under Section 5 of these Conditions and is unsuccessful in establishing the Title, as insured,

(i) the Amount of Insurance shall be increased by 10%, and

(ii) the Insured Claimant shall have the right to have the loss or damage determined either as of the date the claim was made by the Insured Claimant or as of the date it is settled and paid.

(c) In addition to the extent of liability under (a) and (b), the Company will also pay those costs, attorneys' fees, and expenses incurred in accordance with Sections 5 and 7 of these Conditions.

9. LIMITATION OF LIABILITY

(a) If the Company establishes the Title, or removes the alleged defect, lien, or encumbrance, or cures the lack of a right of access to or from the Land, or cures the claim of Unmarketable Title, all as insured, in a reasonably diligent manner by any method, including litigation and the completion of any appeals, it shall have fully performed its obligations with respect to that matter and shall not be liable for any loss or damage caused to the Insured.

(b) In the event of any litigation, including litigation by the Company or with the Company's consent, the Company shall have no liability for loss or damage until there has been a final determination by a court of competent jurisdiction, and disposition of all appeals, adverse to the Title, as insured.

(c) The Company shall not be liable for loss or damage to the Insured for liability voluntarily assumed by the Insured in settling any claim or suit without the prior written consent of the Company.

10. REDUCTION OF INSURANCE; REDUCTION OR TERMINATION OF LIABILITY

All payments under this policy, except payments made for costs, attorneys' fees, and expenses, shall reduce the Amount of Insurance by the amount of the payment.

11. LIABILITY NONCUMULATIVE

The Amount of Insurance shall be reduced by any amount the Company pays under any policy insuring a Mortgage to which exception is taken in Schedule B or to which the Insured has agreed, assumed, or taken subject, or which is executed by an Insured after Date of Policy and which is a charge or lien on the Title, and the amount so paid shall be deemed a payment to the Insured under this policy.

12. PAYMENT OF LOSS

When liability and the extent of loss or damage have been definitely fixed in accordance with these Conditions, the payment shall be made within 30 days.

13. RIGHTS OF RECOVERY UPON PAYMENT OR SETTLEMENT

(a) Whenever the Company shall have settled and paid a claim under this policy, it shall be subrogated and entitled to the rights of the Insured Claimant in the Title and all other rights and remedies in respect to the claim that the Insured Claimant has against any person or property, to the extent of the amount of any loss, costs, attorneys' fees, and expenses paid by the Company. If requested by the Company, the Insured Claimant shall execute documents to evidence the transfer to the Company of these rights and remedies. The Insured Claimant shall permit the Company to sue, compromise, or settle in the name of the Insured Claimant and to use the name of the Insured Claimant in any transaction or litigation involving these rights and remedies.

If a payment on account of a claim does not fully cover the loss of the Insured Claimant, the Company shall defer the exercise of its right to recover until after the Insured Claimant shall have recovered its loss.

(b) The Company's right of subrogation includes the rights of the Insured to indemnities, guaranties, other policies of insurance, or bonds, notwithstanding any terms or conditions contained in those instruments that address subrogation rights.

14. ARBITRATION

Either the Company or the Insured may demand that the claim or controversy shall be submitted to arbitration pursuant to the Title Insurance Arbitration Rules of the American Land Title Association ("Rules"). Except as provided in the Rules, there shall be no joinder or consolidation with claims or controversies of other persons. Arbitrable matters may include, but are not limited to, any controversy or claim between the Company and the Insured arising out of or relating to this policy, any service in connection with its issuance or the breach of a policy provision, or to any other controversy or claim arising out of the transaction giving rise to this policy. All arbitrable matters when the Amount of Insurance is $2,000,000 or less shall be arbitrated at the option of either the Company or the Insured. All arbitrable matters when the Amount of Insurance is in excess of $2,000,000 shall be arbitrated only when agreed to by both the Company and the Insured. Arbitration pursuant to this policy and under the Rules shall be binding upon the parties. Judgment upon the award rendered by the Arbitrator(s) may be entered in any court of competent jurisdiction.

15. LIABILITY LIMITED TO THIS POLICY; POLICY ENTIRE CONTRACT

(a) This policy together with all endorsements, if any, attached to it by the Company is the entire policy and contract between the Insured and the Company. In interpreting any provision of this policy, this policy shall be construed as a whole.

(b) Any claim of loss or damage that arises out of the status of the Title or by any action asserting such claim shall be restricted to this policy.

(c) Any amendment of or endorsement to this policy must be in writing and authenticated by an authorized person, or expressly incorporated by Schedule A of this policy.

(d) Each endorsement to this policy issued at any time is made a part of this policy and is subject to all of its terms and provisions. Except as the endorsement expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsement, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance.

16. SEVERABILITY

In the event any provision of this policy, in whole or in part, is held invalid or unenforceable under applicable law, the policy shall be deemed not to include that provision or such part held to be invalid, but all other provisions shall remain in full force and effect.

17. CHOICE OF LAW; FORUM

(a) Choice of Law: The Insured acknowledges the Company has underwritten the risks covered by this policy and determined the premium charged therefor in reliance upon the law affecting interests in real property and applicable to the interpretation, rights, remedies, or enforcement of policies of title insurance of the jurisdiction where the Land is located.
Therefore, the court or an arbitrator shall apply the law of the jurisdiction where the Land is located to determine the validity of claims against the Title that are adverse to the Insured and to interpret and enforce the terms of this policy. In neither case shall the court or arbitrator apply its conflicts of law principles to determine the applicable law.

(b) Choice of Forum: Any litigation or other proceeding brought by the Insured against the Company must be filed only in a state or federal court within the United States of America or its territories having appropriate jurisdiction.

18. NOTICES, WHERE SENT

Any notice of claim and any other notice or statement in writing required to be given to the Company under this policy must be given to the Company at

Fidelity National Title Company
National Claims Administration:
P.O. Box 45023
Jacksonville, Florida 32232-5023

FIDELITY NATIONAL TITLE INSURANCE COMPANY

SCHEDULE A

Name and Address of Title Insurance Company:
Fidelity National Title Insurance Company
Attn: Claims Department
P.O. Box 45023, Jacksonville, Florida 32232-5023

Policy No.: [redacted]
Address Reference: Parkway, Gatlinburg, TN (b)(4)

Amount of Insurance [redacted]

Date of Policy: December 31, 2008 at 12:47 p.m.

1. Name of Insured:

   Gateway Gatlinburg, L.P., a Tennessee limited partnership, as to fee simple tract (Tract I)
   And Parkway Investment Group, a Tennessee limited partnership, as to the leasehold tract (Tract II)

2. The estate or interest in the Land that is insured by this policy is:

   Fee Simple

3. Title is vested in:

   Gateway Gatlinburg, L.P., a Tennessee limited partnership as to fee simple tract and
   Parkway Investment Group, a Tennessee limited partnership, as to the leasehold tract

4. The Land referred to in this policy is described as follows:

   SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

9768-105
JRM/ Insurance
Parkway (Maples Family)

THIS POLICY VALID ONLY IF SCHEDULE B IS ATTACHED

Policy No.: 27306-3568

LEGAL DESCRIPTION

EXHIBIT "A"

TRACT I: FEE SIMPLE TRACT

SITUATED in the Eleventh (11th) Civil District of Sevier County, Tennessee, within the City of Gatlinburg, Tennessee more particularly described as follows:

Commencing at the centerline intersection of US 441 and Dudley Creek Bypass;
thence N 15°13'10" W a distance of 441.99' to the Point of BEGINNING (POB), being a spike set in the western Right of Way (R.O.W.) of Parkway (U.S. 441/S.R/71), corner to the Lot 1 as shown on final plat by Norvell & Poe Engineers, 1101 Fox Meadows Blvd., Suite 105, Sevierville, TN 37862, dated 12-30-2008 being project number 07-0308;
thence with Lot 1 for the next nine (9) calls, S 78°30'35" W a distance of 47.65' to a 5/8" Iron Rod Set (IR/S);
S 35°59'34" W a distance of 85.59' to a 5/8" IR/S;
S 65°59'34" W a distance of 70.00' to a 5/8" IR/S;
S 24°00'26" E a distance of 107.71' to a 5/8" IR/S;
N 65°59'34" E a distance of 22.63' to a 5/8" IR/S;
S 24°00'26" E a distance of 41.27' to a 5/8" IR/S;
S 65°59'34" W a distance of 22.63' to a 5/8" IR/S;
S 24°00'26" E a distance of 175.45' to a 5/8" IR/S;
S 65°59'34" W a distance of 147.09' to a Computed Point (CP) in the center of the West Prong Little Pigeon River, corner to Smoky Heights Subdivision recorded in Plat Book 1, Page 14;
thence with the meanders of the center of the West Prong Little Pigeon River for the next five (5) calls, chord bearings and distances as given;
N 34°54'42" W a distance of 55.86' to a CP;
N 30°25'10" W a distance of 89.48' to a CP;
N 30°30'54" W a distance of 110.27' to a CP;
N 21°22'39" W a distance of 197.86' to a CP;
N 22°39'04" W a distance of 500.76' to a CP in the centerline intersection of the West Prong Little Pigeon River and Dudley Creek common corner to Great Smokey Mountain National Park (GSMNP);
thence with GSMNP for the next three (3) calls;
N 77°59'41" E a distance of 157.13' to a CP;
N 84°36'33" E a distance of 102.16' to a CP;
N 82°58'33" E a distance of 23.32' to a 1/2" Iron Rod Found (IR/F) common corner to GSMNP and the western R.O.W. of Parkway (U.S. 441/S.R.71);
thence with the western R.O.W. of Parkway (U.S. 441/S.R.71) for the next four (4) calls;

a curve to the right, chord bearing S 51°33'16" E, chord length 206.11', radius 465.00', arc length 207.83', and delta angle 25°36'30", to a 1/2" IR/F; with a compound curve to the right, chord bearing S 30°15'01" E, chord length 133.03', radius 450.00', arc length 133.52', delta angle 17°00'00", to a 1/2" IR/F; with a compound curve to the right, chord bearing S 16°37'13" E, chord length 145.74', radius 815.00', arc length 145.94', delta angle 10°15'35", to a 1/2" IR/F; S 11°29'25" E a distance of 64.62' to the POB, having an area of 6.11 acres (266,248.47 sq. ft.).

Being Project Number 07-0308, Norvell & Poe Engineers, 1101 Fox Meadows Blvd., Suite 105, Sevierville, TN, 37862.

For reference to title see Warranty Deed dated December 31, 2008 of record in Book 3248, page 816 in the Sevier County Register of Deeds Office. See also Quitclaim Deed dated December 31, 2008 of record in Book 3248, page 820 in the Sevier County Register of Deeds Office.

Tax Parcel Identification Number: 126DA-00800

For reference to title see the Warranty Deed dated December 31, 2008 of record in Book 3249, page 5 in the Sevier County Register of Deeds Office.

Tax Parcel Identification Number: 126DA-005.00

For reference to title see the Warranty Deed dated December 31, 2008 of record in Book 3249, page 9 in the Sevier County Register of Deeds Office. See also the Quitclaim Deed dated December 31, 2008 of record in Book 3249, page 13 in the Sevier County Register of Deeds Office.

Tax Parcel Identification Number: 126DA-007.00

For reference to title see the Warranty Deed dated December 31, 2008 of record in Book 3249, page 1 in the Sevier County Register of Deeds Office.

Tax Parcel Identification Numbers: 126DA-00600; 126DA-00600-001; 126DA-00600-002; 126DA-00600-003;126DA-00600-004

Policy No.: 27306-3568

TRACT II: LEASEHOLD

SITUATED in the 11th Civil District of Sevier County, Tennessee and within the City of Gatlinburg, Tennessee, being a part of Parcel 006.00 of Tax Map 126D, Group A, in the office of Tax Assessor for Sevier County, Tennessee and being described more particularly as follows:

Commencing at the centerline intersection of US 441 and Dudley Creek Bypass; thence S 06°53'23" W a distance of 160.06' to the Point of BEGINNING being a spike in the west ROW of US 441, corner to Conley and Benson; thence N 87°54'42" W a distance of 179.71' to a CP in the center of the West Prong Little Pigeon River; thence in the center of the West Prong Little Pigeon River N 34°54'42" W a distance of 140.74' to a CP corner to Conley; thence with Conley N 65°59'34" E a distance of 147.09' to a CP; thence N 24°00'26" W a distance of 175.45' to a CP; thence N 65°59'34" E a distance of 22.63' to a CP; thence N 24°00'26" W a distance of 41.27' to a CP; thence S 65°59'34" W a distance of 22.63' to a CP; thence N 24°00'26" W a distance of 92.56' to a CP in the south ROW of Park Lane; thence with the south ROW of Park Lane N 81°19'28" E a distance of 37.76' to a ½ " IRS; thence N 71°04'28" E a distance of 56.00' to a ½ " IRS; thence N 38°19'28" E a distance of 40.00' to a ½ " IRS; thence N 71°04'28" E a distance of 24.50' to a ½ " IRS; thence N 76°19'28" E a distance of 27.72' to a ½ " IRS; thence S 11°29'25" E a distance of 43.84' to a spike in the west ROW of US 441; thence with the ROW with a curve to the right with an arc length of 489.40, with a radius of 5689.58, with a chord of S 09°01'35" E- 489.25, to a spike; thence with a compound curve to the right with an arc length of 7.97, with a radius of 5689.58, with a chord of S 06°31'19" E- 7.97, to a IRS; which is the point of BEGINNING, having an area of 80,150 sq. ft. or 1.84 Acres.

Being Project Number 07-0308, Norvell & Poe Engineers, 1101 Fox Meadows Blvd., Suite 105, Sevierville, TN, 37862.

BEING a part of the same property conveyed to Elizabeth C. Conley by Quitclaim Deed dated September 19, 2003 of record in Book 1798, page 805 in the Sevier County Register of Deeds Office. For further reference see the Quitclaim Deed to Susan C. Greengold and Elizabeth C. Conley dated September 19, 2002 of record in Book 1524, page 722 in the Sevier County Register of Deeds Office. See also Warranty Deed dated December 30, 1981 of record in Deed Book 307, page 620 in the Sevier County Register of Deeds Office. See also the Memorandum of Lease dated December 31, 2008 between Susan Greengold and Elizabeth Cate, f/k/a Elizabeth C. Conley (Lessor) and Parkway Investment Group, L. P. (Tenant) of record in Book 3249, page 19 in the Sevier County Register of Deeds Office.

