

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

Case No. 9:20-cv-80102-CANNON/Reinhart

TING PENG and LIN FU, on behalf of  
themselves individually and all others similarly  
situated, and derivatively on behalf of  
HARBOURSIDE FUNDING, LP, a Florida  
limited partnership,

Plaintiffs,

vs.

NICHOLAS A. MASTROIANNI II;  
HARBOURSIDE FUNDING GP, LLC, a  
Florida limited liability company; and  
HARBOURSIDE PLACE, LLC, a Delaware  
limited liability company,

Defendants,

and

HARBOURSIDE FUNDING, LP, a Florida  
limited partnership,

Nominal Defendant.

**DECLARATION OF JEFFREY L. FAZIO IN SUPPORT OF  
MOTION FOR AWARD OF ATTORNEYS' FEES AND COSTS**

I, Jeffrey L. Fazio, declare as follows:

1. I am Of Counsel with DeHeng Law Offices, P.C. (“DeHeng”), counsel of record for Plaintiffs Ting Peng and Lin Fu and the court-appointed Class Counsel in the above-titled action. Except where noted, the testimony set forth in this declaration is based on first-hand knowledge, about which I would and could testify competently in court if called upon to do so.

**BACKGROUND AND EXPERIENCE OF CLASS COUNSEL**

2. In my role as Of Counsel with the DeHeng firm, which is the third-largest law firm in China, I am responsible for prosecuting a wide range of complex cases involving claims of trade-secret theft, intellectual property infringement, and a wide range of complex business disputes.

3. I am also a partner in my own firm, Fazio | Micheletti LLP in Oakland, California (“FM”). FM is a boutique law firm that specializes in representing plaintiffs in complex litigation—primarily class actions and individual cases involving fraud, false advertising, breaches of contract, breaches of fiduciary duty, and unfair business practices—in state and federal courts at the trial and appellate levels in California and in other parts of the United States.

4. I began the practice of law approximately 32 years ago, and have served as lead and co-lead counsel in a number of large, complex cases, most of which have been class actions.

5. I earned my law degree in 1989 from New York University, where I was a member of the editorial staff of NYU’s Annual Survey of American Law, and worked as an intern at the New York City Office of the Corporation Counsel, followed by an extern law clerk for United States District Judge Miriam Cedarbaum in the Southern District of New York during my second year. While attending University of California at Berkeley, Boalt Hall (Berkeley Law) as a visiting student during my third year of law school, I worked as a research assistant for one of Berkeley

Law faculty members, Henry Hecht, and as an extern law clerk for United States District Judge Eugene Lynch in the Northern District of California.

6. After law school, I worked for two large defense firms in the San Francisco Bay Area (Crosby Heafey Roach & May, P.C., which later merged with Reed Smith LLP, and the San Francisco office of Buchalter Nemer Fields & Younger LLP), where my practice consisted of defending major corporate, municipal, and academic institutions against product liability, civil rights, and securities class actions and derivative suits, as well as other forms of complex business and mass tort litigation.

7. After joining the San Francisco office of Hancock Rothert & Bunshoft LLP (“Hancock”) as Special Counsel in my fifth year of practice, I became lead plaintiffs’ counsel in a series of six class actions against Ford Motor Company, which involved 30 million class members and seven other law firms representing the plaintiffs who alleged that Ford had concealed the defective nature of the Thick Film Ignition (“TFI”) modules in millions of vehicles it manufactured and sold throughout the United States. One of those related actions (*Howard v. Ford Motor Company*) was the subject of a nine-month bifurcated (jury/equity) trial in the Superior Court, Alameda County, as well as a series of appeals and writ petitions. *Howard* resulted in the first—and only—court-ordered automotive recall in a private civil action in U.S. history.

8. While serving as lead counsel in the TFI litigation, I was responsible for day-to-day litigation activities in the various actions, as well as an array of other litigation-related matters before government agencies, consumer-advocacy groups, and the United States Congress. Because allegations of fraud on state and federal government agencies was one of the core issues in the litigation, I dealt with current and former officials with the National Highway Traffic Safety Administration (“NHSTA”), the Environmental Protection Agency, and the California Air

Resources Board. As a result of those efforts, NHTSA issued a Special Order in which it found that information we uncovered through discovery in the TFI litigation had been withheld from NHTSA when Ford responded to several investigations that related to the same problem that was at issue in the class-action litigation. I also worked with the Inspector General for the Department of Transportation when it audited NHTSA in an effort to ascertain how Ford had managed to withhold material information in multiple NHTSA defect investigations, which ultimately resulted in changes in the manner in which NHTSA conducts those investigations.

9. I have also testified before the California legislature concerning rules of evidence governing the dissemination of information that could affect public health and safety, and I have briefed members of the United States Senate Commerce Committee and their staffs in connection with that Committee's hearings on highway safety. In addition, I assisted the Office of the Inspector General of the Department of Transportation with an audit of certain federal agencies' investigative processes, which were exposed as a result of discovery that was conducted in class-action litigation for which I was responsible.

10. Because of the magnitude of the damages at stake in the *Howard* case, the landmark nature of the judicial recall order that we obtained as a result of prevailing at trial in that case, and the allegations that former regulatory officials had leveled against Ford, the litigation was the subject of a substantial amount of media attention, both within the United States and abroad, for several years.

11. In early 2001, I became a partner in the Hancock firm and Chairman of the firm's Unfair Competition & Class Action Practice Group, which focused exclusively on the representation of plaintiffs in class actions, derivative litigation, private-attorney-general actions, and other forms of complex litigation. In that capacity, I managed an array of litigation in state and

federal trial and appellate courts in various jurisdictions throughout the United States, including the Judicial Panel on Multidistrict Litigation. In each, I served as the lead or co-lead counsel for the plaintiffs.

12. Since 2001 I have lectured on a variety of substantive and procedural issues that arise in consumer class actions, and I helped author the section on Class Actions (and annual updates) in a leading product liability treatise, *Automotive Design Liability* (West). In July 2006, I began a three-year term as a member of the board of directors of the Public Justice Foundation (formerly, Trial Lawyers for Public Justice Foundation), and as a member of several Public Justice Foundation Board Committees, including service as co-Chair of its *Cy Pres* Committee. I am also a member in good standing of the National Association of Consumer Advocates and the Western Trial Lawyers Association.

13. Shortly before leaving the Hancock firm to create my own firm (FM) with a Hancock colleague, I negotiated the resolution of the TFI litigation with a settlement valued at \$2.7 billion. *See, e.g.,* <https://www.sfgate.com/news/article/2-7-billion-Ford-settlement-over-faulty-part-2865639.php>. Despite its small size, many of the cases my partner and I handle have big implications for consumers and attract national attention and, unlike other litigation involving the government, we have never “coat-tailed” the government in any case; to the contrary, the government has benefited from my firm’s litigation efforts. For example, in *Wilson v. Airborne Health, Inc.*, No. 07-cv-0770 (C.D. Cal.)—a nationwide class action in which FM served as co-lead counsel with the Center for Science in the Public Interest, we prosecuted claims against the defendants for falsely advertising a product that promised to cure the common cold before the government became involved. The U.S. Federal Trade Commission (“FTC”) and at least 32 state attorneys general filed cases against the *Airborne* defendants *after* the settlement agreement that

my partner and I negotiated was nearly final. Moreover, the FTC and the AGs relied in part on the discovery we obtained while prosecuting the *Airborne* class action as the evidentiary basis for their settlements with the defendants.

