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**Remarks of Gov. Peter Shumlin**  
**April 14, 2016**

Thank you for coming. We're here today to discuss two coordinated actions that have been filed by the State of Vermont and the U.S. Securities and Exchange Commission concerning the EB-5 projects in the Northeast Kingdom run by Ariel Quiros and Bill Stenger. The SEC has filed an action in Federal Court in Miami, which freezes the assets of Mr. Quiros, who is a resident of Florida. The Federal Court has also granted the SEC request to appoint a receiver to manage these projects while the litigation is pending. The State has filed a complaint in Washington County Superior Court that raises allegations similar to the SEC's. The State's filing is the result of over a year of work by the Department of Financial Regulation, which has worked closely with the Vermont Attorney General's Office and the SEC.

The complaints allege that, starting in 2008, over \$200 million of investor funds intended for EB-5 development projects in the Northeast Kingdom were misused and that Mr. Quiros misappropriated an additional \$50 million of investor funds for

his own personal enrichment, including over 20 million dollars to purchase Jay Peak and Q Burke Resorts, over 2 million dollars to purchase an apartment at Trump Place in New York City, as well as millions of dollars to pay personal income taxes and other personal expenses. The fraud allegedly began on day one when millions of investor funds intended for two EB-5 projects at Jay Peak – the Tram Haus Lodge and the Jay Hotel and Pump House – were used instead to purchase Jay Peak Mountain in 2008.

For many years dating back to the late 1990s, the oversight and promotion of Vermont's EB-5 Regional Center was housed at the Agency of Commerce and Community Development. That is the system that was in place when I became governor.

As EB-5 projects in Vermont grew more popular, expansive, and complex, I realized we needed a better system that did not ask one state entity to simultaneously promote and oversee the EB-5 program.

In September 2014, I asked ACCD and DFR to develop a partnership to strengthen Vermont's oversight. In December 2014, that relationship was formalized, bringing DFR's financial and securities expertise to the oversight of EB-5 projects statewide.

Shortly thereafter, DFR began their work reviewing the projects in the Northeast Kingdom. Over the course of more than a year of diligent work, they carefully tracked the alleged misappropriation and misuse of investor funds that we are here talking about today. That alleged fraudulent activity began in 2008, three years before I became governor. I'm grateful to Commissioner Donegan and the team at DFR for so effectively implementing this improved oversight system and for their extensive investigative work.

This is obviously a difficult day for Vermont and for the many people, myself included, who are so invested in growing jobs and economic opportunity in the Northeast Kingdom, the part of the state that has lagged behind the rest of the state in job creation for as long as we can all remember.

Most of all, this is a difficult day for the hundreds of employees in the Northeast Kingdom who rely on Jay Peak, Q. Burke, and the related projects to support their families, projects that appeared to hold so much promise. My commitment as Governor is to do everything I can to protect these Vermonters' jobs and the investors who are victims of these allegations, as well as ensure that we do all we can to make the very best of a terrible situation.

The Federal Court has appointed a receiver, Michael Goldberg of Miami, to oversee and administer the assets of the EB-5 projects named in the complaints, including Jay Peak Resort. Mr. Goldberg's team has been on the ground in the Northeast Kingdom, taking control of the projects.

I and the Attorney General's Office have already been in communication with the receiver, whose expertise is to manage difficult situations like this, to ensure the best possible outcome for the Northeast Kingdom and those Vermonters employed by these projects. I just got off the phone with Mike Goldberg and it is his intention, as much as possible, to maintain normal

operations at the affected businesses and keep Vermonters working. I am grateful for those efforts, and therefore we do not expect significant job losses as a result of today's action.

Now I'd like to turn it over first to Commissioner Susan Donegan to describe DFR's work to date, then to Attorney General Sorrell to outline the allegations in the State's complaint, and finally to Secretary Moulton to talk about how these allegations impact the Regional Center. Following those remarks, we'd be happy to take questions.