Tax Parcel Identification Number: part of 126DA-006.00

FIDELITY NATIONAL TITLE INSURANCE COMPANY

SCHEDULE B

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage, and the Company will not pay costs, attorneys' fees, or expenses that arise by reason of:

1. Rights or claims of parties as tenants in possession not shown by the public records including Jones, French and Barnett.
2. Taxes and assessments for year 2009 and subsequent years, not yet due and payable.
3. Subject to rights of tenants in possession of overnight guests only, not with an option to purchase. (Tract I)
4. Rights of others to that portion of property lying within the right-of-way of State Route 71 of record in Deed Book 129, page 67 in the Sevier County Register of Deeds Office. (Tract I)
5. Sewer Line Easement conveyed to the City of Gatlinburg of record in Right of Way Book 12, page 377 in the Sevier County Register of Deeds Office. (Tract I)
6. Terms of an unrecorded agreement, as applicable, dated December 1, 1981 by and between Highland Motor Inn and the City of Gatlinburg for lease of space where the "Welcome Sign" to the City of Gatlinburg is presently located as described in Deed Book 619, page 305 in the Sevier County Register of Deeds Office. (Tract I)
7. Easement Agreement dated February 27, 2002 between BJP, L.L.C. and the City of Gatlinburg of record in Book 1493, page 561 and Book 1642, page 736 in the Sevier County Register of Deeds Office. (Tract I)
8. Utility easements, including water and sewer lines, of record in Deed Book 129, page 67 in the Sevier County Register of Deeds Office. (Tract I)
9. Rights of upper and lower riparian landowners to the unobstructed flow of Dudley Creek. (Tract I)
10. Right of Way Agreement dated March 21, 1960 between Charles T. Cate and wife, Dorothy M. Cate and The Sevier County Utility District of record in Right of Way Book 3, page 254 in the Sevier County Register of Deeds Office. (Tract I)
11. Changes in the boundary of land resulting from erosion or accretion caused by the flow of the west prong of the Little Pigeon River. (Tracts I and II)
12. All right, title or claim of any character by the United States of America, any local government, or by the public generally in and to any portion of the land lying within the current or former bed or below the high water mark or between the outer banks of a stream navigable in fact or in law. (Tracts I and II)
13. Rights of others in and to that portion of the property lying within the right of way of any street or highway. (Tracts I and II)
14. Survey by Surveying and Mapping, Jonathan L. Lyons, Surveyor, Tennessee RLS # 2002, dated February 2, 2007 entitled "Survey for Peter Medlin" includes, but is not limited to, the following:

a. Encroachment of pool onto the right of way of State Highway 71/U. S. Highway 441;
b. 100 year and 500 year flood zone areas;
c. 30 feet wide right of way granted to the City of Gatlinburg in Quitclaim Deed of record in Deed Book 307, page 614 in the Sevier County Register of Deeds Office;
d. 20 feet wide easement for ingress and egress for the City of Gatlinburg;
e. 20 feet wide right of way agreement with the Sevier County Utility District;
f. 15 feet wide utility easements as located on the survey and as described in Right of Way Book 12, page 380 in the Sevier County Register of Deeds Office. (Tracts I and II)

15. Rights of others in and to the use of that portion of the property lying within the bounds of North Parkway (U.S. Highway 441) and North Gatlinburg Park Road, if any. (Tracts I and II)
16. General Telephone Permit from E. E. Maples to Southern Bell Telephone of record in Deed Book 116, page 497, Deed Book 116, page 498 and amended in Miscellaneous Book 6, page 165 in the Sevier County Register of Deeds Office as may affect the property. (Tracts I and II)
17. Easement Agreement dated December 31, 2001 to the City of Gatlinburg of record in Book 1356, page 738 in the Sevier County Register of Deeds Office. (Tracts I and II)
18. Matters shown on plat of record in Map Book 4, page 23 in the Sevier County Register of Deeds Office. (Tracts I and II)
19. Rights of upper and lower riparian landowners to the unobstructed flow of the Little Pigeon River. (Tracts I and II)
20. All right, title or claim of any character by the United States of America, any local government, or by the public generally in and to any portion of the land lying within the current or former bed or below the high water mark or between the outer banks of a stream navigable in fact or in law. (Tracts I and II)
21. Sewer Easement conveyed to the City of Gatlinburg dated September 30, 1977 of record in Miscellaneous Book 54, page 309 in the Sevier County Register of Deeds Office as may affect the subject property. (Tract I)
22. Easement conveyed to the City of Gatlinburg dated December 21, 1994 of record in Right of Way Book 12, page 380 in the Sevier County Register of Deeds Office as may affect the subject property. (Tract I)
23. Plat of survey of Steven D. Craig, Tennessee RLS No. 1812, dated August 6, 2007, revised on December 18, 2008, bearing Project No. 07-0308, discloses the following:
    a. Utility, drainage and construction easements are as follows:
        i. 15 feet wide along all exterior lot lines;
        ii. Allowed in the common areas except under buildings; and,
        iii. 7.5 feet wide along each side of utilities as installed.
    b. Utility, drainage and construction easements are to be centered about installed structures.

c. Building setback lines will be as follows:
   i. Front-10 feet; and,
   ii. Minimum allowable peripheral setback for C-1 zoning.

d. A portion of Tract I lies within the FEMA flood area.

e. Overhead and underground utility lines as located.

f. Encroachment of curb of city street onto the southwest corner of Tract I.

g. Encroachment of buildings appurtenant to Tract II over the property line onto the
public right of way. This policy, when issued, will insure onto to the property line and will not insure against the forced removal of any improvements that lie outside of the property described as the Insured property herein. (Tracts I and II)

24. Pending completion of the proposed improvements, liability of the Company shall be limited to the purchase price paid for the land, but shall increase as the improvements progress, by the amount of the cost thereof, up to the face amount of the policy.

25. Deed of Trust, Security Agreement and Assignment of Leases dated December 31, 2008 executed by Gateway Gatlinburg, L.P., a Tennessee limited partnership to Gregory D. Shanks, Trustee for Community Trust Bank, Inc., of record in Book 3249, page 24 in the Sevier County Register of Deeds Office which secures a note in the amount of $7,400,000.00.

26. Leasehold Deed of Trust and Security Agreement dated December 31, 2008 executed by Parkway Investment Group, L.P., a Tennessee limited partnership to Gregory D. Shanks, Trustee for Community Trust Bank, Inc., of record in Book 3249, page 24 in the Sevier County Register of Deeds Office which secures a note in the amount of $7,400,000.00. (No additional money-Tax previously paid on Deed of Trust, Security Agreement and Assignment of Leases dated December 31, 2008 executed by Gateway Gatlinburg, L.P., a Tennessee limited partnership, to Gregory D. Shanks, Trustee for Community Trust Bank, Inc., of record in Book 3249, page 24 in the Sevier County Register of Deeds Office.)

27. UCC Financing Statement between Gateway Gatlinburg, L.P., and Community Trust Bank, Inc., of record in Book 3249, page 84 in the Sevier County Register of Deeds Office.

28. Terms and conditions contained in the Memorandum of Lease dated December 31, 2008 between Susan Greengold and Elizabeth Cate, f/k/a Elizabeth C. Conley (Lessor) and Parkway Investment Group, L. P. (Tenant) of record in Book 3249, page 19 in the Sevier County Register of Deeds Office.

29. Collateral Assignment of Lease dated December 31, 2008 from Parkway Investment Group, L.P. to Community Trust Bank, Inc. of record in Book 3249, page 78 in the Sevier County Register of Deeds Office.

NOTE: No insurance is afforded as to the exact amount of area or acreage contained in the herein described property.

ENDORSEMENT

Attached to Policy No. 27306-3568

Issued by

FIDELITY NATIONAL TITLE INSURANCE COMPANY

The Company insures against loss or damage sustained by the Insured if, at Date of Policy (i) the Land does not abut and have both actual vehicular and pedestrian access to and from United States Highway 441/State Route 71 (the "Street"), (ii) the Street is not physically open and publicly maintained, or (iii) the Insured has no right to use existing curb cuts or entries along that portion of the Street abutting the Land.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

FIDELITY NATIONAL TITLE INSURANCE COMPANY

BY: _____

9768-105
Access (Owners)

ENDORSEMENT

Attached to Policy No. 27306-3568

Issued By

Fidelity National Title Insurance Company

1. As used in this endorsement, these terms shall mean the following:

   a. "Evicted" or "Eviction": (a) the lawful deprivation, in whole or in part, of the right of possession insured by this policy, contrary to the terms of the Lease or (b) the lawful prevention of the use of the Land or the Tenant Leasehold Improvements for the purposes permitted by the Lease, in either case as a result of a matter covered by this policy.

   b. "Lease": the lease agreement described in Schedule A.

   c. "Leasehold Estate": the right of possession for the Lease Term.

   d. "Lease Term": the duration of the Leasehold Estate, including any renewal or extended term if a valid option to renew or extend is contained in the Lease.

   e. "Personal Property": chattels located on the Land and property which, because of their character and manner of affixation to the Land, can be severed from the Land without causing appreciable damage to themselves or to the Land to which they are affixed.

   f. "Remaining Lease Term": the portion of the Lease Term remaining after the Insured has been Evicted as a result of a matter covered by this policy.

   g. "Tenant Leasehold Improvements": Those improvements, including landscaping, required or permitted to be built on the Land by the Lease that have been built at the Insured's expense or in which the Insured has an interest greater than the right to possession during the Lease Term.

2. Valuation of Estate or Interest Insured

If in computing loss or damage it becomes necessary to value the Title as the result of a covered matter that results in an Eviction of the Tenant, then that value shall consist of the value for the Remaining Lease Term of the Leasehold Estate and any Tenant Leasehold Improvements existing on the date of the Eviction. The Insured Claimant shall have the right to have the Leasehold Estate and the Tenant Leasehold Improvements valued either as a whole or separately. In either event, this determination of value shall take into account rent no longer required to be paid for the Remaining Lease Term.

3. Additional items of loss covered by this endorsement

If the Insured is Evicted, the following items of loss, if applicable, shall be included in computing loss or damage incurred by the Insured, but not to the extent that the same are included in the valuation of the Title.

   a. The reasonable cost of removing and relocating any Personal Property that the Insured has the right to remove and relocate, situated on the Land at the time of Eviction, the cost of transportation of that Personal

Property for the initial one hundred miles incurred in connection with the relocation, and the reasonable cost of repairing the Personal Property damaged by reason of the removal and relocation.

b. Rent or damages for use and occupancy of the Land prior to the Eviction that the Insured as owner of the Leasehold Estate may be obligated to pay to any person having paramount title to that of the lessor in the Lease.

c. The amount of rent that, by the terms of the Lease, the Insured must continue to pay to the lessor after Eviction with respect to the portion of the Leasehold Estate and Tenant Leasehold Improvements from which the Insured has been Evicted.

d. The fair market value, at the time of the Eviction, of the estate or interest of the Insured in any lease or sublease made by Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements.

e. Damages that the Insured is obligated to pay to lessees or sublessees on account of the breach of any lease or sublease made by the Tenant as lessor of all or part of the Leasehold Estate or the Tenant Leasehold Improvements caused by the Eviction

f. Reasonable costs incurred by the Insured to secure a replacement leasehold equivalent to the Leasehold Estate.

g. If Tenant Leasehold Improvements are not substantially completed at the time of Eviction, the actual cost incurred by the Insured, less the salvage value, for the Tenant Leasehold Improvements up to the time of Eviction. Those costs include costs incurred to obtain land use, zoning, building and occupancy permits, architectural and engineering fees, construction management fees, costs of environmental testing and reviews, and landscaping costs.

This endorsement is issued as part of the policy. Except as it expressly states, it does not (i) modify any of the terms and provisions of the policy, (ii) modify any prior endorsements, (iii) extend the Date of Policy, or (iv) increase the Amount of Insurance. To the extent a provision of the policy or a previous endorsement is inconsistent with an express provision of this endorsement, this endorsement controls. Otherwise, this endorsement is subject to all of the terms and provisions of the policy and of any prior endorsements to it.

Fidelity National Title Insurance Company

Authorized Signatory

9768-105
Leasehold Owners

ENDORSEMENT

Attached to Policy No. 27306-3568

Issued By

FIDELITY NATIONAL TITLE INSURANCE COMPANY

The Company hereby insures the insured against loss or damage which the insured shall sustain by reason of the failure of the land to be the same as that delineated on the plat of a survey made by Stephen D. Craig, Tennessee RLS No. 1812 on August 6, 2008, last revised on December 18, 2008, designated Project No. 07-0308, a copy of which is attached hereto and made a part hereof.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Dated: December 31, 2008

By: _____

Survey
CLTA Form 116.1 (Rev. 6-14-96)
ALTA or CLTA - Owner

9768-105
Parkway (Maples)
Survey (Owners)

ENDORSEMENT

Attached to Policy No. 27306-3568

Issued By

FIDELITY NATIONAL TITLE INSURANCE COMPANY

The Company hereby insures the insured against loss or damage which the insured shall sustain by reason of the failure of the land described in Schedule A as the fee simple estate and the leasehold estate to be contiguous to each other.

This endorsement is made a part of the policy and is subject to all of the terms and provisions thereof and of any prior endorsements thereto. Except to the extent expressly stated, it neither modifies any of the terms and provisions of the policy and any prior endorsements, nor does it extend the effective date of the policy and any prior endorsements, nor does it increase the face amount thereof.

FIDELITY NATIONAL TITLE INSURANCE COMPANY

Dated: December 31, 2008

By: J Randolph Miller

Contiguity of Parcels
CLTA Form 116.4 (Rev. 6-14-96)
ALTA or CLTA - Owner or Lender

9768-105
Contiguity (Owners)

(b)(4)

Big Elk Deal Structure & Exit Strategy

PREPARED BY:
Peter E. Medlyn
109 South Broadway
Knoxville, Tennessee 37902

ARTICLES OF INCORPORATION

OF

MEDLYN REAL ESTATE, INC.

THE UNDERSIGNED, acting as incorporator of a corporation under the Tennessee Business Corporation Act, adopts the following Articles of Incorporation for such corporation:

1. **NAME:** The name of the corporation is **MEDLYN REAL ESTATE, INC.**

2. **DURATION:** The duration of the corporation's existence shall extend for the period beginning on the date the Certificate of Incorporation of the Corporation is filed with the Secretary of State of the State of Tennessee and shall be perpetual thereafter.

3. **INITIAL REGISTERED AGENT:** The name of the corporation's initial registered agent is Peter E. Medlyn. The street address and zip code of the corporation's initial registered agent is 109 South Broadway, Knoxville, Tennessee 37902 (Knox County).

4. **INITIAL REGISTERED OFFICE:** The street address and zip code of the corporation's initial registered office is:

   109 South Broadway
   Knoxville, Tennessee 37902
   (Knox County)

5. **INCORPORATOR:** The name and address and zip code of the incorporator of the corporation is:

   Peter E. Medlyn
   109 South Broadway
   Knoxville, Tennessee 37902
   (Knox County)

6. **ADDRESS OF PRINCIPAL OFFICE:** The street address and zip code of the initial principal office of the corporation is:

   109 South Broadway
   Knoxville, Tennessee 37902
   (Knox County)

7. **FOR PROFIT:** The corporation is organized as a "for profit" corporation.

8. **PURPOSES:** The purpose for which the corporation is organized is to

structures on such property. The corporation is organized to render accounts receivable, accounts payable, organizational, sales, inventory, manufacturing, financial advance planning and technical advice to general manufacturing, merchandising, or organization, reorganization and operations and to act as a promoter, investigator, systems analyzer, agent, representative and consultant for said business operations.

9. **POWERS:** As needed to pursue the corporate purposes, the following powers are hereby granted to the Board of Directors:

a. To sue, complain and defend in the corporate name.

b. To adopt a corporate seal which may be altered at pleasure, and to use the name by causing it, or a facsimile thereof, to be impressed or affixed or in any manner reproduced.

c. To purchase, take, receive, lease or otherwise acquire, own, hold, improve, use and otherwise deal in and with, real or personal property or any interest therein, wherever situated.

d. To sell, convey, mortgage, pledge, lease, exchange, transfer and otherwise dispose of all or any part of the corporate property and assets.

e. To lend money and use its credit to assist corporate employees.

f. To make contracts and guarantees and incur liabilities, borrow money at such rates of interest as it may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of the corporations property and income.

g. To lend money for any corporate purpose, invest and reinvest its funds, and take and hold their payment of funds so long or invested.

h. To conduct its business, carry on its operations and have offices and exercise the powers granted herein, within or without this state.

i. To make donations for public welfare or for charitable, scientific or educational purposes.

j. To transact any lawful business which the Board of Directors shall find will be an aide of governmental policy.

k. To pay pensions and establish pension plans, pension trusts, profit sharing plans, stock bonus plans, stock option plans and any incentive plans for any or all of its directors, officers and employees.

IN WITNESS WHEREOF, the undersigned, the incorporator of the above named corporation, has hereunto signed these Articles of Incorporation on as of the 30th day of November, 1998.

SCHEDULE A

NAME AND ADDRESS	INITIAL CAPITAL CONTRIBUTION	PARTNERSHIP INTEREST
I. GENERAL PARTNER		
Medlyn Real Estate, Inc. 109 South Broadway Knoxville, TN 37902	(b)(4)	
TOTAL GENERAL PARTNER		
II. LIMITED PARTNERS		
Peter Medlyn 109 South Broadway Knoxville, TN 37902		
(b)(6)		
JBAR Investment Group, LLC		
APA Partners, L.P.		
Sandra E. Hensarling		
Ronald L. Hensarling		
TOTAL LIMITED PARTNERS		
TOTAL PARTNERS		

THIS INSTRUMENT PREPARED BY:

Long, Ragsdale & Waters, P.C.
1111 Northshore Drive, N.W.
Suite S-700
Knoxville, Tennessee 37919-4074

CERTIFICATE OF LIMITED PARTNERSHIP

OF

PARKWAY INVESTMENT GROUP, L.P.

Pursuant to the provisions of the Tennessee Revised Uniform Limited Partnership Act, Tennessee Code Annotated Section 61-2-101, et seq., the undersigned general partner hereby executes a Certificate of Limited Partnership as follows:

I. The name of the partnership:

Parkway Investment Group, L.P.

II. The character of the business:

To engage in the acquisition, ownership, operation, leasing and management of real property and the development, construction, operation, leasing, management and sale of improvements thereon, and any other lawful activity or business in connection therewith or related thereto, and to engage in any other business or activity permitted under the laws of the State of Tennessee, including the Tennessee Revised Uniform Limited Partnership Act.

III. The name and address of the Registered Agent for service of process:

Dennis B. Ragsdale
1111 Northshore Drive, S-700
Knoxville, TN 37919
(Knox County)

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2645-000

IV. The address of the registered office and principal place of business:

109 South Broadway
Knoxville, TN 37902
(Knox County)

V. The name and address of the sole General Partner is:

Medlyn Real Estate, Inc.
109 South Broadway
Knoxville, TN 37902
(Knox County)

Dated as of the 19 day of December, 2008.

GENERAL PARTNER:

MEDLYN REAL ESTATE, INC.

By: _____
Peter Medlyn, President

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2645-000

THIS INSTRUMENT PREPARED BY:

Long, Ragsdale & Waters, P.C.
1111 Northshore Drive, N.W.
Suite S-700
Knoxville, Tennessee 37919-4074

CERTIFICATE OF LIMITED PARTNERSHIP

OF

GATEWAY GATLINBURG, L.P.