14. FM was primarily responsible for developing and implementing the litigation and settlement strategies in a case against Airborne Health, Inc., which claimed its dietary supplement could prevent the common cold. The *Airborne* litigation resulted in the creation of a \$23.3 million non-reversionary compensation fund, which was the largest settlement of a false-advertising case at that time. The FTC's settlement was little more than an adjunct to the settlement we achieved in the *Airborne* class action. In short, the FTC agreed to settle with the *Airborne* defendants in exchange for injunctive relief (essentially, an order prohibiting the defendants from engaging in the same type of fraudulent conduct again, after such conduct had already ceased). And although the FTC settlement included the potential for an additional monetary award of \$6.5 million, the defendants' liability for that aspect of the settlement agreement was conditioned on the exhaustion of the \$23.3 million dollar fund created by the settlement I negotiated. See <http://www.ftc.gov/opa/2008/08/airborne.shtm>. Because funds remained in the *Airborne* settlement fund after we paid 100% of the eligible claims, however, that condition was never satisfied. Similarly, the 32 state AGs settled their claims for a total of \$7 million—again, well after our settlement was final.

15. The government has benefited from our efforts in other litigation as well. FM served as lead counsel in *Trew v. Volvo Cars of No. Am., LLC*, No. 05-cv-1379 (E.D. Cal.), a class action involving defective electronic throttle modules (“ETMs”) installed in several hundred thousand Volvo vehicles sold in the 1999 through 2001 model years. The case fueled investigations by the California Air Resources Board (“CARB”), the Environmental Protection Agency (“EPA”), and

NHTSA. FM assisted CARB and NHTSA with their investigations while FM litigated the private civil action by, among other things, providing those agencies with material information that Volvo had withheld from them, which we obtained in discovery and our independent investigation efforts.<sup>1</sup>

16. The *Trew* class action led to government action and a settlement that, together, provided class members with an extended ETM warranty of 10 years/200,000 miles, reimbursed thousands of current and former Volvo owners and lessees for the money they paid to replace or clean defective ETMs (which cost as much as \$1,200 each to replace), reimbursement for certain towing or rental car expenses, and a safety recall initiated by NHTSA.

17. In a nationwide consumer class action against Apple Inc., FM was appointed co-lead counsel and I negotiated a \$53 million non-reversionary cash settlement, which resulted in settlement class members received *more* than 100% of the funds they lost as a result of Apple's improper refusal to honor their warranty claims.

18. More recently, FM was appointed as co-lead counsel in a nationwide consumer class action against Toyota Motor Corporation for concealing the existence of a safety defect in a component that costs an average of \$3,000 to replace in more than 800,000 Prius and Prius v hybrid vehicles. After catalyzing two separate Safety Recalls involving more than 1.1 million vehicles, I negotiated a settlement over the course of 16 months, which resulted in a settlement agreement that provided, *inter alia*, \$20 million in cash for reimbursing class members for out-of-pocket defect-related repair costs, extending the warranty for class vehicles to 20 years with no mileage limitation,

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<sup>1</sup> FM's efforts in the Ford TFI litigation (discussed above) produced similar results. There, the National Highway Traffic Safety Administration ("NHTSA") issued a Special Order after we demonstrated that Ford had withheld material information in connection with nearly a half dozen NHTSA defect investigations. At the end of that inquiry, NHTSA concluded that Ford had, indeed, withheld material information during the course of the investigations in question and modified the manner in which defect investigations were conducted thereafter as a result of its findings.

free towing and loaner cars, the total value of which was determined to be approximately \$200 million.

19. A summary of cases comprising my relevant litigation experience over the past 25 years is set forth below:

- ***McCarthy v. Toyota Motor Corp.*** (C.D. Cal.)  
Co-lead class counsel in nationwide consumer class action involving alleged fraudulent concealment of defects in Prius hatchback and Prius v wagons. Case was found to have catalyzed two separate Safety Recalls involving more than 1.1 million Prius hybrid vehicles, and was resolved by nationwide settlement valued at approximately \$200 million, which received final approval by Court on February 3, 2023. (Defense counsel: Morgan Lewis LLP; King & Spaulding, LLP; Bowman and Brooke LLP.)
- ***In re Apple iPhone/iPod Warranty Litig.*** (N.D. Cal.)  
Co-lead class counsel in nationwide class action resulting from Apple’s use of Liquid Submersion Indicators (small pieces of dye-laden material with properties similar to litmus paper) (“LSIs”) to deny warranty claims by representing to customers that a red or pink LSI established that they had damaged their iPhone or iPod by exposing it to liquid, thereby voiding all applicable warranty coverage. Negotiated \$53 million non-reversionary cash settlement, which resulted in class members receiving an average benefit that amounted to 117% of their average losses—meaning that average class members received a larger recovery from the settlement than the amounts they actually lost. (Defense counsel: Morrison Foerster LLP.)
- ***Chen v. Knabb*** (Cal. Super. Ct., Alameda Cty.)  
Counsel for Plaintiff in shareholder-derivative action based on board of directors’ approval of sale of \$10 million of stock in Pegasus Wireless Corporation to Pegasus’s CEO and subsequent repurchase of stock for the original sale price after stock price plummeted from \$8 to less than \$1 a share. Case was among several shareholder-derivative suits and shareholder class actions based on alleged director misconduct, but the only one to survive two bankruptcy petitions and multiple dispositive motions that led to dismissal of other actions. Although key Defendants (former Pegasus CEO and CFO) failed to respond to service and were subsequently found liable for stock fraud in SEC action and jailed for criminally violating federal securities laws, Fazio Micheletti successfully negotiated the settlement of all claims. (Defense counsel: Fenwick & West LLP.)
- ***Wilson v. Airborne Health, Inc.*** (C.D. Cal.)  
Co-lead class counsel in nationwide class action involving false-advertising and consumer-deception claims against seller of Airborne Effervescent Health Formula. Defendants marketed the product as a “Miracle Cold Buster” and claimed that the second-grade school teacher who “invented” Airborne actually discovered a cure for the common cold. Case was resolved by a settlement agreement that created a fund of more than \$23.3 million—then a record-setting amount for a false-advertising case—which was used to reimburse

consumers who purchased Airborne without the need for proof of purchase; remainder of funds distributed *cy pres* to non-profit organizations that benefit consumers nationwide. (Defense counsel: Weil Gotshal & Manges LLP and Nevers Palazzo Maddux & Packard LLP.)

- ***Howard v. Ford Motor Co.*** (Cal. Super Ct., Alameda Cty.)  
Lead class counsel in 30-million-member class action based on defendant's violations of Consumers Legal Remedies Act and Unfair Competition Law by concealing safety-related defect from government regulators and millions of consumers. Case was one of six related actions pending throughout the United States, which involved appearances before several federal courts, including the Judicial Panel on Multidistrict Litigation and the Ninth Circuit Court of Appeals, as well as the California Court of Appeal (three times) and the California Supreme Court (twice). Equity phase of trial resulted in the first judicially-mandated automotive recall in a private lawsuit in U.S. history, and an order requiring Ford to provide restitution to all California class members. Case was resolved on favorable terms in nationwide settlement valued at \$2.7 billion, which included full reimbursement of repair and replacement costs without the need for receipts or other proof of purchase, a warranty extension (from five years or 50,000 miles to 10 years or 100,000 miles), and the establishment of a \$5 million fund for use in conducting safety research by George Washington University's National Crash Analysis Center. (Defense counsel: O'Melveny & Myers LLP; Snell & Wilmer LLP, and Wheeler Trigg & Kennedy LLP.)
- ***Glover v. Mahrt*** (Cal. Super. Ct., Alameda Cty.)  
Lead counsel for plaintiffs in class action based on defendant's false and deceptive advertising of organic eggs sold at premium prices. Case was resolved by settlement, pending judicial approval. (Defense counsel: Downey Brand LLP.)
- ***Morris v. Branca*** (Cal. Super. Ct., Los Angeles Cty.)  
Co-lead counsel for plaintiffs, the former manager and President/Chief Operating Officer of The Michael Jackson Company ("TMJC") and three advisers to Michael Jackson, in action alleging breach of joint-venture agreement that led to the formation of and distribution of ownership interests in TMJC. Case pending. (Defense counsel: Kinsella Weitzman Iser Kump & Aldisert LLP; Hoffman Sabban & Watenmaker, APC; and Martin Greines Stein & Richland LLP.)
- ***Carden v. General Motors Corp.*** (Cal. Super. Ct, Santa Clara Cty.)  
Co-lead class counsel (with Wilson Sonsini Goodrich & Rosati LLP) for plaintiffs in statewide (240,000-member) private-attorney-general action based on defendant's violations of California's Unfair Competition Law and Consumers Legal Remedies Act. Case resolved on favorable terms for plaintiffs. (Defense counsel: Bingham McCutchen LLP and Sedgwick Detert Moran & Arnold LLP.)
- ***Wornow v. Register.com, Inc.*** (N.Y. Sup. Ct.; N.Y. Super. Ct. App. Div.)  
Lead class counsel in class action based on defendant's unlawful and deceptive billing practices. Case was resolved by settlement after appeal, which provided for a \$2-million claims fund for reimbursement of class members, and established a *cy pres* fund that resulted

in distribution of approximately \$700,000 to Computers for Youth, a New York-based non-profit organization that provides computers and technology education to under-privileged children in the New York area. (Defense counsel: Skadden Arps Meagher Slate & Flom LLP.)

- ***Trew v. Volvo Cars of North America, LLC*** (E.D. Cal.)  
Co-lead class counsel in nationwide class action based on fraudulent concealment of safety defect in Electronic Throttle Module (“ETM”) in nearly half a million Volvo cars and light trucks, in violation of California’s False Advertising Law, Unfair Competition Law, and Consumers Legal Remedies Act. Case was resolved on favorable terms for plaintiffs: Volvo agreed to reimburse all current and former owners of affected vehicles with 100 percent of all costs they incurred in connection with repair or replacement of ETMs (which cost up to \$1,200 each), up to \$50 in towing or car-rental charges, and an extension of the ETM warranty to 10 years or 200,000 miles. (Defense counsel: O’Melveny & Myers LLP.)
- ***Bauer v. Toyota Motor Sales Corp.*** (Cal. Super. Ct., Los Angeles Cty.)  
Sole counsel for plaintiffs in nationwide class action based on violations of Consumers Legal Remedies Act and Unfair Competition Law in connection with sale of vehicles with defective windshields (which crack spontaneously or with slight impact), costing up to \$1,200 to repair. Case was resolved on favorable terms in nationwide settlement: All class members entitled to full reimbursement for windshield repairs and to a warranty extension that virtually doubled class members’ coverage. (Defense counsel: Quinn Emanuel Urquhart & Sullivan LLP.)
- ***Daniel v. Am Honda Motor Co.*** (Cal. Super. Ct., Los Angeles Cty.)  
Lead class counsel in nationwide class action based on violations of California Consumers Legal Remedies Act and Unfair Competition Law in connection with sale of vehicles with defective windshields (which crack spontaneously or with slight impact), costing up to \$900 to repair. Case was resolved on favorable terms in nationwide settlement: All class members entitled to full reimbursement for windshield repairs and to a warranty extension that virtually doubled class members’ coverage. (Defense counsel: Lewis Brisbois Bisgaard & Smith LLP.)
- ***Davis v. Am. Honda Motor Co.*** (Cal. Super Ct., Placer Cty.)  
Represented Center for Auto Safety as co-counsel with Trial Lawyers for Public Justice in challenge of order sealing record containing sanctions decision. Sanctions were imposed against defense expert in product liability case; expert was found to have destroyed evidence, which led to striking of defendant’s answer. Sanctions decision was sealed as part of global settlement with plaintiff, but sanctioned expert then used sealing order as a basis for refusing to answer questions about destruction of evidence and as a threat against lawyers asking questions about sealed sanctions order. Motion granted, record unsealed, and order issued clarifying that sanctions order cannot be used offensively. (Defense counsel: Loeb & Loeb LLP.)

- ***Mattison v. eBay, Inc.*** (Santa Clara Super. Ct.)  
Co-lead counsel (with Cuneo Law Group) in nationwide class action based on alleged billing fraud and termination of membership without providing proper notice and opportunity to defend against charges that led to termination. Case settled on behalf of individual representatives only, and resolution included changes in certain disclosure statements and satisfaction of named plaintiffs' claims only. Plaintiffs' counsel donated approximately \$250,000 in fees and litigation expenses to non-profit consumer-advocacy organizations. (Defense counsel: Cooley Godward LLP.)
- ***Hernandez v. [Anonymous] Bank*** (Milwaukee Cir. Ct.)  
Lead counsel for plaintiffs in action alleging financial institution engaged in fraud and breached mortgage agreements by terminating interest payments on tax and insurance impound accounts. Case was resolved by settlement that reinstated interest payments and provided 100 cents on the dollar for all missed interest payments to all affected mortgagees. (Defense counsel: Reinhart Boerner & Van Dueren S.C.)
- ***CNX Media, Inc. v. Travelocity, Inc.*** (Cal. Super Ct., San Francisco Cty.)  
Co-counsel for plaintiff media company in case against former corporate parent involving claims of unfair competition, breach of contract, and breach of fiduciary duty. Case was resolved on favorable terms by settlement. (Defense counsel: Gibson Dunn & Crutcher LLP.)
- ***In re Tobacco II Cases*** (Cal. Supreme Court)  
Counsel for Public Citizen, Inc., and the Center for Auto Safety as *amicus curiae* in support of plaintiffs/appellants in appeal challenging order dismissing claims under California's Unfair Competition Law on grounds that Proposition 64 imposed strict new standing and reliance requirements and mandated that named plaintiff's claims must be identical to those of proposed class members.
- ***Graham v. DaimlerChrysler Corp.*** (Cal. Supreme Court) Counsel for Friends of the Earth as *amicus curiae* in case involving challenge to the application of catalyst theory of fee recovery in cases that benefit the public at large.

#### **PROSECUTION AND SETTLEMENT OF THE PRESENT ACTION**

20. Despite having the skill and experience required to prosecute this case, it involved inherent risks from the outset and it necessarily precluded me and the other Plaintiffs' counsel from working on other matters. When I and other attorneys at the DeHeng firm began investigating this case in November 1, 2019, the first issue we discovered was the existence of a parallel action that had been filed in 2018 (*Fu v. Mastroianni*, No. 50-2018-CA-012883-XXXX-MB (Palm Beach

Cty.)) (the “State Action”), which was filed less than a year after Defendant Harbourside Place, LLC (the “Developer”) converted from a Florida limited liability company (“LLC”) to a Delaware LLC and exchanged the proceeds of a construction loan from Nominal Defendant Harbourside Funding, LP (the “Funding Partnership”) for the issuance of a single unit of membership in the Delaware LLC to the Funding Partnership.

21. The plaintiffs in the State Action were pursuing claims based on the same operative facts as those on which the present case is based, and they also sought to recover the investments that dozens of individual members of the Funding Partnership (“Limited Partners”) had made in that entity.

22. Attached to this declaration as **Exhibit 1** is a true and correct copy of the initial complaint (sans exhibits) in the State Action, which was downloaded from the Palm Beach County Circuit Court’s website.