Pursuant to the provisions of the Tennessee Revised Uniform Limited Partnership Act, Tennessee Code Annotated Section 61-2-101, et seq., the undersigned general partner hereby executes a Certificate of Limited Partnership as follows:

I. The name of the partnership:

Gateway Gatlinburg, L.P.

II. The character of the business:

To engage in the acquisition, ownership, operation, leasing and management of real property and the development, construction, operation, leasing, management and sale of improvements thereon, and any other lawful activity or business in connection therewith or related thereto, and to engage in any other business or activity permitted under the laws of the State of Tennessee, including the Tennessee Revised Uniform Limited Partnership Act.

III. The name and address of the Registered Agent for service of process:

Dennis B. Ragsdale
1111 Northshore Drive, S-700
Knoxville, TN 37919
(Knox County)

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IV. The address of the registered office and principal place of business:

109 South Broadway
Knoxville, TN 37902
(Knox County)

V. The name and address of the sole General Partner is:

Medlyn Real Estate, Inc.
109 South Broadway
Knoxville, TN 37902
(Knox County)

Dated as of the 19 day of December, 2008.

GENERAL PARTNER:

MEDLYN REAL ESTATE, INC.

By: _____
Peter Medlyn, President

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2645-000

This instrument prepared by:
Long, Ragsdale & Waters, P.C.
1111 Northshore Drive, N.W.
Suite S-700
Knoxville, Tennessee 37919-4074

GATEWAY GATLINBURG, L.P.
A TENNESSEE LIMITED PARTNERSHIP
AGREEMENT OF LIMITED PARTNERSHIP

THIS AGREEMENT OF LIMITED PARTNERSHIP is entered into as of December 30, 2008, by and among **MEDLYN REAL ESTATE, INC.**, a Tennessee corporation, as its General Partner, **PETER MEDLYN**, a resident of Knox County, Tennessee, [redacted] both residents of [redacted], (b)(6) as __limited partners [redacted], **JBAR Investment Partners, LLC**, a __N. C._____ limited liability company, APA Partners, L. P., a Tennessee Limited Partnership **SANDRA E. HENSARLING**, a resident of ___Palm Beach_____ County, Texas, and **RONALD L. HENSARLING**, a resident of Palm Beach_____ County, Texas, as Limited Partners. The nature and extent of the interests of the Partners and the Partnership are set forth on **Schedule A** hereof.

W I T N E S S E T H:

In recognition of their mutuality of interests, the Partners agree to enter into this Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the premises, the contributions of capital being made by the Partners and the terms and conditions hereinafter set forth, it is mutually agreed as follows:

Section 1. Section 1. Formation. The General Partner hereby forms the Partnership as a Tennessee limited partnership pursuant to the provisions of the Tennessee Revised Uniform Limited Partnership Act. By the filing of a Certificate of Limited Partnership of the Partnership with the Tennessee Secretary of State's office, the Partnership elects to be governed by the Tennessee Revised Uniform Limited Partnership Act as set forth in Tennessee Code Annotated §61-2-101, et seq.

Section 2. Name and Office. The Partnership's name is GATEWAY GATLINBURG, L. P. The principal office of the Partnership is located at 109 South Broadway, Knox County, Tennessee 37902, or at such other places as the General Partner may from time to time

determine and specify by prior written notice to the Limited Partners.

Section 3. Registered Agent and Address for Service of Process. The Registered Agent's name is Dennis B. Ragsdale. The Registered Agent's address for service of process shall be Long, Ragsdale & Waters, P.C., 1111 Northshore Drive, Suite S-700, Knoxville, Knox County, Tennessee 37919.

Section 4. Purposes and Powers.

4.1 Purposes. The purpose for which the Partnership has been formed is to engage in the acquisition, ownership, operation, leasing and management of real property and the development, construction, operation, leasing, management and sale of improvements thereon, and any other lawful activity or business in connection therewith or related thereto, and to engage in any other business or activity permitted under the laws of the State of Tennessee, including the Tennessee Revised Uniform Limited Partnership Act.

4.2 Powers. In furtherance of the above purposes, the Partnership shall have the powers, subject to the other provisions of this Agreement, to:

(a) borrow money, including, but not limited to, borrowing from any Partner or any Affiliate in furtherance of any or all of the objects of its business, to issue evidences of indebtedness in respect thereof and to secure the same by pledge or grant of lien or other security interest in the assets of the Partnership;

(b) lend money in furtherance of the Partnership purposes;

(c) acquire, hold, own, encumber, maintain, sell, transfer, convey, assign, exchange or otherwise dispose of its interests in Partnership assets;

(d) make interim investments in government obligations, certificates of deposit, life insurance contracts and policies, bankers' acceptances and money market accounts;

(e) enter into, execute and carry out contracts and agreements and any and all other documents and instruments;

(f) bring and defend actions at law or in equity;

(g) purchase, cancel or otherwise retire or dispose of the interest of any Partner, pursuant to the express provisions of this Agreement; and

(h) do any and all other acts and things necessary or proper in furtherance of the Partnership business.

Section 5. Term. The term of the Partnership commenced on the filing date of the Certificate of Limited Partnership with the Tennessee Secretary of State and shall continue until December 31, 2058, unless sooner terminated as set forth in Section 12 herein.

Section 6. Capital Contributions.

6.1 Contributions of the General Partner. The General Partner has contributed the initial capital set forth opposite its name in Schedule A attached hereto.

6.2 Contributions of Limited Partners. The Limited Partners have contributed the initial capital set forth opposite their respective names in Schedule A attached hereto. The General Partner shall have the power and authority to accept amounts loan or advanced by persons becoming Limited Partners as contributions to their respective Capital Accounts. In addition to the initial contributions to the capital of the Partnership, Jay and Gina Ajmo shall contribute the sum of Five Hundred Forty-Five Thousand Dollars ($545,000) to the capital of the Partnership. The Partnership shall cause such amount to be reflected on an amendment to Schedule A at the time that they make said additional contribution to the capital of the Partnership, which shall occur on or before ten (10) days from the date first above written.

Additional Limited Partners may be admitted on terms and conditions and upon tendering the appropriate contributions to the Partnership prescribed by the General Partner and approved by the unanimous vote of the Limited Members. Upon satisfying such conditions, such additional Limited Partners, if any, shall be treated as a Limited Partner of the Partnership.

6.3 Capital Accounts. A Capital Account shall be established and maintained for each Partner who shall acquire or receive a Partnership Interest. The Capital Account of each Partner shall be (a) credited with all contributions made to the Partnership by him on account of Capital Contributions and with allocations to him of Partnership Profits and (b) charged with allocations to him of Partnership Losses and with cash distributions made to him and (c) shall otherwise appropriately reflect transactions of the Partnership and the Partners. Notwithstanding any other term or condition contained in this Agreement to the contrary, the Capital Accounts described in

Section 6.3 shall, in all events, be maintained in accordance with Internal Revenue Code Section 704(b) and the regulations promulgated thereunder now existing or hereafter enacted including, without limitation, the regulations set forth in Treasury Regulations Section 1.704-1(b)(2)(iv) as well as the requirements set forth in Internal Revenue Code Section 704(c) and regulations promulgated thereunder so as to insure that the allocation of Partnership income, loss, gain, deductions and other items set forth in this Agreement shall be available to the Partners. In the event that any such regulation now existing or hereafter enacted requires an affirmative or negative election, such election shall be made in the sole discretion of the General Partner. The Capital Account of a Substitute Partner shall include the portion allocable to him of the Capital Account of the Partner whose Partnership Interest is acquired as such Capital Account stood at the date of such acquisition.

6.4 Return of Capital. No Partner shall be entitled to withdraw any part of his Capital Account, to withdraw from the Partnership, to receive interest on his Capital Account or Capital Contributions, or to receive any distributions from the Partnership (except as provided in Sections 9.2 and 9.3). The General Partner shall not have any liability for the repayment of the Capital Contributions of any Limited Partner, or any portion thereof, except as otherwise provided in this Agreement. Notwithstanding anything to the contrary in this Agreement, no Partner shall have the right to file a complaint or institute a proceeding at law or in equity to have the assets of the Partnership partitioned or sold, and each Partner hereby waives any such right on behalf of itself, its successors, representatives, heirs and assigns.

6.5 Loans by the General Partner. Any monies paid to or on behalf of the Partnership by the General Partner and not specifically designated as a Capital Contribution shall be deemed a loan to the Partnership from the General Partner due on demand. Unless otherwise stated in the promissory note or notes, such loan shall bear interest at the base interest rate in effect from time to time at First Tennessee Bank National Association, or the successor rate thereof, but not in excess of the highest permissible legal rate. Notwithstanding the foregoing, the General Partner shall have no obligation to make any such loan, but may do so in order to provide funds to the Partnership.

6.6 Additional Capital Contributions. The Partners may be requested, but not required, to make additional contributions to the Partnership, pro rata in accordance with their respective interests in the Partnership, after the General Partner gives written notice, by certified mail, return receipt requested, to the Partners, to pay or otherwise fund the costs, expenses and other obligations of the Partnership incurred in the conduct of its

business. Provided, however, the Partners may also make other contributions to the capital of the Partnership, with the consent of the General Partner, which may, or may not, as the case may be, be in accordance with their respective interests in the Partnership.

Section 7. General Partner.

7.1 Extent of Powers and Duties.

(a) General. Except as may be expressly limited by the provisions of this Agreement and Tennessee law, the General Partner shall have, subject to its strict fiduciary duty to the Partnership and the Partners, complete and exclusive discretion in the management and control of the affairs and business of the Partnership and all powers necessary, convenient or appropriate to carry out the purposes, conduct the business and exercise the powers of the Partnership. Except as may be so expressly limited, the General Partner shall possess and enjoy with respect to the Partnership all of the rights and powers of partners of a partnership without limited partners to the extent permitted by Tennessee law.

(b) Powers and Duties. Notwithstanding the other provisions of this Agreement, the General Partner shall diligently and faithfully exercise its discretion and use its best efforts to carry out the purposes and powers of the Partnership as set forth in Sections 4.1 and 4.2 hereof, conduct the business of the Partnership in a strict fiduciary manner in the best interests of the Partnership and the Partners and, so as consistent therewith, to protect the interests of all Partners. In addition to any other rights and powers which it may possess under law or by virtue of this Agreement, the General Partner shall have all specific rights and powers required or appropriate to its management of the Partnership business which shall also include, without limiting the generality of the foregoing, the following rights and powers on behalf of the Partnership:

(i) With the Consent of the Limited Partnersh, to borrow money (including the right to borrow money from one (1) or more Partners or Affiliates) or to endorse or guarantee a loan of another, and, if security is required, in any such event, to mortgage or subject to any other security device any or all assets of the Partnership, and to prepay, in whole or in part, refinance, increase, modify, consolidate or extend any mortgage, security deed or other security device, all of the foregoing at such terms and in such amounts as it deems in its discretion to be in the best interest of the Partnership;

(ii) To employ, engage or contract with persons in the operation and management of the Partnership business, including, but not limited to, supervisory managing agents, insurance brokers, real estate brokers, marketing agents and loan brokers, on such terms and for such compensation as the General Partner shall determine;

(iii) To execute, acknowledge and deliver any and all instruments to effectuate the same;

(iv) With the Consent of the Limited Partnersh, to sell, exchange, mortgage, refinance or otherwise dispose of or encumber Partnership assets or any and all component parts thereof; and

(v) To vote, execute proxies and take other actions and otherwise deal with any and all shares of stock and other securities owned by the Partnership.

(vi) To pay the General Partner monthly compensation in an amount approved by Limited Partners representing two thirds (2/3) of the Limited Partners and to reimburse the General Partner for reasonable expenses incurred by the General Partner in connection with Partnership matters.

(c) Admission of Partners. Subject to Section 8.3 hereof, the General Partner shall have the authority to admit to the Partnership as Limited Partners such Persons as may acquire Partnership Interests whether pursuant to Section 6 hereof or otherwise; provided that each Person so admitted shall, in connection with such acquisition, agree to be bound by the provisions of this Agreement.

(d) Delegation of Duties of General Partner. The General Partner may delegate all or any of its duties under this Agreement and in furtherance of such delegation may elect, employ, contract or deal with any Person (including any Affiliated Person), so long as and provided that the General Partner continues to be primarily responsible for the performance of such duties.

7.2 Limitations on the Exercise of Powers of the General Partner.

(a) Tennessee Revised Uniform Limited Partnership Act. Except as granted in this Agreement, the General Partner shall have no power to take any action not granted to general partners by the Tennessee Revised Uniform Limited Partnership Act.

(b) Limited Liability. The General Partner shall not, without the Consent of the Limited Partners, perform any act

which would subject a Limited Partner to liability as a general partner under Tennessee law.

(c) Termination of the Partnership for Tax Purposes. The General Partner will use its best efforts to not act in any manner which will (i) cause the termination of the Partnership for Federal income tax purposes or (ii) cause the Partnership to be treated for Federal income tax purposes as an association taxable as a corporation.

7.3 Liability and Indemnification. The General Partner (and the Limited Partners) shall not be liable, responsible or accountable in damages or otherwise to any of the Limited Partners or the Partnership for any act or omission of a General Partner performed or omitted in good faith on behalf of the Partnership or in a manner reasonably believed by a General Partner to be within the scope of the authority granted to such General Partner by this Agreement and in the best interests of the Partnership, except for acts of fraud or acts or omissions constituting gross negligence or willful misconduct or violations of the General Partner's fiduciary duty to the Partnership and the Partners. The Limited Partner hereby waives and relinquishes any right of contribution, recovery, subrogation (to the rights of a lender or otherwise) or reimbursement that the Limited Partner may have against the General Partner, another Limited Partner or any person who is related to the General Partner or another Limited Partner with respect to any indebtedness of the Partnership that the Limited Partner has guaranteed or for which the Limited Partner has provided collateral. The General Partner shall be entitled to indemnity from the Partnership for any loss, damage or claim by reasons of any act or omission performed or omitted by the General Partner in good faith on behalf of the Partnership or in a manner reasonably believed by the General Partner to be within the scope of the authority granted to the General Partner by this Agreement and in the best interests of the Partnership, except that no General Partner shall be entitled to be indemnified in respect of any loss, damage or claim incurred by reason of fraud, gross negligence or willful misconduct, or violations of the General Partner's fiduciary duty to the Partnership and the Partners. Any indemnity under this Section shall be provided out of and to the extent of Partnership assets only, and no Limited Partner shall have or incur any personal liability on account thereof. Provided, however, that the General Partner shall not be indemnified for any breach of its fiduciary duties.

7.4 Other Interests of General Partners. The General (and and the Limited Partners) and any Affiliated Person may engage in or possess an interest in other business ventures of every kind and description, independently or with others, including, but not limited to, serving as general partner(s) of other partnerships and

participating in the business of the partnership, in all of its phases, and which may include businesses which are directly or indirectly competitive with the business of the Partnership. The General Partner will devote such time to the affairs of each partnership as it, within its sole discretion, deems necessary. Neither the Partnership nor the other Partners shall have any rights in and to such independent ventures or the income or profits therefrom. The Partnership may employ or transact business with any Person upon the consent of the General Partners, notwithstanding the fact that any General or Limited Partner or member of his Immediate Family or Affiliated Person may have (or have had) an interest in such Person, and neither the Partnership nor the other Partners shall have any rights by virtue of this Agreement in or to any income or profits derived therefrom.

7.5 Agreements and Certain Obligations of the General Partner. In addition to its usual and customary duties and obligations, the General Partner agrees that it will take all reasonable actions which may be required under law to permit the Limited Partners to exercise the rights contemplated by this Agreement, and to benefit from the limited liability afforded by the Tennessee Revised Uniform Limited Partnership Act.

Section 8. Limited Partners.

8.1 Limited Control and Rights of Limited Partners. The Limited Partners hereby consent to the exercise by the General Partner of the powers conferred on it by this Agreement. No Limited Partner (except one who may also be a General Partner, and then only in his capacity as General Partner) shall participate in or have any control over the management or control of Partnership business or have any right or authority to act for or to bind the Partnership or sign any agreement or document in the name of the Partnership. No Limited Partner shall have the right to have the Partnership dissolved and terminated, to have his Capital Contribution returned, or to withdraw from the Partnership.

8.2 Limited Liability. The liability of each Limited Partner in his capacity as a Limited Partner shall be limited to the amount of the initial Capital Contributions specified in Section 6.2 and any additional Capital Contributions made under Section 6.6 that such Limited Partner makes. The General Partner shall have no power or authority to alter the liability of any Limited Partner or of any assignee or transferee of a limited partnership interest in the Partnership. No Limited Partner shall, in his capacity as Limited Partner, have any further liability for any of the debts or be bound by any of the obligations of the Partnership or be required to contribute any capital or loan any funds to the Partnership, except as otherwise provided by the Tennessee Revised Uniform Limited Partnership Act. No Limited

Partner shall have any personal liability with respect to any notes or mortgages executed by the Partnership.

8.3 Admission of Additional and Substitute Limited Partners. Each additional Limited Partner may become a Substitute Limited Partner in the Partnership with the consent and approval of the General Partner by signing a conformed or other counterpart of this Agreement in such manner as the General Partner shall determine. By so signing, such Limited Partner shall be deemed to have adopted and to have agreed to be bound by all the provisions of this Agreement; provided, however, that no such counterpart shall be effective until it has been signed by the General Partner.

No additional Limited Partner may be admitted without the consent of the General Partner and the consent of 75% of the Limited Partners. Upon the admission of any Substitute Limited Partner, Schedule A shall be amended by the General Partner to reflect the name, address and Capital Contribution made and agreed to be made by such additional Limited Partner.

8.4 Removal of a General Partner.

(a) Removal for Intentional Misconduct or Negligence. The Limited Partners, upon obtaining the Consent of the Limited Partners, shall have the right to require the Involuntary Withdrawal of a General Partner if such General Partner has breached its fiduciary duty to the Partnership or the Partners or has committed any gross act of intentional misconduct or failed in a gross and substantial manner to exercise reasonable care with respect to any material matter in the discharge of its duties and obligations as General Partner which has resulted in substantial economic detriment to the Partnership.

(b) Right to Cure. If the Limited Partners require the Involuntary Withdrawal of a General Partner pursuant to Section 8.4(a), then the Partners desiring the removal of a General Partner shall give written notice to all Partners of their determination that such General Partner shall Involuntarily Withdraw, which notice shall set forth in detail the reasons for such Involuntary Withdrawal. The General Partner shall have sixty (60) days from such Notice to cure the reason for such Involuntary Withdrawal, in which event it shall remain a General Partner. If, at the end of sixty (60) days, the General Partner has not cured such reason for Involuntary Withdrawal, it shall thereupon cease to be a General Partner and the powers and authorities conferred on it as a General Partner under this Agreement shall cease.

(c) Conversion of Interest to Limited Partnership Interest. In the event that a General Partner must involuntarily

withdraw as General Partner pursuant to this Section 8.4, it shall, upon such withdrawal, become a Limited Partner.

(d) Continued Liability. The General Partner withdrawn pursuant to this Section 8.4 shall remain liable for all obligations and liabilities to the Partnership or the Partners undertaken by it before such withdrawal shall have become effective, but shall be free of any obligation or liability incurred by any Successor General Partner from and after the time such withdrawal becomes effective.

Section 9. Allocations and Distributions.

9.1 Allocations.

(a) Operating Profits and Losses. The Profits of the Partnership, other than Profits of the Partnership arising from a Capital Transaction which are allocated pursuant to Section 9.1(b), for each fiscal year shall be allocated to the General Partners and to the Limited Partners in the same proportions as Cash Flow is distributed to them under Section 9.2(b) hereof. The Losses of the Partnership, other than Losses of the Partnership arising from a Capital Transaction which are allocated pursuant to Section 9.1(c), for each fiscal year shall be allocated to the General Partners and to the Limited Partners in accordance with their respective percentage interests in the Partnership, as set forth in Schedule A.

(b) Profits from a Capital Transaction. The Profits arising from a Capital Transaction shall be allocated to the Partners as follows:

First, to each Partner with a negative Capital Account an amount equal to (or in proportion to if less than) the amount of the negative Capital Account of such Partner;

Second, to **JAY** and **GINA AJMO** in amount equal to their aggregate initial contributions to the capital of the Partnership **minus** the aggregate amount of Profits of the Partnership allocated to them under Section 9.1(a) which are attributable to distributions of Cash Flow made to them pursuant to Section 9.2(b)(2)(A); and

Third, any remaining Profits shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the class comprised of the Limited Partners.

(c) Losses from a Capital Transaction. All Losses of the Partnership attributable to a Capital Transaction or the winding-up of the affairs of the Partnership shall be allocated to

each Partner in an amount equal to (or in proportion to if less than) its positive Capital Account and any balance shall be allocated one percent (1%) to the General Partner and ninety-nine percent (99%) to the class comprised of the Limited Partners.

(d) Limitation. Notwithstanding any other provision of this Agreement to the contrary, the General Partner shall at all times be allocated at least one percent (1%) of all of the Profits, Losses, deductions and credits of the Partnership allocated during each year.

9.2 Cash Flow of the Partnership.

(a) "Cash Flow". The term "Cash Flow" of the Partnership for a particular fiscal year shall mean the amount by which all Profits and receipts from the operation of the Partnership exceeds all Losses and payments resulting from the operation of the Partnership for such fiscal year, excluding Profits and Losses for such year arising from a Capital Transaction, and shall be determined by adjusting such Profits and Losses (to the extent not otherwise adjusted) as follows:

(1) Depreciation of buildings, improvements and personal property shall not be a deduction;

(2) Amortization of any item shall not be a deduction;

(3) Principal and/or interest payments on any loans to the Partnership shall be a deduction;

(4) If the General Partner shall so determine, reasonably necessary reserves established by the General Partner in accordance with sound business practices shall be deducted to provide for replacements, improvements, capital improvements or any other contingency of the Partnership;

(5) Any amounts paid by the Partnership for capital expenditures or replacements (and not withdrawn from a reserve fund established for such purpose) shall be a deduction;

(6) Amounts required to maintain reasonable working capital shall be a deduction determined by the General Partner in its reasonable discretion;

(7) Capital Contributions to the Partnership and the proceeds of any Capital Transaction shall not be included in Cash Flow of the Partnership and payments made from such sources

of funds shall be excluded in determining Cash Flow of the Partnership; and

(8) Any other receipts from the operation of the Partnership not properly includable in Profits, Losses or any amounts released from operating reserve accounts described in this Section 9.2(a) and available for distribution shall be included in Cash Flow of the Partnership.

(b) Cash Flow Distributions.

(1) The Cash Flow of the Partnership shall be determined for each fiscal year by the General Partner in a manner which is consistent with the General Partner's strict fiduciary duty to the Partnership and the Partners, giving appropriate consideration to the business needs of the Partnership. The General Partner shall distribute the Cash Flow of the Partnership to the Partners in such manner and amounts as the General Partner, in the General Partner's reasonable discretion, but in all respects consistent with the General Partner's strict fiduciary duty to the Partnership and its Partners and the business needs of the Partnership, may determine. At the end of each tax year, final adjustments for distributions made during the tax year shall be made, and any Partner who may have received greater distributions during such tax year than it should have received shall refund the excess amounts promptly upon receiving notice of such fact from the Partnership or another Partner.

(2) Any Cash Flow of the Partnership that is distributed shall be distributed:

(A) First, to Limited Partners **JAY** and **GINA AJMO** in an amount equal to their aggregate initial contributions to the capital of the Partnership; and

(B) Thereafter, one percent (1%) to the General Partner and ninety-nine percent (99%) to the class comprised of the Limited Partners.

9.3 Other Distributions and Payments.

(a) Refinancing Proceeds. Cash proceeds from a refinancing will be paid or distributed in accordance with Section 9.3(b), and solely for purposes of determining the amount to be distributed in the event of a cash refinancing, the Capital Accounts of all Partners shall be adjusted as provided in Section 9.1(c) as though the Partnership had sold all of the assets of the Partnership for the amount of the cash refinancing.

(b) Capital Transaction Proceeds.. All cash available from the net cash proceeds resulting from a Capital Transaction or from a refinancing, and all cash other than Cash Flow distributed pursuant to Section 9.2, which is determined by the General Partner to be available for distribution, shall be distributed and applied in the following priority:

First, to the payment of all debts and liabilities of the Partnership then due (or required by any lender or creditor to be repaid on account of the event which makes such cash available) but not including any loans made by the General Partner or an Affiliate of the General Partner;

Second, to fund reserves for contingent liabilities to the extent deemed reasonable by the General Partner, provided that at the expiration of such period of time as the General Partner shall deem advisable, the balance of such reserves after payment of such contingencies shall be distributed in the manner hereinafter set forth in this Section 9.3(b);

Third, to the payment of any remaining outstanding loans of the Partnership (including loans from Partners), including interest thereon;

Fourth, to Limited Partners **JAY** and **GINA AJMO** in an amount equal to their aggregate initial contributions to the capital of the Partnership **minus** the amounts distributed to them under Section 9.2(b)(2)(A), above;

Fifth, to the Partners in an amount necessary to reduce their respective Capital Accounts to zero (0) after the allocations in Section 9.1(b) have been made (including Section 9.1(c) if applicable); and

Sixth, one percent (1%) to the General Partner and ninety-nine percent (99%) to the class comprised of the Limited Partners.

9.4 General Rules for Allocations. All Profits, Losses, credits and deductions allocated to, and distributions of cash made to, the Partners shall be credited or charged, as the case may be, to their Capital Accounts as of the date as of which such Profits, Losses, credits or deductions are allocated and the date as of which distributions of cash are made. All allocations made to the Partners pursuant to the provisions of Section 9.1(a) and the distributions made to Partners pursuant to Section 9.2(b) shall be credited or charged to their respective Capital Accounts prior to the allocation of Profits, Losses, credits and deductions of the Partnership pursuant to Sections 9.1(b) and 9.1(c) and prior to distributions made to the Partners pursuant to the provisions of

Section 9.3(a) or 9.3(b). All distributions made to the Partners pursuant to the provisions of Section 9.3(a) or 9.3(b) shall be made and charged to their respective Capital Accounts after the allocations, if any, of Profits pursuant to Section 9.1(b) and Losses pursuant to Section 9.1(c).

9.5 Allocations and Distributions Within Classes of Partners.

(a) Profits and Losses and other items of the Partnership allocated to and distributions made to the General or Limited Partners shall be allocated among and/or distributed to the members of the classes comprised of the General or Limited Partners in proportion to their respective interests in the Partnership as indicated on Schedule A.

(b) Upon the transfer of a Partnership Interest, the transferor and transferee shall be allocated a pro rata share of Profits and Losses. Profits and Losses and each item of income, gain, loss or deduction entering into the computation thereof, for the fiscal year in which the transfer occurs, and such proration between the transferor and transferee shall be based on the portion of the fiscal year that the transferred Partnership Interest was held by the transferor and transferee, respectively. For the purpose of allocating Profits and Losses, such transfer shall be deemed to have been made on the first day of the month during which the transfer occurred, or if such date shall not be permitted for allocation purposes under the Code, on the nearest date otherwise permitted under the Code.

9.6 Return of Partners' Capital Contributions. All Partners shall look solely to the assets of the Partnership for all distributions with respect to their Partnership Interests. If the assets remaining after payment or discharge, or provisions for payment or discharge, of the Partnership's debt and liabilities are insufficient to return the Capital Contributions or to make any other distributions to the Partners, no Partner shall have any recourse against the personal assets of any other Partner for that purpose.

9.7 Qualified Income Offset. In the event any Partner(s) unexpectedly receive any adjustments, allocations, or distributions described in Treasury Regulation Section 1.704-1(b)(2)(ii)(d)(4), 1.704-1(b)(2)(ii)(d)(5) or 1.704-1(b)(2)(ii)(d)(6), items of Partnership income and gain shall be specifically allocated to such Partner(s) in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the deficit balances in their adjusted capital account deficit(s) as quickly as possible; provided however, that an allocation pursuant to this Section 9.7 shall be made only if and to the

extent that such Partner would have an adjusted capital account deficit after all other allocations provided for in this Section 9 have been tentatively made as if this Section 9.7 were not in this Agreement.

9.8 Minimum Gain Chargeback. If there is a net decrease in the Partnership's minimum gain (as such term is defined in Treasury Regulations Section 1.704-1T(b)(4)(iv)(c)) during any taxable year, each Partner shall be allocated, before any other allocation is made of Partnership items for such taxable year, an amount equal to the greater of (i) such Partner's share of the net decrease in Partnership minimum gain allocable to the disposition of Partnership property subject to nonrecourse liability, or (ii) the negative balance in such Partner's Capital Account. This provision is intended to be a "minimum gain chargeback" as defined in Treasury Regulation Section 1.704-1T(b)(4)(iv)(e), such Regulation being hereby incorporated by reference, and shall be interpreted consistent with such intent.

Section 10. Withdrawal of General Partner.

10.1 Voluntary Withdrawal. No General Partner may Voluntarily Withdraw from the Partnership or sell, assign or encumber its General Partnership Interest without the consent of all of the Partners. No General Partner may Voluntarily Withdraw from the Partnership at any time unless (a) the Partnership shall have received the opinion of Counsel to the Partnership to the effect that such Withdrawal will not constitute a termination of the Partnership or otherwise materially adversely affect the status of the Partnership for Federal income tax purposes, and (b) if such Withdrawal shall require the admission of a new General Partner, a new General Partner shall have been selected who (i) shall have stated willingness to be admitted, (ii) shall satisfy the then applicable provisions of the Code and securities laws and regulations and any applicable procedures, regulations, rules and rulings (including published private rulings) thereunder, (iii) shall have received the Consent of the Partners with respect to admission, and (iv) shall have the competency to cause the Partnership to have the capacity to operate effectively (a "Successor General Partner").

10.2 Involuntary Withdrawal. If a General Partner shall be dissolved, die, or become bankrupt or insane, such General Partner shall be deemed to have Involuntarily Withdrawn as a General Partner upon the date of such occurrence, and the entire general partnership interest in the Partnership of such withdrawing General Partner shall immediately and automatically convert to a limited partnership interest in the Partnership. In such event, the allocation and distribution percentages set forth under Section 9 hereof shall be adjusted appropriately by the Successor General

Partner to reflect such conversion. The date upon which a corporate General Partner shall be deemed to have been dissolved as aforesaid is the date upon which the earlier of the following occurs: (a) execution of a statement to dissolve by the corporation, or (b) dissolution of the corporation by a government agency, board or body for noncompliance with applicable rules and regulations and the failure of the General Partner to re-instate itself for a continuous period of ninety (90) days. The date upon which a General Partner shall be deemed to have become insane is the date upon which a certificate of a licensed physician shall be delivered to the Partnership which certificate shall state the opinion of the signer that the General Partner is incapable of performing his duties and exercising his responsibilities by reason of mental or emotional disability of indefinitely long duration. A General Partner shall be deemed to become bankrupt when such Partner files a bankruptcy petition, voluntarily takes advantage of any bankruptcy or insolvency laws, or is adjudicated bankrupt, or if a petition or an answer is filed proposing the adjudication of such Partner as bankrupt, when such Partner shall consent to the filing thereof or ninety (90) days after the filing thereof, unless the same shall have been discharged or denied prior thereto.

10.3 Liability of Withdrawn General Partner. If the business of the Partnership is continued after the Voluntary Withdrawal or Involuntary Withdrawal of a General Partner, the Withdrawn General Partner (his estate and legal representatives where applicable) shall remain liable for all obligations and liabilities incurred by it while a General Partner and for which it was liable as a General Partner, but shall be free of any obligation or liability incurred on account of or arising from the activities of the Partnership from and after the time such Withdrawal shall have become effective.

10.4 Continuation of the Business of the Partnership. Upon a General Partner's Voluntary Withdrawal or Involuntary Withdrawal (other than due to bankruptcy), the Limited Partners, if the unanimous consent of the Limited Partners is obtained, may elect to continue the Partnership and designate a Successor General Partner. If the Limited Partners fail to designate a Successor General Partner within ninety (90) days of the withdrawal of a General Partner, then the Partnership shall be dissolved.

Section 11. Assignment of Limited Partnership Interest.

11.1 Withdrawal of a Limited Partner or Transfer of Interest. Except upon the liquidation and dissolution of the Partnership, no Limited Partner may withdraw from the Partnership. A Limited Partner may sell, transfer or otherwise assign his interest as a Limited Partner in the Partnership in accordance with the terms and provisions of Sections 11.2 and 11.3.

11.2 Assignment. A Limited Partner may, but only with the consent of the General Partner and all of the other Limited Partners, assign and transfer all or any part of such Interest to an individual or entity, but only to the extent provided in the aforesaid consents of the General Partner and the other Limited Partners. Provided, however, that this restriction of the ability of a Limited Partner to assign and transfer such Limited Partner's Interest shall not apply with respect to the assignment and transfer of an Interest from a Limited Partner to one or more other Limited Partners or to a member of the Immediate Family of such Limited Partner.

Without limiting the generality of the foregoing, in the case of an Assignment from a Limited Partner to an Affiliate or member of the Immediate Family (or a trust for the benefit of an Immediate Family Member) of such Limited Partner, including without limitation an intervivos gift or a transfer at death under a Limited Partner's Last Will and Testament or intestate estate, the provisions of this Section 11.2 shall not apply.