23. The plaintiffs in the State Action included a large number of claims in their complaint, which may have seemed viable in a case involving a large number of individual plaintiffs. But they did not include any derivative claims on behalf of the Funding Partnership, which, as the trial court observed in a recent order, was the only way they could prosecute claims pertaining to the breach of the construction loan agreement between the Funding Partnership and the Developer. A true and correct copy of an order denying summary judgment in the State Action dated July 27, 2022, is attached hereto as **Exhibit 2**. On August 3, 2022, the plaintiffs in the State Action filed a Fourth Amended Complaint, which included derivative claims for the first time. A true and correct copy of the Fourth Amended Complaint (sans exhibits) is attached hereto as **Exhibit 3**.

24. The approach taken by the plaintiffs in the State Action was neither prudent nor consistent with the prosecution of a class action, however, because it would have made it difficult, if not impossible, to prosecute claims on behalf of a class of investors, as we sought to do on behalf of all Limited Partners in the present case. For that reason, among others, in the original complaint we filed in on January 27, 2020, sought to simplify this case to the extent it was possible to do so in the context of the complex transactions at issue here.<sup>2</sup>

25. At the same time, however, we knew that prevailing in this case would be far more complex than proving that the Developer had breached the construction loan contract with the Funding Partnership, or that Defendants had fraudulently induced immigrant investors to become members of the Funding Partnership.

26. In addition to breaching the construction loan contract and refusing to return the loan principal to the Funding Partnership on the Maturity Date, Defendants' conversion of the Developer from a Florida LLC to a Delaware LLC resulted in an entirely new entity that was governed by a completely different set of laws that, unlike Florida, did not guarantee that LLC members had voting rights. This was one of the principal bases for Plaintiffs' allegation that Defendants Nicholas A. Mastroianni II ("Mastroianni") and Harbourside Funding GP, LLC (the "General Partner") had breached their fiduciary duties to the Limited Partners and the Funding Partnership.

27. Moreover, even before the initial complaint was filed in the present action, novel and difficult questions that made the case "undesirable" were readily apparent. Although a breach-of-contract claim was among the derivative claims that Plaintiffs pursued on behalf of the Funding

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<sup>2</sup> Before the original complaint was filed, I sent a demand letter to Defendants pursuant to F.S.A. § 772.11(1) on December 13, 2019.

Partnership, the acts in which Defendants engaged *after* the five-year term of the Loan Agreement had expired—including converting Harbourside Place from a Florida to a Delaware LLC and transferring the \$99.5 million loan principal to the new Delaware entity without providing Class Members with notice, much less an opportunity to vote on the matter—appeared to constitute civil theft in violation of F.S.A. § 772.11. These and other aspects of this case made Plaintiffs’ counsel keenly aware that victory was certainly not guaranteed in this case. And although the same can be said of any lawsuit, the potential for a loss in this case created a significant risk of nonpayment due to the contingent-fee basis on which it was prosecuted, which necessarily heightened its undesirability.

28. After several years of intensive discovery law-and-motion practice, and settlement negotiations that involved two formal mediations before two different JAMS neutrals and nearly a year of negotiations between the Parties’ counsel, the Parties had yet to reach a classwide settlement.

29. In or about June 2022, Defendants made a proposal to settle with individual Class Members, giving them three different offers. A total of six (6) individual Class Members accepted Defendants’ proposal, four of whom agreed to dismiss their claims against Defendants with prejudice in exchange for [REDACTED]

30. Defendants’ counsel transferred the funds required to make the lump-sum and first installment payments to the six individual Class Members to the DeHeng firm’s client trust account, from which all but 30% of the funds were then transferred to the settling Class Members. As the Parties’ counsel had agreed, 30% of the funds would be held in trust until the Court ruled on the motion for an award of attorneys’ fees and costs, at which time any difference between the

amounts held in trust and the fee award would be paid to the Class Members who had settled individually.

31. On July 11, 2022, the Parties reached agreement on a classwide settlement, which provided for (among other things) each of the remaining 60 Settlement Class Members to receive [REDACTED]. All told, the settlements with individual Class Members and the classwide Settlement Agreement produced a common fund in the amount of [REDACTED].

32. Several weeks after the Parties announced the settlement to the Court, a disagreement arose that precluded Plaintiffs from filing the motion for preliminary approval of the settlement within the time frame ordered by the Court.

33. The Parties resumed settlement discussions in December 2022 and, by January 3, 2023, the Parties had executed the Settlement Agreement, which was filed with the motion for preliminary approval of the settlement. After the Settlement Agreement and the accompanying exhibits were revised in a manner consistent with the observations made by the Court during the hearing of the preliminary-approval motion, Plaintiffs filed a renewed motion for preliminary approval in late February.

34. Over the course of more than three years, Plaintiffs' counsel expended considerable amounts of time prosecuting this case—including extensive and time-consuming written, document, and deposition discovery, which included intensive depositions of both Class Representatives, Defendant Mastroianni, and Ashley Flucas, the General Counsel of U.S. Immigration Fund (a Mastroianni company); further investigation and analyses of Plaintiffs' claims; research and analysis of a constellation of legal issues that arose in connection with discovery and law-and-motion proceedings; drafting motions relating to discovery, opposing two motions to dismiss, briefing and supporting cross-motions for summary judgment, and

successfully moving for class certification; generally litigating against a zealously defended, well-funded group of entities comprising the Harbourside Group; and engaging in hotly-contested settlement negotiations (with and without the assistance of mediators) until reaching a settlement on the eve of trial—twice.

35. By then, Plaintiffs’ counsel (*i.e.*, the DeHeng firm and the two firms that have served as local counsel in this action, Matthew Fornaro P.A. and Kim Vaughan Lerner LLP) had incurred litigation expenses amounting to \$47,687.14. Attached hereto as **Exhibit 4** is an itemized list of costs incurred by Plaintiffs’ counsel.

36. Plaintiffs’ counsel have agreed to prosecute this case on a pure contingent-fee basis. My hourly billing rate in this case is \$895, which is customary in cases like this one (having been approved recently in the *McCarthy v. Toyota Motor Corp.* case described above. Plaintiffs’ counsel have expended a total of 3,094.7 hours of time on this litigation, which resulted in a lodestar of \$2,154,433, as of February 24, 2023. Plaintiffs’ counsel will continue to expend time and incur expenses on (among other things) the motion for final approval of the Settlement and participation at the Fairness Hearing, which is scheduled to take place on June 30, 2023. The time expended on this matter as of February 24, 2023, is set forth in the tables below:<sup>3</sup>

<b>DeHeng Law Offices, P.C.</b>			
<b>Attorney</b>	<b>Hourly Rate</b>	<b>Hours Expended</b>	<b>Value</b>
Jeffrey L. Fazio (Of Counsel)	\$895	1850.2	\$1,655,929.00
Andre Y. Bates (Of Counsel)	\$595	288.7	\$171,776.50
Yi Yao (Associate)	\$400	402.9	\$161,160.00
Mei Xuan (Associate)	\$300	500.9	\$150,270.00
<b>Total</b>			<b>\$2,139,135.50</b>

<sup>3</sup> Although Kim Vaughan Lerner continues to perform work on this case to the present, it has billed only through December 2022. Plaintiffs will provide the Court with a copy of each firm’s billing records for *in camera* review should the Court wish to examine them.