11.3 Substitution. An Assignee of an Interest shall become a Substitute Limited Partner if:

(a) The General Partner consents in writing to such substitution;

(b) The Assignee executes an instrument reasonably satisfactory to the General Partner accepting and adopting the terms and provisions of this Agreement;

(c) In the case of Assignments other than by operation of law, the Assignor states his intention to have his Assignee become a Substitute Limited Partner; and

(d) If requested by the General Partner the Assignee agrees, at the option of the General Partner, to pay any filing fees, reasonable counsel fees, and other reasonable expenses in connection with his becoming a Substitute Limited Partner hereunder.

If all of the applicable conditions of Sections 11.2 and 11.3 shall have been met, the Assignee of a partnership interest shall become a Substitute Limited Partner on the date as of which the General Partner and the Limited Partners consent to his admission to the Partnership as a Substitute Limited Partner.

11.4 Interests Held By Trusts. For purposes of this Section 11, any Interest that is held by a trust shall be considered as held by its beneficiaries. As a result, the

assignment or distribution of an interest in the Partnership by a trust which is a Limited Partner to its beneficiary pursuant to the terms of the governing trust instrument shall result in such beneficiary's automatically becoming a Substitute Limited Partner with respect to such assigned interest in the Partnership without the requirement that the provisions of this Section 11 (including, without limitation, Sections 11.2 and 11.3) be satisfied. In order to effect such an assignment or distribution by a trust to the trust beneficiary, the trust beneficiary shall simply give written notice of its acceptance of the assignment or distribution of the interest in the Partnership to the trustee and to the General Partner, and the General Partner shall adopt an amended Schedule A hereof to reflect such assignment and substitution.

11.5 Rights and Liabilities of an Assigning Limited Partner. Any Limited Partner who shall assign his Partnership Interest shall cease to be a Limited Partner of the Partnership, and shall no longer have any of the rights or privileges of a Limited Partner.

11.6 Estate and Gift Tax Matters. Notwithstanding any other provision of this Agreement of Limited Partnership to the contrary, for purposes of Section 2701 et seq. of the Internal Revenue Code of 1986, as amended from time to time, any assigned limited partnership interest in the Partnership shall be treated, for all purposes hereunder (other than differences in voting and management rights), as of the same class as any interest in the Partnership retained by the transferring or assigning Partner and as proportionately the same as any interest in the Partnership retained by the transferring or assigning Partner.

Section 12. Dissolution, Successor Partnership and Liquidation.

12.1 Events Causing Dissolution. The Partnership shall be dissolved, and subject to Section 12.2, and its affairs wound up on the first to occur of the following:

(a) the Involuntary Withdrawal of any General Partner under Section 10.2, unless the Limited Partners, acting pursuant to Section 10.4, elect to continue the Partnership business;

(b) an election to dissolve the Partnership made in writing unanimously by the General Partner and the Limited Partners;

(c) the sale or other disposition of all or substantially all of the assets of the Partnership unless the General Partner or the Limited Partners elect to continue the Partnership business for the purpose of the receipt and collection

of a note and payments thereon or the collection of any other consideration to be received in exchange for the assets of the Partnership (which activities shall be deemed to be a part of a Capital Transaction and the winding up of the affairs of the Partnership);

(d) the expiration of the Partnership term; or

(e) any other event which under the laws of the State of Tennessee would cause its dissolution.

12.2 Successor Partnership. Upon dissolution of the Partnership resulting from an event described in Section 12.1, the Partners, acting with the Consent of the Limited Partners, shall have the right, exercisable by notice given to all Partners within ninety (90) days after the date of such dissolution, to continue the business of the Partnership and reconstitute the Partnership as a successor limited partnership with one or more Successor General Partners, as the Limited Partners may elect, who shall be admitted to the Partnership upon his or their execution of this Agreement. If the then Partners shall exercise such right,

(a) the successor limited partnership shall be governed by the terms and provisions of this Agreement subject to such reallocation of Partnership Interests as the participating Partners shall determine; and

(b) each Partner who does not desire to participate in such successor limited partnership shall be paid in cash, not later than three (3) years after the expiration of such ninety (90) day period, the fair market value of his Partnership Interest (as of the date of the event described in Section 12.1 which resulted in the dissolution of the Partnership), as determined by agreement among the Partners, or in case of failure to agree, as determined by a committee of three (3) professional appraisers, one (1) selected by the approving Partners, one (1) selected by the disapproving Partners, and a third selected by the other two (2).

Each Partner agrees that if it does not participate in any successor limited partnership formed pursuant to this Section 12.2, it will execute and deliver such instruments as shall reasonably be required by such successor limited partnership to transfer any Interest it may have in the Partnership or the assets of the Partnership to such successor limited partnership.

12.3 Liquidation.

(a) Procedure on Liquidation. Unless the business of the Partnership is continued pursuant to Section 12.2, upon the dissolution of the Partnership, the General Partner, or if there is

none, any Person elected to perform such liquidation by the Consent of the Limited Partners or such other person required by law to wind up the Partnership's affairs, shall proceed with the liquidation of the Partnership (including cancellation of the Certificate of Limited Partnership) and the net proceeds of such liquidation shall be applied and distributed in accordance with the provisions of Section 9.3(b) hereof. Notwithstanding the foregoing, in the event that the General Partner, or such other Person who is elected or required by law to perform the liquidation as provided above, shall determine that an immediate sale of part or all of the Partnership's assets would cause undue loss to the Partners, the General Partner or such other Person performing the liquidation may, in order to avoid such loss, either (i) defer liquidation of, and withhold from distribution for a reasonable time, any assets of the Partnership except those necessary to satisfy the Partnership debts and obligations or (ii) distribute the assets to the Partners in kind. Upon the liquidation and dissolution of the Partnership, no Partner who has a negative Capital Account balance shall be required to restore all or any part of such balance to the Partnership or its creditors.

(b) Distributions in Kind. If the economic impracticability of liquidating the assets of the Partnership or other cause of like significance makes it necessary to make a distribution of Partnership property in kind, such property shall be transferred and conveyed to the Partners and their Assignees so as to vest in each of them as tenants-in-common an undivided interest in the whole of said property equal to its or his Interest had there been a distribution of net cash proceeds made in accordance with Sections 12.3(a) and 9.3(b) hereof.

Section 13. Books and Records, Accounting, Tax Elections.

13.1 Title to Property and Bank Accounts. The property of the Partnership shall be held in the name of the Partnership. The funds of the Partnership shall be deposited in the name of the Partnership in such bank account or accounts as shall be designated by the General Partner, and withdrawals therefrom shall be made upon the signature of the General Partner or such Person or Persons as shall be designated in writing by the General Partner.

13.2 Records and Accounting. The General Partner shall keep or cause to be kept complete and accurate books with respect to the Partnership's business. The books and records of the Partnership shall be kept on the cash basis of accounting and the Profits and Losses of the Partnership shall be determined for each fiscal year in accordance with accounting methods followed for Federal income tax purposes and otherwise in accordance with sound tax accounting principles and procedures. Except as otherwise provided herein, whenever a proportionate part of the Profits or

Losses of the Partnership is credited or charged to a Partner's Capital Account, every item of income, gain, loss or deduction entering into the computation of such Profits or Losses shall be considered either credited or charged, as the case may be. All books and records shall be maintained at the Partnership's principal office and each Partner, and his duly authorized representative, shall have access to them and the right to inspect and copy them at all reasonable times. The Partnership shall adopt the calendar year as its fiscal year for Federal income tax and financial reporting purposes.

13.3 Reports.

(a) Annual Report. On or before May 1 of each year, the General Partner shall deliver to each Partner a financial report of the Partnership for the previous year. All such statements shall be prepared in accordance with generally accepted accounting principles. Such statements may be prepared in the form of a copy of the Partnership's Internal Revenue Service Form 1065, an audit, a review, a compilation, an agreed upon procedure or any other method of financial disclosure, as the General Partner, in its sole discretion, may determine. The General Partner shall also cause the Partnership's Accountants to provide the Limited Partners with quarterly financial statements or similar reports generated by the Accountants.

(b) Tax Returns and Tax Information. The General Partner shall use its best efforts to:

(i) provide to each Partner an estimate of the Profits and Losses of the Partnership for each fiscal year no later than March 1st of such year;

(ii) have the Accountants prepare the tax returns (Federal, state and local, if any) of the Partnership for each fiscal year not later than March 1st of the next following year; and

(iii) deliver to each Partner no later than March 1 of each year the information necessary to prepare its Federal income tax return for such year.

(c) Accounting Decisions. All decisions as to accounting matters, except as specifically provided to the contrary herein, shall be made by the General Partner in accordance with the accounting methods adopted by the Partnership for Federal income tax purposes and otherwise in accordance with sound accounting principles and practices.

(d) Federal Tax Elections. The Partnership, in the sole discretion of the General Partner, may make elections for Federal income tax purposes as follows:

(i) In case of a transfer of all or part of the Partnership Interest of a Partner, the Partnership may timely elect pursuant to Section 754 of the Code (or corresponding provisions of future law) and pursuant to similar provisions of applicable state or local income tax laws, if any, to adjust the basis of the assets of the Partnership. Each Partner agrees to furnish the Partnership with all information necessary to give effect to such election.

(ii) All other elections, including, but not limited to, the adoption of accelerated depreciation methods and the election pursuant to Section 195 of the Code, required or permitted to be made by the Partnership under the Code shall be made by the General Partner in such manner as will, in the opinion of the General Partner, be most advantageous to a majority in interest of the Partners.

13.4 Designation of Tax Matters Partner. The General Partner shall be the "Tax Matters Partner" for the Partnership as defined in Section 6231 of the Code. The General Partner shall have any and all powers necessary or required under such Section or other provisions of the Code or any regulations issued thereunder.

The Partnership shall indemnify and reimburse the Tax Matters Partner for all expenses, including legal and accounting fees, claims, liabilities, losses and damages incurred in connection with any administrative or judicial proceeding with respect to the tax liability of the Partners. The payment of all such expenses shall be made before any distributions are made from Cash Flow or any discretionary reserves are set aside by the General Partner.

Section 14. Amendments. The General Partner and/or the Limited Partners may submit to the Partners in writing the text of any proposed amendment to this Agreement and a statement by the proposer of the purpose of any such amendment. The General Partner may include in any submission a statement of the view of the General Partner as to the proposed amendment. Upon the Consent of the Limited Partners and the approval by the General Partner, such amendment shall take effect, except that no such amendment shall adversely affect the rights and/or liabilities of the Limited Partners under this Agreement or shall alter the liability of any Partner, alter any Partner's share of distributions, allocations, Profits or Losses of the Partnership (except as provided below), or alter the voting rights of the General Partner set forth in Section 16.9 hereof, without in each case the approval of all the Partners

and except that all the Partners must approve in writing any amendment of this Section 14. A written approval may not be withdrawn or voided once it is filed with the General Partner.

In addition to any amendments otherwise authorized herein, this Agreement may be amended from time to time by the General Partner, acting in a manner which is consistent with its strict fiduciary duty to the Partnership and the Partners, without the consent of any of the Limited Partners: (i) to add to the representations, duties or obligations of the General Partner or surrender any right or power granted to the General Partner herein, for the benefit of the Limited Partners; (ii) to cure any ambiguity, to correct or supplement any provision herein which may be inconsistent with any other provisions herein, or to make any other provisions with respect to matters or questions arising under this Agreement which will not be inconsistent with the provisions of this Agreement; (iii) to preserve the status of the Partnership as a "partnership" for Federal income tax purposes; (iv) to delete or add any provision of this Agreement required to be so deleted or added by the staff of the Securities and Exchange Commission or other Federal agency or by a state "blue sky" commission or similar such official, which addition or deletion is deemed by such commission, agency or official to be for the benefit or protection of the Partners; and (v) to amend Exhibit A attached hereto to reflect assignments of Partnership Interests.

In the event that the Accountants or Counsel to the Partnership advise the General Partner that the allocations of Profits and Losses and the distribution of liquidation proceeds are not consistent with the Treasury Regulations adopted under Code Section 704(b), the General Partner may amend this Agreement without the consent of any of the Limited Partners so long as the rights of the Limited Partners to receive distributions and allocations do not materially change from the rights contained in Section 9 hereof.

Section 15. Power of Attorney.

15.1 Appointment of General Partner as Attorney-in-Fact.

(a) Each of the Limited Partners hereby irrevocably constitutes and appoints the General Partner, with full power of substitution, as its true and lawful attorney-in-fact on its behalf and in its name, place and stead to make, execute, consent to, swear to, acknowledge, record and file all documents necessary or advisable for the creation, operation and termination of the Partnership, and to take any and all such other action as the General Partner may deem necessary or desirable to carry out fully the provisions of this Agreement in accordance with its terms.

(b) It is expressly understood and intended by each of the Limited Partners that the grant of the foregoing power of attorney is coupled with an interest, shall be irrevocable and shall be binding on any assignee of all or any part of its interest in the Partnership.

(c) The foregoing power of attorney shall survive the death, legal incapacity, bankruptcy, insolvency, dissolution or other cessation to exist as an entity of a Limited Partner during the term hereof and shall survive the delivery of any assignment by a Limited Partner of the whole or any portion of its interest in the Partnership, and any assignee of such Limited Partner does hereby constitute and appoint the General Partner its attorney in the same manner and force and for the same purposes as does the assignor.

(d) The foregoing power of attorney may be exercised by the General Partner on behalf of the Limited Partners by executing any instrument along with its signature as attorney-in-fact for the Limited Partners.

Section 16. General Provisions.

16.1 Notices, Approvals and Consents. All notices, approvals, consents or other communications hereunder shall be in writing and signed by the party giving the same, and shall be deemed to have been given when the same are (i) deposited in the United States mail and sent by certified or registered mail, postage prepaid, or (ii) hand-delivered.

In each case, said mailing or delivering shall be made to the parties at the addresses set forth below or at such other address as such parties may designate by written notice to the Partnership:

(a) If to the Partnership, at the principal office of the Partnership.

(b) If to a General Partner, at its address set forth in Schedule A.

(c) If to a Limited Partner, at the address set forth in Schedule A, with a copy of such notice by first class mail to the Counsel to the Partnership, or to such other address or addresses as may be designated by written notice from any of them.

16.2 Further Assurances. The Partners will execute, acknowledge and deliver such further instruments and do such further acts and things as may be required to carry out the intent and purpose of this Agreement.

16.3 Captions. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit, extend or describe the scope of this Agreement or the intent of any of the provisions thereof.

16.4 Binding Effect. Except to the extent required under the Tennessee Revised Uniform Limited Partnership Act and/or under the Code and for salaries, fees and other compensation, if any, provided as such, none of the provisions of this Agreement shall be for the benefit of or be enforceable by any creditor of the Partnership.

16.5 Separability. If one or more of the provisions of this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and any other application thereof shall not in any way be affected or impaired thereby.

16.6 Integration. This Agreement constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements and understandings of the parties in connection therewith which conflict with the express terms of this Agreement.

16.7 Applicable Law. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Tennessee.

16.8 Counterparts. This Agreement may be signed by each party hereto upon a separate copy, in which event all such copies shall constitute a single counterpart of this Agreement, except that no counterpart shall be binding unless accepted by the General Partner, which acceptance shall be evidenced by the signature of the General Partner on such counterpart(s) or by the filing of an appropriate amendment to the Certificate of Limited Partnership.

16.9 Action by General Partners. Wherever in this Agreement it is provided that action can or must be taken by the General Partner, such action shall (except as specifically provided herein to the contrary) be taken as shall be agreed to by a majority of the number of General Partners, if there are more than two (2), and by all of the General Partners, if there are one (1) or two (2).

16.10 Effective Date. This Agreement shall become effective as of the date first above written.

16.11 Creditors. No creditor who makes a loan to the Partnership shall have or acquire at any time as a result of making

such loan any direct or indirect interest in the Profits, capital or assets of the Partnership other than as a general creditor of the Partnership.

16.12 Interpretations. When the context in which words are used in this Agreement indicate that such is the intent, words in the singular number shall include the plural and the masculine gender shall include the feminine and neuter and vice versa.

Section 17. Definitions. The defined terms used in this Agreement shall have the meanings specified below:

"Accountants" means the accounting firm retained by the General Partner from time to time to perform general tax and accounting services for the Partnership.

"Affiliate" or "Affiliated Person" or "Affiliated Entity" means any (i) General or Limited Partner, (ii) member of the Immediate Family of any General or Limited Partner, (iii) legal representative of any person referred to in the preceding clauses (i) and (ii), (iv) trustee under the will of any person referred to in the preceding clauses (i) and (ii), or (v) entity of which a majority of the voting interest is owned by any one or more of the persons referred to in the preceding clauses (i) through (iv) and the following clause (vi), or (vi) any majority owner or a General Partner.

"Agreement" or "Partnership Agreement" means this Agreement of Limited Partnership of Gateway Gatlinburg, L.P., as the same may be amended from time to time.

"Assignee" means the Person who has received a Partnership Interest or part thereof by means of an Assignment thereof.

"Assignment" means, with respect to a Partnership Interest or part thereof, any offer, sale, assignment, transfer, encumbrance, hypothecation, pledge, gift or any other disposition, whether voluntary or by operation of law.