<b>Matthew Fornaro, P.A.</b>			
<b>Attorney</b>	<b>Hourly Rate</b>	<b>Hours Expended</b>	<b>Value</b>
Matthew Fornaro	\$250 <sup>4</sup>	47.4	\$13,737.00
<b>Total</b>			<b>\$13,737.00</b>

<b>Kim Vaughan Lerner, LLP</b>			
<b>Attorney</b>	<b>Hourly Rate</b>	<b>Hours Expended</b>	<b>Value</b>
Anisha Atchanah (Partner)	\$400	3.3	\$1,320.00
Stephanie Chevry	\$185	0.7	\$129.50
Alissa Woon	\$185	0.6	\$111.00
<b>Total</b>			<b>\$1,560.50</b>

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct and that this declaration was executed at Danville, California, on March 16, 2023.

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*/s/ Jeffrey L. Fazio*  
 Jeffrey L. Fazio

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<sup>4</sup> Matthew Fornaro, P.A. uses a combination of hourly billing and flat-fee billing depending on the nature of the specific litigation task.

# EXHIBIT 1

Filing # 79196634 E-Filed 10/11/2018 12:21:02 PM

IN THE CIRCUIT COURT OF THE 15TH  
JUDICIAL CIRCUIT IN AND FOR PALM  
BEACH COUNTY, FLORIDA

CIVIL DIVISION

CASE NO.

CHI QIAN FU, LI HE, LIN GUO, BIN LIU,  
HELING WANG, MINGJIN HUANG, YONG  
XU, DONG HE, ZHENZHEN PAN, GUOQING  
WU, XUELING ZHOU, SHUZHEN CHEN, FEI  
YU, JIANLIANG ZHANG, YI SHI, GUORUI  
LIN, WEIFANG ZHU, YU BO, JUNHUI LIN,  
HAIBO WANG, JIE ZHOU, GUANGPING  
ZHAI, ZHIQIN DAI, KAINING GUO, KAI  
ZHANG, CHENG YANG, ZUN ZHU, CHAO  
WU, NAN TENG, DAN LU, JIANGYING DAI,  
XIUZHEN LI, LILI QIAO, ZHIHENG LIANG,  
CHAO YUAN, YAN CHENG, JIE WANG,  
LIJIONG CHEN, SIYUAN ZHOU, QIN ZHOU,  
FAN CHEN, FENGYI YANG, SHILAI JIANG,  
ZHENGMAO LIU, MAO LI, CHUNMEI DENG,  
ZAIXIAN HUANG, RONG CHEN, JINLING  
MA, ZHONGJIANG YU, DESHUN LIU, NINI  
WANG, WIE CUI, HUI LIU, CAN DENG, WEI  
CHEN, HAOJIANG LUO, QIAN WANG,  
MENGMENG JIN, YUXIU HUANG, HEJUN  
SHI, SHAN WU, WEICHAO WANG,  
DONGZHOU SHI, CHAOBO ZHAO, SUHUA  
YE, YING YANG, TAO MA, LINGYAN LI,  
LUYANG MA, QINGLUAN MENG, YOULUN  
ZHANG, ZHUOXIONG YU, BING SUN, FANG  
WANG, ZHONG QI, SHA XIE, and  
ZHENGFANG ZHU, individually and as limited  
partners of Harbourside Funding, LP,

Plaintiffs,

v.

NICHOLAS A. MASTROIANNI II, an individual,  
HARBOURSIDE PLACE, LLC, a Delaware  
limited liability company, HARBOURSIDE  
FUNDING, LP, a Florida limited partnership,  
HARBOURSIDE FUNDING GP, LLC, a Florida

**JURY DEMAND**

limited liability company, U.S. IMMIGRATION FUND, LLC, a Delaware limited liability company, FLORIDA REGIONAL CENTER, LLC, a Delaware limited liability company, ALLIED CAPITAL AND DEVELOPMENT OF SOUTH FLORIDA, LLC, a Delaware limited liability company, RICHARD YELLEN, an individual, and R. BOWEN GILLESPIE, an individual,

Defendants.

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**COMPLAINT**

Plaintiffs Chiqian Fu, Li He, Lin Guo, Bin Liu, Heling Wang, Mingjin Huang, Yong Xu, Dong He, Zhenzhen Pan, Guoqing Wu, Xuelling Zhou, Shuzhen Chen, Fei Yu, Jianliang Zhang, Yi Shi, Guorui Lin, Weifang Zhu, Yu Bo, Junhui Lin, Haibo Wang, Jie Zhou, Guangping Zhai, Zhiqin Dai, Kaining Guo, Kai Zhang, Cheng Yang, Zun Zhu, Chao Wu, Nan Teng, Dan Lu, Jiangying Dai, Xiuzhen Li, Lili Qiao, Zhiheng Liang, Chao Yuan, Yan Cheng, Jie Wang, Lijiong Chen, Siyuan Zhou, Qin Zhou, Fan Chen, Fengyi Yang, Shilai Jiang, Zhengmao Liu, Mao Li, Chunmei Deng, Zaixian Huang, Rong Chen, Jinling Ma, Zhongjiang Yu, Deshun Liu, Nini Wang, Wie Cui, Hui Liu, Can Deng, Wei Chen, Haojiang Luo, Qian Wang, Mengmeng Jin, Yuxiu Huang, Hejun Shi, Shan Wu, Weichao Wang, Dongzhou Shi, ChaoBo Zhao, SuHua Ye, Ying Yang, Tao Ma, Lingyan Li, Luyang Ma, Qingluan Meng, Youlun Zhang, Zhuoxiong Yu, Bing Sun, Fang Wang, Zhong Qi, Sha Xie, and Zhengfang Zhu (collectively, the “EB-5 Investors”), hereby sue Nicholas A. Mastroianni II (“Mastroianni”), Harbourside Place, LLC (the “Developer”), Harbourside Funding, LP (the “Partnership”), Harbourside Funding GP, LLC (the “General Partner”), U.S. Immigration Fund, LLC (“USIF”), Florida Regional Center, LLC (the “Regional Center”), Allied Capital And Development of South Florida, LLC (“Allied”), Richard Yellen (“Yellen”), and R. Bowen Gillespie (“Gillespie”).

## INTRODUCTION

1. It is now well-known and widely-reported that the EB-5 immigrant visa program, which was created by Congress and is administered by the United States Citizenship and Immigration Service (“USCIS”), is being used to defraud foreign investors by the literal thousands.<sup>1</sup> Under the EB-5 visa program, a foreigner can earn a green card and a path to U.S. citizenship by investing \$500,000 in an American business that creates ten jobs within two years.

2. Until fairly recently, the EB-5 program was rarely used as a vehicle to raise capital in large-scale projects. When the program was first created in 1990, it was mostly used by small groups of investors funding small-scale developments. Then came the financial crisis.

3. Lending became very difficult to obtain. Developers began to scramble. They solved the problem by mutating the small-scale EB-5 program into a web of Delaware shell companies that they formed to dupe thousands of foreign investors. The developers used fundraising vehicles that they owned and controlled to raise tens of millions of dollars through the shell companies, under the guise of the EB-5 program, which they then “loaned” to themselves through different shell companies. The cash is channeled through entities called regional centers—private, for-profit businesses also owned by the developers—that receive “administrative fees” from the investors and a percentage of what they raise; on large projects, that alone can quickly add up to millions of dollars. In a shameless conflict of interest, the developer often sets up the EB-5 fund under his complete control, then fills it up and loans the money to another of his corporations in a risky second-mortgage position.

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<sup>1</sup> Ellen Sheng, *Foreign Investors Defrauded Through U.S. EB-5 Visa Program*, FORBES (Aug. 1, 2016), <https://www.forbes.com/sites/ellensheng/2016/08/01/foreign-investors-defrauded-through-u-s-eb-5-visa-program/>; Matthew D. Lee, *SEC Continues Its Focus on EB-5 Immigrant Visa Fraud*, JD SUPRA (Sept. 29, 2017), <https://www.jdsupra.com/legalnews/sec-continues-its-focus-on-eb-5-88463/>.

4. And greed, of course, is a powerful motivator. When a developer has hundreds of millions of dollars of foreign money from nameless and faceless people who cannot speak the language or effectively monitor the investment, there exists too great a temptation to waste and pilfer the money and take advantage of the investors. And when the developer controls both borrower and lender, as was the case here, the developer has no incentive to act on behalf of the lender that is comprised of the foreign investors.

5. The Jay Peak EB-5 fraud is the largest EB-5 fraud in U.S. history. The developer raised \$425 million, with several hundred million being diverted.<sup>2</sup> The failed Seabreeze project in Fort Lauderdale marks yet another example of EB-5 fraud. In that case, \$30 million was raised, mostly from Chinese investors who are now stuck in a bankruptcy proceeding seeking to wipe them out entirely.<sup>3</sup> These cases are now commonplace throughout the nation,<sup>4</sup> and they make headlines on an almost weekly basis.<sup>5</sup> This case is yet another unfortunate example of an unscrupulous businessman using what appears to be a government-sponsored “EB-5 program” to defraud foreign investors, unfamiliar with our country’s laws and financial practices, of tens of millions of dollars.

6. The case stems from the plaintiffs’ participation in a project to develop a mixed-use real estate complex in Jupiter, Florida, known as Harbourside Place (the “Harbourside Project”). The EB-5 Investors purchased limited partnership interests in the Partnership with the understanding that their money would be used to fund a first-priority, secured construction loan to

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<sup>2</sup> *SEC v. Quiros et al.*, Case No. 1:16-cv-21301 (S.D. Fla.).

<sup>3</sup> *Wang et al. v. Las Olas Mezzanine Borrower LLC*, Adv. Pro. No. 18-01277 (Bankr. S.D. Fla.)

<sup>4</sup> *SEC v. San Francisco Regional Center LLC et al.*, Case No. 3:17-cv-00223 (N.D. Cal.).

<sup>5</sup> *See, e.g., Tiffany Hu, Calif. Atty, Firm Accused Again of EB-5 Scam In \$2.3M Suit*, LAW360 (July 25, 2018), <https://www.law360.com/articles/1067068/calif-atty-firm-accused-again-of-eb-5-scam-in-2-3m-suit>.

the Developer (the “Partnership Loan”). The Developer, in turn, was supposed to use the funds to develop the Harbourside Project in accordance with the representations made to the EB-5 Investors in the solicitation materials.

7. Unbeknownst to the EB-5 Investors, however, they were stepping into a carefully planned fraud designed to yield Mastroianni unfettered use of their money to finance his project.

As is unfortunately the case in most of these EB-5 frauds:

- Mastroianni owns and controls the Developer of the Harbourside Project;
- Mastroianni owns and controls the General Partner of the Partnership;
- Mastroianni owns and controls Allied (described as the “original developer”);
- Mastroianni owns and controls USIF (the promoter of the Harbourside Project);
- Mastroianni owns and controls the Regional Center (the company overseeing compliance with the EB-5 Program); and
- Mastroianni owns and controls Jupiter Waterways, LLC (the seller of the property).

8. In other words, Mastroianni structured the EB-5 Investors’ participation in the project so that he could control each of the shell companies raising and controlling the money and take advantage of the foreign investors who entrusted him with their money. And that is exactly what happened.

9. Mastroianni—who has been arrested *four times*—never intended to give the EB-5 Investors’ funds a first-priority, secured construction loan, as represented. He represented that he would attempt to raise \$100 million from 200 investors and, if he fell short, he would obtain a senior loan for no more than \$110 million *total*. By some wild coincidence, Mastroianni, who has been called the “hottest money-raiser” in the EB-5 program,<sup>6</sup> raised only \$99.5 million. In other

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<sup>6</sup>Peter Elkind, *The Tangled Past of The Hottest Money-Raiser in America’s Visa-For-Sale Program*, FORTUNE (Oct.

words, he fell one investor short of the amount needed for the EB-5 Investors to have a first-priority, secured construction loan. But this was no coincidence. The EB-5 Investors have obtained documentation that confirming that, in December 2012—*before* his fundraising efforts were even completed—Mastorianni was only going to raise \$99.5 million.

10. And instead of obtaining the \$10.5 million senior loan, Mastroianni, without proper notice to the EB-5 Investors and without regard to the representations made in the solicitation materials, unilaterally subordinated the Partnership Loan (and, in turn, the EB-5 Investors) in favor of an \$18 million line of credit from the outset. Through more lies, concealment and pressure tactics, the senior loan eventually grew to *over \$60 million*. The senior lender then assigned its loan to another Mastroianni-affiliated entity. In other words, *Mastroianni* made the decision to obtain senior financing. *Mastroianni* made the decision to increase the senior financing by \$50 million. And *Mastroianni* made the decision to then take out the senior lender with a group affiliated with Mastroianni, which now positions Mastroianni (as both the borrower and the lender) to default on the loan and seek to foreclose out the EB-5 Investors.

11. As expected, the Partnership Loan eventually became due and was not paid (by Mastroianni). Mastroianni, as the General Partner of the Partnership that made the loan, failed to consider any of the alternatives available to a typical lender of a project, such as foreclosing against the Developer, because Mastroianni *was* the Developer as well. Instead, he unilaterally, and radically, converted the EB-5 Investors' investment from debt to powerless, non-voting equity. In doing this, Mastroianni failed to enforce the obligations represented in the offering documents used to induce the EB-5 Investors to invest, which required notice to the EB-5 Investors before any conversion could take place. Mastroianni also disregarded the requirements in the documents

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14, 2015), <http://fortune.com/2014/10/14/eb-5tangled-past/>.

precluding a conversion of the debt from taking place if the Developer (Mastroianni) had not made the interest payments due under the Partnership Loan (which, of course, had also not occurred). Mastroianni's tortious conduct in this regard has been continuing in nature and will not cease unless he is removed as the puppet-master of the Harbourside entities.

12. Put simply, the Defendants followed through with their plan to defraud the EB-5 Investors out of \$99.5 million by failing to comply with, recognize, or enforce the representations made and protections offered to the EB-5 Investors as inducements to invest in the Harbourside Project. Mastroianni knew he was never going to foreclose against himself or otherwise seek to have himself removed as manager, no matter how badly he mismanaged the project or lied to the EB-5 Investors. He also knew that he would not pay back the EB-5 Investors. His plan was to get their money under the guise of being in a first-priority position, then trump them with a senior lender, take over the senior lender, convert them to equity, and, eventually, foreclose and wipe them out. His actions, while hidden from the EB-5 Investors, were so deliberate that his own chief financial officer left the group of Mastroianni-related companies because of concerns that Mastroianni's misuse and control of the EB-5 Investors' money could cause issues with the Securities and Exchange Commission. He sued and was immediately faced with a settlement agreement containing iron-clad confidentiality provisions. Even still, Mastroianni did not stop.

13. Mastroianni continues to control every aspect of the EB-5 Investors' investment and the Developer's use of that money. Despite demands for transparency and that Mastroianni stop his continued self-interested actions, Mastroianni has refused. The EB5-Investors, therefore, bring this action to recover money damages from the Defendants' fraud and self-dealing, to reverse Defendants' unilateral conversion of their investment from debt to equity, and to obtain control of the Harbourside Project to prevent further wrongdoing by the Defendants.