"Assignor" means the Person who is disposing of his Partnership Interest or a part thereof by means of an Assignment thereof.

"Capital Account" means the capital account of each General and Limited Partner established and maintained in accordance with Section 6.3.

"Capital Contribution" means the amount of cash and the agreed value of assets contributed to the Partnership by a General

and Limited Partner as indicated on Schedule A or as may be contributed by an Partner but not reflected on Schedule A.

"Capital Transaction" means the sale, exchange, condemnation, eminent domain taking, casualty or other disposition of all or substantially all of the assets of the Partnership, including a cash refinancing and the liquidation and dissolution of the Partnership.

"Cash Flow" shall have the meaning given in Section 9.2(a).

"Code" means the Internal Revenue Code of 1986, as amended, or corresponding provisions of subsequent laws.

"Consent of the Limited Partners" means the consent or approval of Limited Partners who hold at least a simple majority of the total Partnership Interests of the Limited Partners as indicated on Schedule A, as amended. Such Consent in the case of any individual Limited Partner shall be deemed to have been given if no written objection is filed with the Partnership within ninety (90) days after the date notice is given of the event which requires such Consent. Notwithstanding the foregoing definition, Consent of the Limited Partners means consent of all Limited Partners relative to consenting to or ratifying any acts of the General and/or Limited Partners which would require the consent or approval of all Partners under the Tennessee Revised Uniform Limited Partnership Act, except to the extent that the Partners are deemed to have already given such consent or approval pursuant to the provisions of this Agreement.

"Consent of the Partners" means the consent or approval of the Partners who hold at least fifty-one percent (51%) of the total Partnership Interests as indicated on Schedule A of all of the Partners. Such Consent in the case of any Partner shall be deemed to have been given if no written objection is filed with the Partnership within ninety (90) days after the date notice is given of the event which requires such Consent. Notwithstanding the foregoing definition, Consent of the Partners means consent of all of the Partners relative to consenting to or ratifying any acts of the General and/or Limited Partners which would require the consent or approval of all Partners under the Tennessee Revised Uniform Limited Partnership Act, except to the extent that the Partners are deemed to have already given such consent or approval pursuant to the provisions of this Agreement.

"Counsel to the Partnership" means the law firm retained by the Partnership from time to time as its general counsel.

"Entity" means any general partnership, limited partnership, corporation, joint venture, trust, business trust or association.

"General Partner" means any Person designated as a General Partner on Schedule A hereto, or any Person who becomes a Successor General Partner as provided herein, in such Person's capacity as a General Partner of the Partnership.

"General Partners" means every Person or Persons who qualify as a General Partner, whether there be one (1) or several.

"Immediate Family" means with respect to any Person, his spouse, parents, parents-in-law, issue, nephews, nieces, brothers, sisters, brothers-in-law, sisters-in-law, children-in-law and grandchildren-in-law.

"Interest" or "Partnership Interest" means the ownership interest of a Partner in the Partnership at any particular time, including the right of such Partner to any and all benefits to which such Partner may be entitled as provided in this Agreement and in the Tennessee Revised Uniform Limited Partnership Act, together with the obligations of such Partner to comply with all the provisions of this Agreement and said Act, which Interest, expressed as a percentage, shall, absent proof to the contrary, be as set forth from time to time in Schedule A.

"Involuntary Withdrawal" means, with respect to a General Partner, the removal of a General Partner by the Partners pursuant to Section 8.4 or the withdrawal of a General Partner from the Partnership pursuant to Section 10.2 of the Agreement.

"Limited Partner" means any Person designated on Schedule A as a Limited Partner or any Person admitted to the Partnership as a Substitute Limited Partner, in such Person's capacity as a Limited Partner of the Partnership.

"Losses" means losses as determined by the Partnership for Federal income tax purposes, and items of income, gain, loss or deduction entering into the computation thereof.

"Partner" means any General Partner or any Limited Partner.

"Partnership" means the limited partnership as formed in accordance with this Agreement, as said limited partnership may from time to time be constituted.

"Person" means any individual or entity, and the heirs, executors, administrators, successors and assigns of such Person where the context so admits; and unless the context otherwise

requires the singular shall include the plural, and the masculine gender shall include the feminine and the neuter and vice versa.

"Profits" means profits as determined by the Partnership for Federal income tax purposes, and items of income, gain, loss or deduction entering into the computation thereof.

"Schedule A" means Schedule A of this Agreement as amended from time to time.

"Substitute Limited Partner" means the Assignee of a Limited Partnership Interest who is admitted to the Partnership pursuant to this Agreement.

"Successor General Partner" means a General Partner who meets the requirements of Section 10.1 and is admitted to the Partnership as a substitute for another General Partner.

"Voluntary Withdrawal" means, with respect to a General Partner, the voluntary retirement or withdrawal of a General Partner or the voluntary sale, assignment, encumbrance or other disposition of his General Partnership Interest pursuant to Section 10.1 of the Agreement.

"Withdrawal" means, with respect to a General Partner, the Voluntary or Involuntary Withdrawal of such General Partner.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have entered into and delivered this Agreement of Limited Partnership of Gateway Gatlinburg, L.P. as of the 30th day of December, 2008.

GENERAL PARTNER:

MEDLYN REAL ESTATE, INC.

By: _____
PETER MEDLYN, President

LIMITED PARTNERS:

(b)(6)

_____
PETER MEDLYN

[redacted]

JBAR, INVESTMENT PARTNERS, LLC

By: _____
BRIAN HENSARLING, Its Managing Member

APA Partners, L. P.

By: _____
MEDLYN REAL ESTATE, INC., Its GP by PETER MEDLYN, President

_____
SANDRA E. HENSARLING

_____
RONALD L. HENSARLING

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PETER MEDLYN, President

LIMITED PARTNERS:

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PETER MEDLYN

(b)(6)

[redacted]

JBAR, INVESTMENT PARTNERS, LLC

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By: _____
PETER MEDLYN, President

(b)(6)

LIMITED PARTNERS:

_____
PETER MEDLYN

[redacted]

JBAR, INVESTMENT PARTNERS, LLC

By: _____
BRIAN HENSARLING, Its Managing Member

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By: _____
PETER MEDLYN, President

(b)(6)

LIMITED PARTNERS:

_____
PETER MEDLYN

[redacted]

JHAR, INVESTMENT PARTNERS, LLC

By: _____
BRIAN HENSARLING, Its Managing Member

APA Partners, L. P.

By: _____
MEDLYN REAL ESTATE, INC., Its GP by PETER MEDLYN, President

_____
SANDRA H. HENSARLING

_____
RONALD L. HENSARLING

BIOGRAPHY
LARRY J. BEHAR, LL.L., J.D.

OFFICE

LAW OFFICES OF LARRY J. BEHAR, P.A.
888 S.E. THIRD AVENUE, SUITE # 400
FORT LAUDERDALE, FLORIDA 33316
TEL.: (954) 524-8888
FAX: (954) 524-0088

Attorney Behar was raised in Montreal, Canada. After securing an undergraduate degree from McGill University and a civil law degree from the University of Montreal, he completed his common law education at Nova Southeastern University in Fort Lauderdale in 1979. He is "AV" rated by Martindale Hubbell.

With the support of the international community, Attorney Behar, who is trilingual in English, French and Spanish, quickly expanded his niche immigration practice representing thirty six (36) different nationalities.

Attorney Behar's clients have come to rely on his firm for answers to difficult immigration issues. The firm, established since 1979 in Fort Lauderdale, typically generates business immigration solutions by representing entrepreneurs, investors, multinational companies, professionals and completes family reunifications.

Along with his wife Claire, Attorney Behar travels extensively throughout the world bringing international issues to the table He is on the boards of numerous philanthropic and charitable organizations.

Author of a book in three (3) languages *"How to Immigrate to the U.S.A."*, he has been a resident of Broward County, Florida for over 30 years and a past chair of the economic development organization for The Broward Alliance.

In September 2008 the firm won a landmark decision by receiving Regional Center Designation at the Lake Buena Vista Resort Village and Spa .The area encompasses four counties in Central Florida and was approved under the immigrant Investor Pilot Program (EB5) as designated by the UCIS.

The firm has developed a niche expertise in this sub sector and now represents competing regional centers across the state.

LARRY J. BEHAR, P.A
888 Southeast Third Avenue • Suite 400 • Fort Lauderdale, Florida 33316
Tel: 954.524.8888 • Fax: 954.524.0088
Email: lbehar@Immigrationflorida.com • Website: www.immigrationflorida.com

LEA A. SALAMA DIMITRI, ESQ.

OFFICE
LAW OFFICES OF LARRY J. BEHAR, P.A.
888 S.E. THIRD AVENUE, SUITE # 400
FORT LAUDERDALE, FLORIDA 33316
TEL.: (954) 524-8888
FAX: (954) 524-0088
E-MAIL: LEA@IMMIGRATIONFLORIDA.COM

Born in Caracas, Venezuela, raised, and educated in the United States, Ms. Salama DiMitri received her Bachelor of Business Administration (*with honors*) Degree from the University of Miami in 1992 and her *Juris Doctor* Degree from the University of Miami in 1995. She is admitted to practice law before the State of Florida Supreme Court and the United States District Court for the Southern District of Florida.

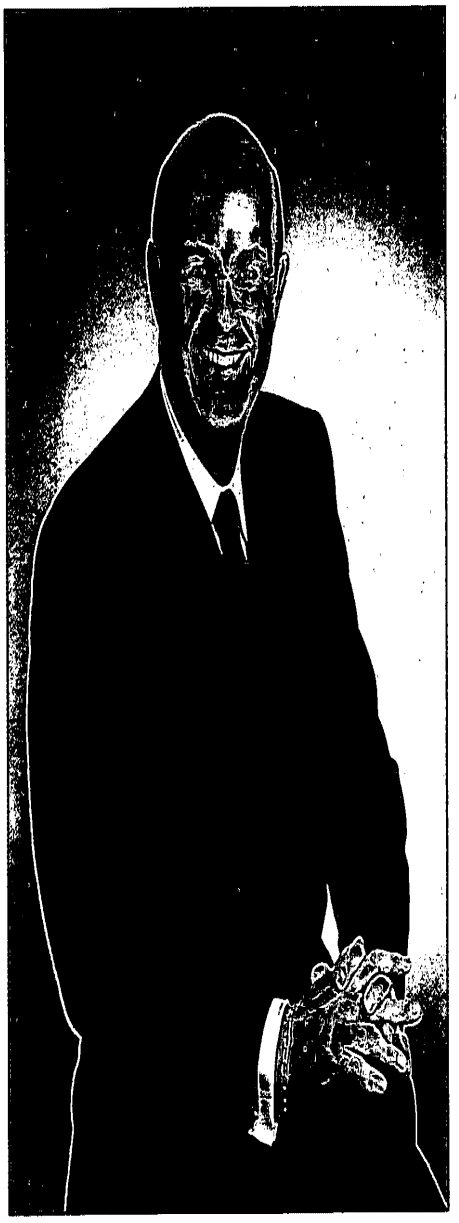
Since 1995, Ms. Salama DiMitri has been engaged in the private practice of immigration law at Larry J. Behar, P.A. Her experience covers all business and family immigration matters, including: H-1B, Trade NAFTA, student, fiance/e, religious worker, multinational executives/managers, investors, traders, trainees, and family cases on the non-immigrant side, and labor certification, extraordinary ability aliens, multinational executives/managers, and family relative cases, among many others on the immigrant side. The firm also handles U.S. citizenship and nationality cases as well as consular matters.

Ms. Salama DiMitri has been active in the local legal community by participating in events sponsored by: the American Immigration Lawyers Association (AILA), the Broward County Bar Association, Broward Lawyers' Care, the Broward County Women's Lawyers Association, the Broward International Women's Club, and the Florida Bar.

She has also lectured and made presentations to groups and organizations and answered questions on immigration law. Ms. Salama DiMitri is fluent in the English, Spanish, and Hebrew languages.

EB-5 DREAM TEAM

Larry J. Behar,
Immigration Attorney



Mr. Behar was raised in Montreal, Canada. After securing an undergraduate degree from Mc Gill University and a civil law degree from the University of Montreal, he completed his common law education at Nova Southeastern University in Ft. Lauderdale in 1979.

With the support of the international community, Mr. Behar, who is trilingual, in English, French and Spanish, quickly expanded his niche immigration practice representing thirty six different nationalities.

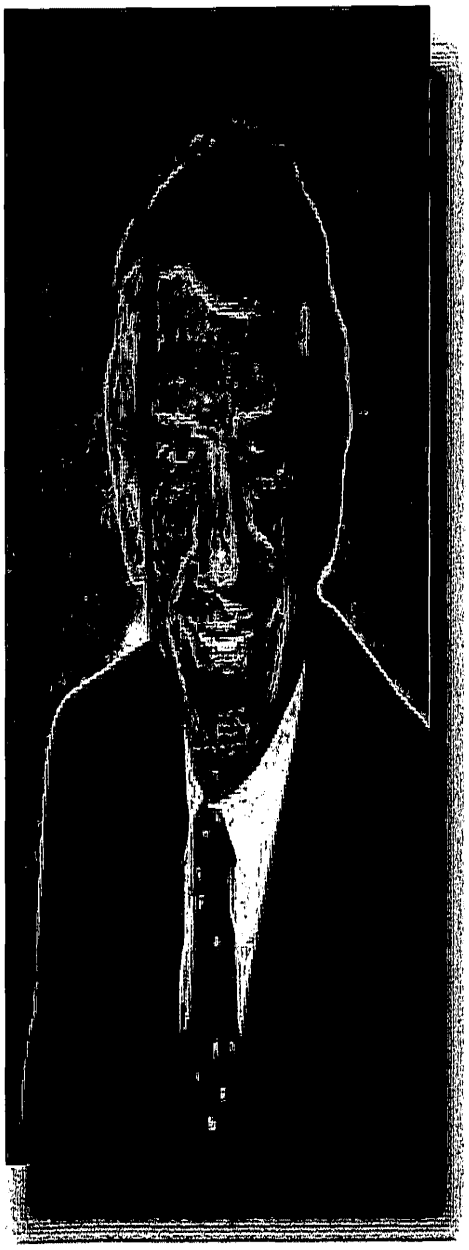
Currently the Senior Attorney of immigrationflorida.com, Mr. Behar's clients have come to rely on his firm for answers to complex business immigration issues. The firm typically generates solutions by representing entrepreneurs, investors, multinational companies, professionals and family reunifications.

Along with his wife Claire, a licensed clinical social worker, Mr. Behar travels extensively throughout the world bringing international issues to the table. Former chair of the Broward Alliance, Mr. Behar is on the board of numerous philanthropic and charitable organizations.

Author of a book in three languages: How to Immigrate to the USA, he has been a resident of Broward County, Florida for 25 years.

Mr. Behar is legal counsel to the first $1 million EB-5 Regional Center, Lake Buena Vista Resort and Spa, in Orlando, Florida. Additionally, working with a team of eight professionals, Mr. Behar is currently acting as advisor and legal counsel to four other Regional Centers throughout the United States.

Ronald Fieldstone, SEC Attorney

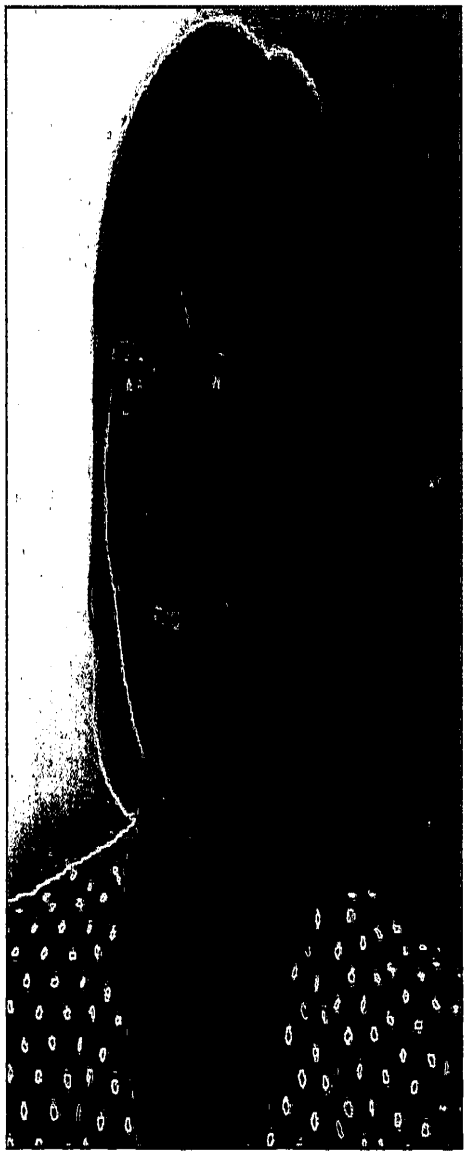


Canadian-born Ronald Fieldstone obtained his Bachelor of Science Degree from the Wharton School, University of Pennsylvania, Philadelphia, Pennsylvania in 1971 (Magna Cum Laude) and his Masters in Business Administration degree from the Wharton School and a Juris Doctor Degree from the University of Pennsylvania Law School in 1974. He was admitted to the Florida Bar and the United States District Court in 1974.

Mr. Fieldstone moved to Miami, Florida, in 1974 and worked as an associate of Greenberg, Traurig in Miami, Florida, until the end of 1976. In 1977, he formed a professional association known as Levine and Fieldstone, whose name changed to Fieldstone, Oliver, Kluger, Sumberg and Mondre, P.A. Mr. Fieldstone practiced on his own from 1983 until 1991, when he and Paul Lester formed the firm of Fieldstone & Lester.

Mr. Fieldstone continues active law practice as a Partner at Arnstein & Lehr, LLP in the firm's Miami office specializing in corporate, real estate and taxation.

Jo Ann Clarke,
Business Plan Writer



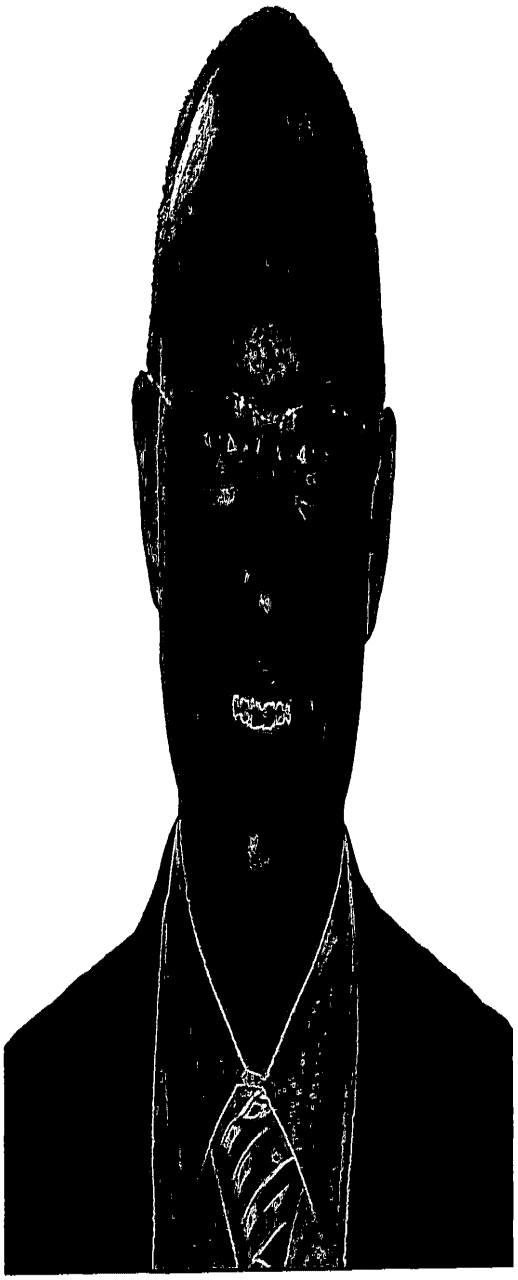
Jo Ann Clarke, Principal of Clarke Associates, LLC, has more than 30 years of progressively responsible experience in business management and marketing. Her early career was with New York area Fortune 500 companies/major Consumer Packaged Goods manufacturers (such as Standard Brands, Sterling Drug, Lehn & Fink, Becton Dickinson Consumer Products and the Shulton Division of American Cyanamid). These firms provided her with substantial training and experience in marketing techniques, market planning, written business communications, and structured management approaches and requirements.

After moving to South Florida, she applied that marketing and management experience to smaller, entrepreneurial companies such as Creative Consultants (advertising agency for Northeastern Airlines), Project Marketing Group (marketing first aid guides and cassette tapes through major consumer package goods retail outlets), and Life Safety International (marketing retro-reflective sports clothing through U.S. military exchanges). Here she learned to adapt the structure and techniques used by major companies to the resources of smaller firms.

Since 1998, Clarke Associates has applied a strong base of business planning and marketing experience to the multinational community, assisting in the development of business plans for more than 250 successful business immigration clients, and in marketing, sales promotion, and business management for a number of these clients.

Clients have come to the U.S. from a number of countries throughout Europe, South America, Asia, and the Caribbean and Canada, and have invested in or launched a number of different types of businesses in the United States.

Marcus Koch,
Marketing and Web Design



Founder and President of Xentroz, Marcus Koch has substantial experience in the firm's areas of expertise:

- International Business Development
- Economic Development
- IT Consulting
- Financial Holding and Investments

His experience includes present clients and affiliations:

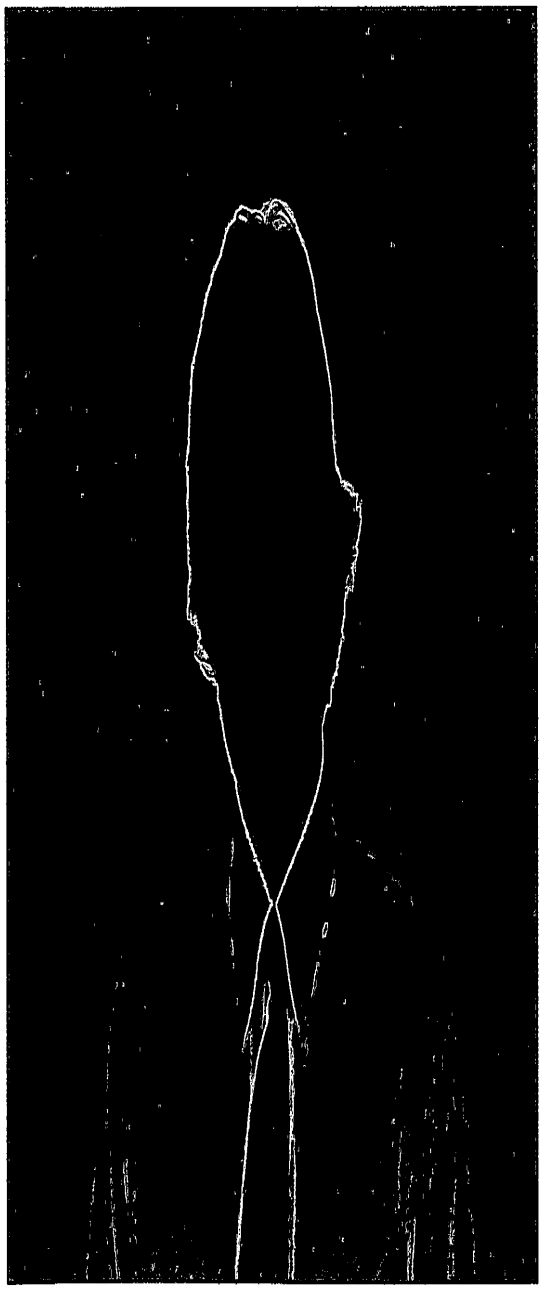
- Director, Advanced Surgical Training Corp. Fort Lauderdale, Florida (Since March of 2007): International Market Development and Contract Negotiation and Execution
- Vice President, Business Development, DMNI, Ft. Lauderdale, Florida (Since June, 2006), where he focuses on Market Research/Business Development Strategies and Tactics (assisting US clients in various industries to penetrate international markets and establish offices overseas), the establishment and implementation of international marketing programs, PR assistance, planning of trade missions on behalf of the US Department of Commerce), and extensive networking in private enterprise and with high-level government officials in various countries.

His overseas/international work has recently included the countries of:

- South Africa
- Botswana
- Hong Kong
- Thailand
- Malaysia

Previous experience focused on Business Development for a variety of types of businesses, including a Nursing Firm.

Jeff Carr, Economist



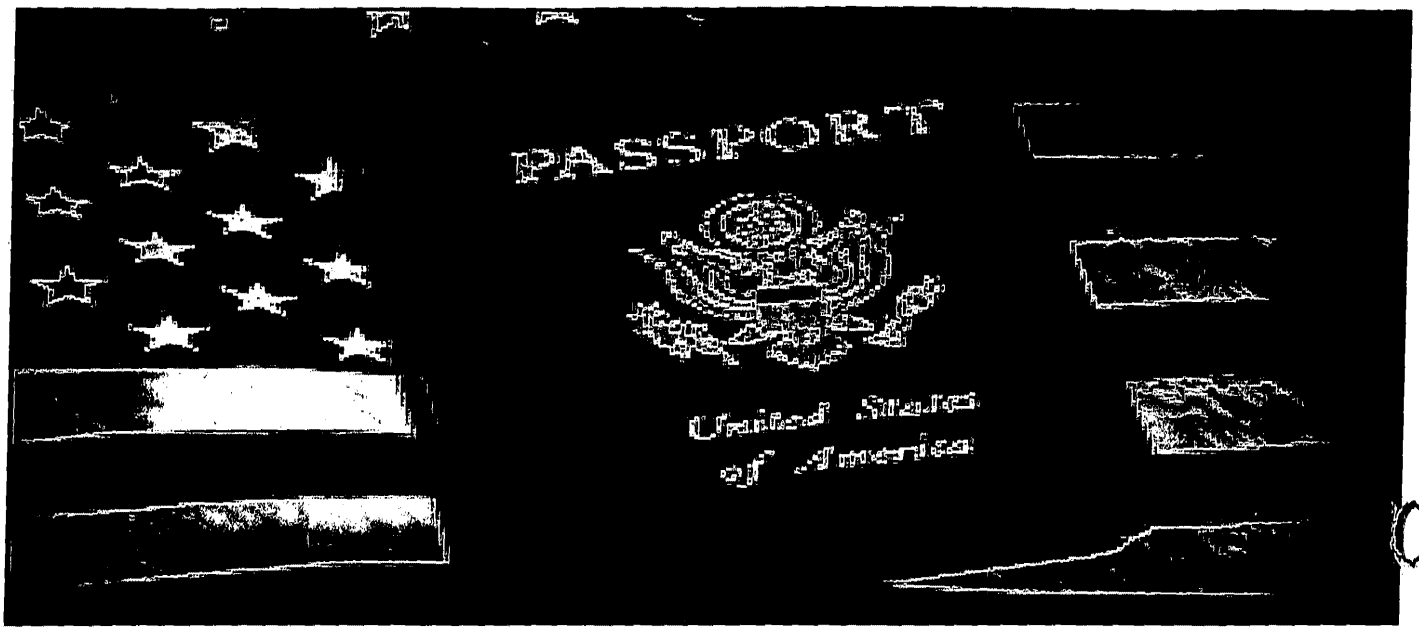
Mr. Carr currently serves as President and Economist of Economic & Policy Resources, Inc. in Williston. For the past 22 years he has served in a number of capacities focusing on macro-economic analysis, economic forecasting, forensic economics, economic impact analysis, and fiscal policy analysis for federal, state, and local governments. For the past 13 years, he has served as the State Economist and Principal Revenues Analyst for the Vermont Agency of Administration over the past three gubernatorial administrations (including the Administrations of Governor James H. Douglas, Howard B. Dean, and the late Richard A. Snelling). He also has served as consulting economist to the Vermont Department of Economic Development since 1995, and a number of businesses, business-trade associations, and municipalities throughout the northern New England region.

Brian Su,
Financial Director (China)

Brian Su has extensive experience in international trade, business development, marketing management, and strategic planning. Prior to founding Artisan Business Group, Mr. Su served Illinois governor Jim Edgar and assisted him in his trade mission to China in 1996 and helped him host a numbers of Chinese government and trade delegations.

Before coming to the U.S. in 1989, Mr. Su worked as a marketing manager for China Non-Ferrous Metals Import and Export Corporation. He has a MPA degree from the University of Illinois at Springfield in the U.S., and a Bachelor degree in English from Guizhou University in China. He is fluent in Chinese Mandarin and English. His extensive network of Chinese government and business connections, together with the amalgam of his Chinese background, U.S. education and multinational work experience, leave him well placed to bridge the business knowledge gap between the two cultures. Mr. Su is able to give his clients a unique inside view of what is happening in China found nowhere else. Mr. Su is also a public speaker, speaking on a wide range of China/Asia-related business and culture topics.

Mr. Su has facilitated many business and trade missions to China, and also assisted Chinese trade missions and government delegations to the U.S. He has won the trust and appreciation from clients both in China and the U.S.



IMMIGRATION FLORIDA SUPPORT TEAM

Lea S. Dimitri

Attorney

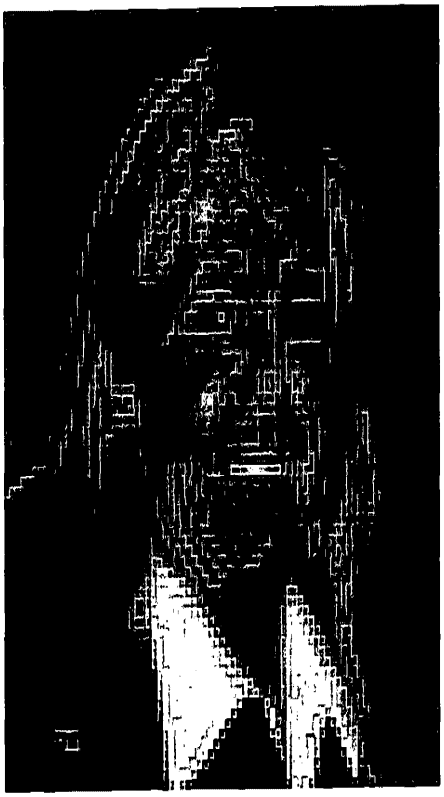
Born in Caracas, Venezuela, raised, and educated in the United States, Ms. Salama DiMitri earned her Bachelor of Business Administration Degree (*cum laude)* in 1992 and her *Juris Doctor* Degree in 1995 from the University of Miami. She is admitted to the State of Florida Bar as well as to the United States District Court for the Southern District of Florida.

Since 1995, Ms. Salama DiMitri has been engaged in the private practice of immigration law at Larry J. Behar, P.A. She specializes in complex cases involving U.S. immigration and nationality issues, particularly in the corporate context. Her experience covers all corporate as well as family immigration matters. On the nonimmigrant side, Ms. Salama DiMitri has worked on cases such as: professionals (H-1B), multinational executives/managers (L-1), religious workers (R-1), Trade NAFTA (TN), investors (E-2), traders (E-1), students (F-1/M-1), trainees (J-1/H-3), extraordinary ability (O-1), athletes (P-1) and fiance(e) (K-1) visa matters. On the immigrant side, Ms. Salama DiMitri focuses on matters pertaining to labor certification (pre-PERM and PERM), extraordinary ability individuals, multinational executives/managers, family preference and immediate relative cases, victims of domestic violence, among many others on the immigrant side. The firm also handles waiver applications, applications for U.S. citizenship and nationality, as well as consular matters at embassies and consulates throughout the world.

Ms. Salama DiMitri has been active in the local legal community by participating in events sponsored by: the American Immigration Lawyers Association (AILA), the Broward County Bar Association, Broward Lawyers' Care, the Broward County Women's Lawyers Association, the Broward International Women's Club, and the Florida Bar. She has also contributed numerous hours of *pro bono* legal services to victims of domestic violence through the Legal Aid Service of Broward County.

She has also lectured and made presentations to groups and organizations and answered numerous questions on topics related to immigration law. Ms. Salama DiMitri is fluent in the English, Spanish, and Hebrew languages.

Irene Crawford,
Executive Administrative Assistant



Ms. Irene Crawford is the Executive Administrative Assistant at ImmigrationFlorida.com.

She is trained in multiple immigration and commercial environments. She is also an Administrative Manager who is fluent in both French and English.

EB-5 REGULATIONS

The Employment Based Fifth Preference Visa (EB-5) Program is governed by 8 U.S.C. §1153(b)(5) and 8 C.F.R. §204.6. The EB-5 program is a capital investment and job creation initiative which permits a foreign investor to acquire a permanent green card by investing in a commercial enterprise and creating a minimum of 10 full-time jobs for U.S. citizens and lawful permanent residents.

Annually, 10,000 investor visas are available, 3,000 of which are reserved for those foreign investors who apply under a USCIS designated Regional Center.

New Commercial Enterprise

In order to fulfill the visa requirements, the foreign investor must invest in a commercial enterprise. This investment can be fulfilled by:

1. Establishing an original business,
2. Purchasing an existing business and simultaneously or subsequently restructuring the business such that a new commercial enterprise results, or
3. Expanding an existing business through the requisite capital investment so that a substantial change in the net worth or the number of employees results from the investment.

The foreign investor is required to prove that he/she will be engaged in the management of the new commercial enterprise.

Capital Investment

A foreign investor benefiting from the EB-5 program is generally required to make a qualifying investment in the United States of $1,000,000 USD. If the commercial enterprise which is being invested in is located in a targeted employment area, the requisite capital investment is reduced to $500,000 USD. The foreign investor's petition

must be accompanied by evidence demonstrating that the required capital investment has been made and is "at risk."