**PARTIES AND RELEVANT NONPARTIES**

***A. Plaintiffs***

14. Chiqian Fu is a citizen of the People's Republic of China who resides in Ohio, United States of America, and is otherwise *sui juris*.

15. Li He is a citizen of the People's Republic of China who resides in Shenzhen, China, and is otherwise *sui juris*.

16. Lin Guo is a citizen of the People's Republic of China who resides in Beijing, China, and is otherwise *sui juris*.

17. Bin Liu is a citizen of the People's Republic of China who resides in Guangdong, China, and is otherwise *sui juris*.

18. Heling Wang is a citizen of the People's Republic of China who resides in Beijing, China, and is otherwise *sui juris*.

19. Mingjin Huang is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

20. Yong Xu is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

21. Dong He is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

22. Zhenzhen Pan is a citizen of the People's Republic of China who resides in Zhejiang, China, and is otherwise *sui juris*.

23. Guoqing Wu is a citizen of the People's Republic of China who resides in Jiangsu, China, and is otherwise *sui juris*.

24. Xueling Zhou is a citizen of the People's Republic of China who resides in Beijing,

China, and is otherwise *sui juris*.

25. Shuzhen Chen is a citizen of the People's Republic of China who resides in Beijing, China, and is otherwise *sui juris*.

26. Fei Yu is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

27. Jianliang Zhang is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

28. Yi Shi is a citizen of the People's Republic of China who resides in New York, United States of America, and is otherwise *sui juris*.

29. Guorui Lin is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

30. Weifang Zhu is a citizen of the People's Republic of China who resides in Hunan, China, and is otherwise *sui juris*.

31. Yu Bo is a citizen of the People's Republic of China who resides in Jiangsu, China, and is otherwise *sui juris*.

32. Junhui Lin is a citizen of the People's Republic of China who resides in Shenzhen, China, and is otherwise *sui juris*.

33. Haibo Wang is a citizen of the People's Republic of China who resides in Shandong, China, and is otherwise *sui juris*.

34. Jie Zhou is a citizen of the People's Republic of China who resides in Guangdong, China, and is otherwise *sui juris*.

35. Guangping Zhai is a citizen of the People's Republic of China who resides in Jiangsu, China, and is otherwise *sui juris*.

36. Zhiqin Dai is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

37. Kaining Guo is a citizen of the People's Republic of China who resides in Sichuan, China, and is otherwise *sui juris*.

38. Kai Zhang is a citizen of the People's Republic of China who resides in Sichuan, China, and is otherwise *sui juris*.

39. Cheng Yang is a citizen of the People's Republic of China who resides in Guangdong, China, and is otherwise *sui juris*.

40. Zun Zhu is a citizen of the People's Republic of China who resides in Georgia, United States of America, and is otherwise *sui juris*.

41. Chao Wu is a citizen of the People's Republic of China who resides in Indiana, United States of America, and is otherwise *sui juris*.

42. Nan Teng is a citizen of the People's Republic of China who resides in Beijing, China, and is otherwise *sui juris*.

43. Dan Lu is a citizen of the People's Republic of China who resides in Beijing, China, and is otherwise *sui juris*.

44. Jiangying Dai is a citizen of the People's Republic of China who resides in Sichuan, China, and is otherwise *sui juris*.

45. Xiuzhen Li is a citizen of the People's Republic of China who resides in Liaoning, China, and is otherwise *sui juris*.

46. Lili Qiao is a citizen of the People's Republic of China who resides in Shenzhen, China, and is otherwise *sui juris*.

47. Zhiheng Liang is a citizen of the People's Republic of China who resides in New

York, United States of America, and is otherwise *sui juris*.

48. Chao Yuan is a citizen of the People's Republic of China who resides in Beijing, China, and is otherwise *sui juris*.

49. Yan Cheng is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

50. Jie Wang is a citizen of the People's Republic of China who resides in Jiangsu, China, and is otherwise *sui juris*.

51. Lijiong Chen is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

52. Siyuan Zhou is a citizen of the People's Republic of China who resides in California, United States of America, and is otherwise *sui juris*.

53. Qin Zhou is a citizen of the People's Republic of China who resides in Beijing, China, and is otherwise *sui juris*.

54. Fan Chen is a citizen of the People's Republic of China who resides in Hubei, China, and is otherwise *sui juris*.

55. Fengyi Yang is a citizen of the People's Republic of China who resides in Beijing, China, and is otherwise *sui juris*.

56. Shilai Jiang is a citizen of the People's Republic of China who resides in Sichuan, China, and is otherwise *sui juris*.

57. Zhengmao Liu is a citizen of the People's Republic of China who resides in Guizhou, China, and is otherwise *sui juris*.

58. Mao Li is a citizen of the People's Republic of China who resides in Sichuan, China, and is otherwise *sui juris*.

59. Chunmei Deng is a citizen of the People's Republic of China who resides in Hubei, China, and is otherwise *sui juris*.

60. Zaixian Huang is a citizen of the People's Republic of China who resides in Sichuan, China, and is otherwise *sui juris*.

61. Rong Chen is a citizen of the People's Republic of China who resides in Sichuan, China, and is otherwise *sui juris*.

62. Jinling Ma is a citizen of the People's Republic of China who resides in Liaoning, China, and is otherwise *sui juris*.

63. Zhongjiang Yu is a citizen of the People's Republic of China who resides in Liaoning, China, and is otherwise *sui juris*.

64. Deshun Liu is a citizen of the People's Republic of China who resides in Shandong, China, and is otherwise *sui juris*.

65. Nini Wang is a citizen of the People's Republic of China who resides in Liaoning, China, and is otherwise *sui juris*.

66. Wie Cui is a citizen of the People's Republic of China who resides in Shandong, China, and is otherwise *sui juris*.

67. Hui Liu is a citizen of the People's Republic of China who resides in Guangdong, China, and is otherwise *sui juris*.

68. Can Deng is a citizen of the People's Republic of China who resides in Virginia, United States of America, and is otherwise *sui juris*.

69. Wei Chen is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

70. Haojiang Luo is a citizen of the People's Republic of China who resides in

Washington, United States of America, and is otherwise *sui juris*.

71. Qian Wang is a citizen of the People's Republic of China who resides in Sichuan, China, and is otherwise *sui juris*.

72. Mengmeng Jin is a citizen of the People's Republic of China who resides in Jiangsu, China, and is otherwise *sui juris*.

73. Yuxiu Huang is a citizen of the People's Republic of China who resides in Shenzhen, China, and is otherwise *sui juris*.

74. Hejun Shi is a citizen of the People's Republic of China who resides in Xinjiang, China, and is otherwise *sui juris*.

75. Shan Wu is a citizen of the People's Republic of China who resides in Hunan, China, and is otherwise *sui juris*.

76. Weichao Wang is a citizen of the People's Republic of China who resides in Guangdong, China, and is otherwise *sui juris*.

77. Dongzhou Shi is a citizen of the People's Republic of China who resides in Shanxi, China, and is otherwise *sui juris*.

78. ChaoBo Zhao is a citizen of the People's Republic of China who resides in Hebei, China, and is otherwise *sui juris*.

79. SuHua Ye is a citizen of the People's Republic of China who resides in Fujian, China, and is otherwise *sui juris*.

80. Ying Yang is a citizen of the People's Republic of China who resides in Fujian, China, and is otherwise *sui juris*.

81. Tao Ma is a citizen of the People's Republic of China who resides in Shandong, China, and is otherwise *sui juris*.

82. Lingyan Li is a citizen of the People's Republic of China who resides in Ningxia, China, and is otherwise *sui juris*.