For the purposes of EB-5 investment, "capital" may include cash, equipment, inventory, other tangible property, cash equivalents, and indebtedness secured by assets owned by the foreign investor, provided that the investor is personally and primarily liable and the assets of the new commercial enterprise upon which the petition is based are not used to secure any of the indebtedness.

Source of Funds, Path of Funds

The foreign investor is obligated to demonstrate that the capital investment is made using lawfully acquired funds. Demonstrating the lawful status of funds is supported using evidence identifying the source of capital. For example: bank records, closing statements, evidence of assets, evidence of property transferred, promissory notes, security agreements, etc. may be used to prove that the capital investment has been legally made.

Job Creation

In order to receive approval for the immigrant petitions, the foreign investor must prove that not fewer than 10 qualifying full-time employment positions are or will be created. When investing under a designated Regional Center, the foreign investor may fulfill the job creation component by creating 10 direct and indirect jobs.

RICHARD J. MUSHINSKI, P.C.
CERTIFIED PUBLIC ACCOUNTANT
13406 SUNDOWNER DR.
HOUSTON, TEXAS 77041
Email: rmushinski@comcast.net

Phone: 713/896-7164 Fax: 713/896-0175

November 24, 2009

Mr. Peter Medlyn
Tennessee Regional Center, LLC
109 S. Broadway
Knoxville, TN 37902

Dear Mr. Medlyn:

This letter is to confirm our understanding of the terms and objectives of my engagement and the nature and limitations of the services I will provide.

I will perform the following services:

1. I will compile from information you provide the quarterly and annual financial statements for:

- Tennessee Regional Center, LLC

A compilation is limited to presenting in the form of financial statements information that is the representation of management. I will not audit or review the financial statements and, accordingly, will not express an opinion or any other form of assurance on them. The financial statements will not be accompanied by a report.

Based on my discussions with you, the financial statements will be designed to meet your needs in managing your business and preparing your federal income tax returns. Consequently, material departures from established bases of accounting may exist and the effects of those departures, if any, on the financial statements may not be disclosed. In addition, substantially all disclosures required by established bases of accounting may be omitted. Because of the extent of material departures that may exist in, or required disclosures that may be omitted from, the financial statements, I make no representations regarding the appropriateness of such statements for your intended use or for any other purpose. Moreover, because of the nature of this engagement, I am not responsible for communicating any such departures or omissions to you.

Notwithstanding those limitations, you represent that you have knowledge about the nature of the procedures applied and the bases of accounting and assumptions used in the preparation of the financial statements that allows you to place the financial information contained in the statements in the proper context. Accordingly, you represent and agree that the financial statements are intended solely for your information and use and are not intended to be, and should not be, used by third parties. Accordingly, you also represent and agree that you will not distribute the statements to such third parties.

Furthermore, you represent and agree that the use of the financial statements will be limited to members of management with similar knowledge. You also represent that it is your responsibility to educate other members of management with whom you choose to share the financial statements to enable them to understand the potential limitations of such statements and place the information in its proper context.

If, for any reason, you discover a need for financial statements appropriate for third party users, you agree to notify me immediately. At that time, I can discuss with you the additional procedures, if any, that might be necessary to provide you with financial statements and a compilation report for third party use.

The performance by my firm of non-attest services (bookkeeping services, tax return preparation services, and tax consulting services) will impair my independence in the preparation of your financial statements. Accordingly, my firm is not independent with respect to Tennessee Regional Center, LLC.

2. I will also prepare from information provided by you the annual federal and state tax returns for Tennessee Regional Center, LLC.

You represent that the information you are supplying to me is accurate and complete to the best of your knowledge, and will include all income, deductions and other data necessary for the preparation of your income tax returns. You are responsible for keeping the necessary records of your deductions and any business expenses, including for business meals, entertainment, travel, gifts and vehicle business use records as required by law. The information will not be independently verified or audited unless you request me to do so. If you would like any information on the required record keeping, please contact me. You have the final responsibility for the income tax returns and therefore, you should review them carefully before signing and filing them.

Your returns, of course, are subject to examination by the Internal Revenue Service. In the event of an audit, you may be requested to produce documents, records, or other evidence to substantiate the items of income and deduction shown on the tax return. If an examination is made, I will be available to represent you if you so desire. Such additional services are not included in my fee for preparation of your return and will be billed for the time and expenses incurred.

I will use my judgment in resolving questions where the tax law is unclear or where there may be conflicts between the taxing authorities' interpretations of the law and other supportable positions. Unless otherwise instructed by you, I will resolve such questions in your favor whenever possible. I plan to perform reasonable research to support positions taken in preparation of your income tax returns. However, I do not want to be responsible for penalties in my attempt to help you minimize taxes. Therefore, should a penalty for substantial underpayment of tax or any other penalty be assessed, you will pay it, and you will not look to me for reimbursement. If you would like information on the amount or circumstances of these penalties, please contact me.

3. I will provide additional services as requested by you in writing for:

(a) Maintaining accounting requirements compliance with the partnership agreement;

(b) Assistance with accounting related issues for compliance with special requirements of the EB5 program of the U.S. Citizenship and Immigration Services.

My engagement cannot be relied upon to disclose errors, fraud, or other illegal acts that may exist. However, I will inform you of any material errors that come to my attention and any fraud or other illegal acts that come to my attention, unless they are clearly inconsequential. In addition, I have no responsibility to identify and communicate significant deficiencies or material weaknesses in your internal control as part of this engagement.

You are responsible for management decisions and functions, and for designating an individual with suitable skill, knowledge, or experience to oversee any bookkeeping services, tax services, or other services I provide. You are responsible for evaluating the adequacy and results of the services performed and accepting responsibility for such services. You are responsible for establishing and maintaining internal controls, including monitoring ongoing activities.

The engagement does not include any services not specifically stated in this letter. However, I will be available to answer your inquiries on specific tax matters and to consult with you on income tax planning.

My fees for these services will be billed at my standard billing rate and all invoices will be due and payable on presentation.

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon written request of any party to the engagement. All mediation initiated as a result of this engagement shall be administered by the American Arbitration Association (AAA) and in accordance with the "Mediation Rules for Professional and Related Disputes" as then adopted by the AAA. The results of this mediation shall be binding only upon agreement of each party to be bound. Costs of any mediation proceeding shall be shared equally by both parties.

You agree that my liability for damages, regardless of the form of the action, from any disputes arising as the result of this engagement shall not exceed the total paid for the services described herein and this shall be your exclusive remedy.

If the services and terms outlined above are in accordance with your understanding, please sign this letter in the space provided below and return it to me.

I am pleased to have you as a client and look forward to a long and mutually satisfying relationship.

Very truly yours,

Richard J. Mushinski, P.C.

By: _____
Richard J. Mushinski

Accepted by:

By: _____
Peter Medlyn
As authorized representative for the entity named and identified in this agreement

Date: 11-24-09

INVESTOR INFORMATION FORM

I. INVESTOR TYPE (Check One)

☐ INDIVIDUAL

☐ ESTATE* Number appointed:_____

Person or Entity Appointed to Act on Behalf of Investor: ☐ Administrator ☐ Personal Representative ☐ Executor

☐ TRUST* Establishment Date:_____

Trust Type: ☐ Family ☐ Irrevocable ☐ Living ☐ Revocable ☐ Testamentary

Trustees:

Beneficiaries:

☐ POWER OF ATTORNEY*

Power of Attorney Name:

☐ CORPORATION ☐ PARTNERSHIP* ☐ FINANCIAL ORGANIZATION*

☐ JOINT TENANT INVESTOR* Number of Tenants:_____

Married: ☐ Yes ☐ No ☐ Tenancy State:_____

Tenancy Clause: ☐ Joint Tenants with Right of Survivorship ☐ Tenants in Common ☐ Tenants by Entirety ☐ Community Property ☐ Community Property with Right of Survivorship ☐ Usufruct

☐ TRANSFER ON DEATH JOINT* ☐ Agreement Execution Date:_____

Married: ☐ Yes ☐ No ☐ Tenancy State:_____

Tenancy Clause: ☐ Joint Tenants with Right of Survivorship ☐ Tenants in Common ☐ Tenants by Entirety ☐ Community Property ☐ Community Property with Right of Survivorship ☐ Usufruct

*ADDITIONAL DOCUMENTATION MAY BE REQUIRED FOR THESE TYPES OF INVESTORS.

II. INVESTOR CONTACT INFORMATION

INVESTOR:

MAILING ADDRESS: CITY: STATE:

PROVINCE/COUNTY/SUBDIVISION: COUNTRY: ZIP/POSTAL CODE:

TELEPHONE NUMBER: (Day) (Evening) E-MAIL:

III. PARTICIPATION INFORMATION

CHECK BOX IF THERE ARE MORE THAN TWO PARTICIPANTS. USE THE PARTICIPANT INFORMATION SUPPLEMENTAL (PAGE 3) TO IDENTIFY ADDITIONAL PARTICIPANTS AND THEIR RESPECTIVE ROLES. ☐

A. Primary Investor

NAME: ☐ Person ☐ Entity

DATE OF BIRTH: PARTICIPANT ROLE: **NOTE**: See page 3 "Participant Information" for the appropriate participant role code.

MAILING ADDRESS: CITY: STATE:

PROVINCE/COUNTY/SUBDIVISION: COUNTRY: ZIP/POSTAL CODE:

TELEPHONE NUMBER: (Day) (Evening) E-MAIL:

UNEXPIRED PHOTO GOVERNMENT ID NUMBER: TYPE OF UNEXPIRED PHOTO GOVERNMENT ID:

ISSUANCE DATE: EXPIRATION DATE:

COUNTY OF GOVERNMENT IDENTIFICATION: STATE/PROVINCE SUBDIVISION OF GOVERNMENT IDENTIFICATION:

UNEXPIRED PHOTO GOVERNMENT ID NUMBER: TYPE OF UNEXPIRED PHOTO GOVERNMENT ID:

ISSUANCE DATE: EXPIRATION DATE:

COUNTRY OF GOVERNMENT IDENTIFICATION: STATE/PROVINCE SUBDIVISION OF GOVERNMENT IDENTIFICATION:

NOTE: Unexpired Photo Government Identification should be provided for all nonresidential aliens, along with an IRS Form W-8BEN

CORPORATE/BUSINESS ID NUMBER (IF APPLICABLE): FORMATION DATE OF CORPORATION/BUSINESS:

STATE/PROVINCE OF CORPORATION/BUSINESS: COUNTRY OF CORPORATION/BUSINESS:

INVESTOR INFORMATION FORM (Continued)

B. Secondary Investor

NAME: ☐ Person ☐ Entity

DATE OF BIRTH: PARTICIPANT ROLE: **NOTE**: See page 3 "Participant Information" for the appropriate participant role code.

MAILING ADDRESS: CITY: STATE:

PROVINCE/COUNTY/SUBDIVISION: COUNTRY: ZIP/POSTAL CODE:

TELEPHONE NUMBER: (Day) (Evening) E-MAIL:

UNEXPIRED PHOTO GOVERNMENT ID NUMBER: TYPE OF UNEXPIRED PHOTO GOVERNMENT ID:

ISSUANCE DATE: EXPIRATION DATE:

COUNTY OF GOVERNMENT IDENTIFICATION: STATE/PROVINCE SUBDIVISION OF GOVERNMENT IDENTIFICATION:

UNEXPIRED PHOTO GOVERNMENT ID NUMBER: TYPE OF UNEXPIRED PHOTO GOVERNMENT ID:

ISSUANCE DATE: EXPIRATION DATE:

COUNTRY OF GOVERNMENT IDENTIFICATION: STATE/PROVINCE SUBDIVISION OF GOVERNMENT IDENTIFICATION:

NOTE: Unexpired Photo Government Identification should be provided for all nonresidential aliens, along with an IRS Form W-8BEN

CORPORATE/BUSINESS ID NUMBER (IF APPLICABLE): FORMATION DATE OF CORPORATION/BUSINESS:

STATE/PROVINCE OF CORPORATION/BUSINESS: COUNTRY OF CORPORATION/BUSINESS:

IV. ADDITIONAL INFORMATION

Will you be giving discretion over this investment to another? ☐ Yes ☐ No

If yes, what is the person's name and relationship to you: _____

If an individual has given discretion to another over this investment, has a power of attorney or other form been submitted? ☐ Yes ☐ No

If the investor is established for a trust, corporation, estate, or other entity, has a certificate of trust, corporate resolution, letter of appointment, or other appropriate documentation establishing and delegating authority been submitted? ☐ Yes ☐ No

PLEASE PROVIDE THE NAMES AND ADDRESSES OF YOUR BANKS: _____

WHAT IS THE SOURCE OF FUNDS FOR THIS INVESTMENT? _____

ARE YOU OR ANYONE WITH AN INTEREST IN THIS INVESTMENT EITHER:

(1) a senior military, governmental, or political official in a non-U.S. country, or (2) closely associated with an immediate family member of such an official? ☐ Yes ☐ No

If yes, identify the name of the official, office held, and country:

V. SIGNATURES

Please review your information above and the Subscription Agreement in its entirety, and sign below. EACH OF THE UNDERSIGNED REPRESENTS AND WARRANTS THAT THE INFORMATION PROVIDED IN THIS INVESTOR INFORMATION FORM IS TRUE, COMPLETE AND ACCURATE.

PRIMARY INVESTOR'S SIGNATURE: DATE:

SECONDARY INVESTOR'S SIGNATURE: DATE:

INVESTOR INFORMATION FORM – Participant Information Supplemental

Additional Participant

NAME: ☐ Person ☐ Entity

DATE OF BIRTH: PARTICIPANT ROLE: **NOTE**: See page 3 "Participant Information" for the appropriate participant role code.

MAILING ADDRESS: CITY: STATE:

PROVINCE/COUNTY/SUBDIVISION: COUNTRY: ZIP/POSTAL CODE:

TELEPHONE NUMBER: (Day) (Evening) E-MAIL:

UNEXPIRED PHOTO GOVERNMENT ID NUMBER: TYPE OF UNEXPIRED PHOTO GOVERNMENT ID:

ISSUANCE DATE: EXPIRATION DATE:

COUNTY OF GOVERNMENT IDENTIFICATION: STATE/PROVINCE SUBDIVISION OF GOVERNMENT IDENTIFICATION:

UNEXPIRED PHOTO GOVERNMENT ID NUMBER: TYPE OF UNEXPIRED PHOTO GOVERNMENT ID:

ISSUANCE DATE: EXPIRATION DATE:

COUNTRY OF GOVERNMENT IDENTIFICATION: STATE/PROVINCE SUBDIVISION OF GOVERNMENT IDENTIFICATION:

NOTE: Unexpired Photo Government Identification should be provided for all nonresidential aliens, along with an IRS Form W-8BEN

CORPORATE/BUSINESS ID NUMBER (IF APPLICABLE): FORMATION DATE OF CORPORATION/BUSINESS:

STATE/PROVINCE OF CORPORATION/BUSINESS: COUNTRY OF CORPORATION/BUSINESS:

SIGNATURE (Required only if additional participant is a joint tenant)

Please review your information above and the Subscription Agreement in its entirety, and sign below. THE UNDERSIGNED REPRESENTS AND WARRANTS THAT THE INFORMATION PROVIDED IN THIS INVESTOR INFORMATION FORM IS TRUE, COMPLETE AND ACCURATE.

JOINT TENANT'S SIGNATURE: DATE:

Participant Information

The legal address **MUST** be a street address. A post office box is not acceptable for a legal address. A legal address is the person's permanent residence address or, in the case of an entity, the place where it maintains a physical presence. For those investments by nonresident aliens and foreign entities, the legal address must be the same as the permanent residence address listed on IRS Form W-8BEN.

NOTE: To help the government fight the funding of terrorism and money laundering activities, federal law requires certain "financial institutions" to obtain, verify, and record information that identifies each investor. When you invest, we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask you to provide a copy of your driver's license or other identifying documents. The information you provide in this form may be used to perform a credit check and verify your identity by using internal sources and third party vendors. If additional space is needed, please attach a separate sheet.

Participant Roles

The codes below designate the participant role for each participant in the investment.

ADMN	Administrator	DRTR	Director	LPAR	Limited Partner	PATN	Power of Attorney
AGNT	Agent	EXEC	Executor	MNGR	Manager	PRM	Primary Investors
BENF	Beneficiary	GPMM	General Partner/Managing Member	MMBR	Member	RIND	Responsible Individual
BORW	Borrower	GRNT	Grantor	MINR	Minor	SEC	Secondary Investors
CONS	Conservator	GRDN	Guardian	OFCR	Officer	STLR	Settlor
CUST	Custodian	IPTY	Interested Party	PTNR	Partner	SHLR	Shareholder
DECD	Deceased	IMGR	Investment Manager	PREP	Personal Representative	SPSR	Sponsor
DPTR	Depositor	LHLD	Lien Holder	PLAD	Plan Administrator	TSTE	Trustee