83. Luyang Ma is a citizen of the People's Republic of China who resides in Shandong, China, and is otherwise *sui juris*.

84. Qingluan Meng is a citizen of the People's Republic of China who resides in Shandong, China, and is otherwise *sui juris*.

85. Youlun Zhang is a citizen of the People's Republic of China who resides in Henan, China, and is otherwise *sui juris*.

86. Zhuoxiong Yu is a citizen of the People's Republic of China who resides in Guangdong, China, and is otherwise *sui juris*.

87. Bing Sun is a citizen of the People's Republic of China who resides in Shanxi, China, and is otherwise *sui juris*.

88. Fang Wang is a citizen of the People's Republic of China who resides in Zhejiang, China, and is otherwise *sui juris*.

89. Zhong Qi is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

90. Sha Xie is a citizen of the People's Republic of China who resides in Shanxi, China, and is otherwise *sui juris*.

91. Zhengfang Zhu is a citizen of the People's Republic of China who resides in Hunan, China, and is otherwise *sui juris*.

***B. Defendants***

92. Mastroianni is an individual who resides in Palm Beach County, Florida, and is otherwise *sui juris*. Mastroianni, through his many companies, operates and conducts business in

the State of Florida.

93. The Developer is a Delaware limited liability company with its principal place of business in Palm Beach County, Florida. Mastroianni owns and controls the Developer.

94. The Partnership is a Florida limited partnership with its principal place of business in Palm Beach County, Florida. The EB-5 Investors are limited partners of the Partnership, and the General Partner serves as general partner.

95. The General Partner is a Florida limited liability company with its principal place of business in Palm Beach County, Florida. Mastroianni and Yellen indirectly own and control the General Partner.

96. USIF is a Delaware limited liability company with its principal place of business in Palm Beach County, Florida. Mastroianni owns and controls USIF.

97. The Regional Center is a Delaware limited liability company with its principal place of business in Palm Beach County, Florida. The Regional Center is a regional center approved by the U.S. Citizenship and Immigration Services ("USCIS"). Mastroianni and Yellen own and control the Regional Center.

98. Allied is a Delaware limited liability company with its principal place of business in Palm Beach County, Florida. Mastroianni owns and controls Allied.

99. Yellen is an individual who resides in the State of New York and is otherwise *sui juris*.

100. Gillespie is an individual who resides in Palm Beach County, Florida, and is otherwise *sui juris*. Gillespie, along with Mastroianni, serves as manager for General Partner.

#### **JURISDICTION AND VENUE**

101. This is an action for damages in excess of \$40 million and other equitable and

declaratory relief. This Court has subject matter jurisdiction pursuant to Section 26.012, Florida Statutes.

102. This Court has personal jurisdiction over Mastroianni and Gillespie because they reside in Florida, they conducted, operated, and carried on a business venture in Florida from which this action arose, they committed tortious acts within Florida, and they are engaged in substantial and not isolated activity within Florida.

103. This Court has personal jurisdiction over Yellen because he conducted, operated, and carried on a business venture in Florida from which this action arose and he committed tortious acts within Florida.

104. This Court has personal jurisdiction over the Developer, the Partnership, the General Partner, USIF, the Regional Center, and Allied because they are either Florida companies or registered to do business in Florida, they conducted, operated, and carried on a business venture in Florida from which this action arose, they committed tortious acts within Florida, and they are engaged in substantial and not isolated activity within Florida.

105. Venue is proper in this Court pursuant to Chapter 47, Florida Statutes, because Mastroianni and Gillespie reside in Palm Beach County, the Partnership and the General Partner maintain their offices for transaction of their customary business in Palm Beach County, the Developer, USIF, the Regional Center and Allied maintain agents and representatives in offices in Palm Beach County, and the causes of action alleged herein accrued in Palm Beach County.

106. All conditions precedent to this action have occurred, been performed, or have been waived.

## GENERAL ALLEGATIONS

### *A. The EB-5 Program and Mastroianni's business model*

107. The EB-5 Investors are participants in the U.S. government's EB-5 immigrant visa program (the "EB-5 Program").

108. The EB-5 Program, administered by the USCIS, permits foreign investors to obtain U.S. lawful permanent residence by investing \$500,000 in a commercial enterprise that meets certain qualifications, including the creation of at least ten jobs per investor.

109. Mastroianni, using USIF, recruits foreign investors to participate in the program and then organizes, oversees, and manages the capital raised from the participants.

110. However, with respect to the Harbourside Project, Mastroianni took a more intimate role, as this was *his own* real estate development and the reason he and Yellen created the Regional Center in 2010.

111. As discussed above, Mastroianni owns and controls the Developer (the owner and developer of the Harbourside Project), the General Partner (the general partner of the Partnership), Allied (described by Mastroianni as the "original developer"), USIF (the promoter of the Harbourside Project), the Regional Center (the company managing and overseeing compliance with the EB-5 Program), and Jupiter Waterways, LLC ("Jupiter Waterways," the seller of the project property to the Developer).<sup>7</sup>

112. In other words, Mastroianni and Yellen positioned the Harbourside Project and the Corporate Defendants so that they could control every aspect of the EB-5 Investors' investment and the Developer's use of the EB-5 Investors' money free of any independent oversight or

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<sup>7</sup> The Developer, General Partner, Allied, USIF and the Regional Center shall be collectively referred to as the "Corporate Defendants."

accountability.

***B. Mastroianni pitches the Harbourside Project to the EB-5 Investors***

113. In 2010, Mastroianni and Yellen, through USIF, the Regional Center, the General Partner, and the Developer, began marketing the Harbourside Project to potential EB-5 participants.

114. In addition to direct promoting and contact, Mastroianni, Yellen, USIF, the Regional Center, the General Partner, and the Developer used foreign agencies (the “Agencies”), such as one known as the Qiaowai Group, to sell foreign investors on the Harbourside Project. Thereafter, the Agencies stayed on as conduits through which the Defendants communicated with the EB-5 Investors during all stages of the Harbourside Project.

115. But the Agencies were not independent intermediaries; they acted as henchmen for USIF. Mastroianni paid the Agencies kick-backs for each investor recruited and subscribed. Sometimes, the Agencies received the entire administrative fee (*i.e.*, \$40,000) for each investor, notwithstanding the Corporate Defendants’ representations to the EB-5 Investors regarding the use and purpose of the administrative fee.

116. The Confidential Private Offering Subscription Documents (the “Offering Materials”), attached hereto as **Exhibit A**, were central to the Defendants’ marketing of the Harbourside Project.

117. Mastroianni and Yellen were responsible for the contents of the Offering Materials and oversaw and directed the drafting of the Offering Materials. The Offering Materials reflect their ostensible plan for the Harbourside Project, as advertised to the EB-5 Investors.

118. The Offering Documents also make representations regarding the Developer and the General Partner’s intentions that, given their common ownership under Mastroianni and

Yellen, were taken by the EB-5 Investors as representations by the Developer and the General Partner regarding the Harbourside Project.

119. The Offering Documents described the EB-5 Investors' investment in the Harbourside Project as follows:

- a. The Developer was seeking \$100 million from the EB-5 participants;
- b. The investors would be purchasing limited partnership interests in the Partnership;
- c. The Partnership would lend the proceeds of the EB-5 raise to the Developer (*i.e.*, the Partnership Loan);
- d. The Developer would use the funds to purchase the land and then construct, develop, and operate the Harbourside Project, thereby creating and/or preserving the requisite number of jobs under the EB-5 Program;
- e. The Partnership Loan would be secured by, among other things, a first-priority mortgage on the real estate comprising the Harbourside Project;
- f. The Developer would make regular interest payments (at 2% interest) on the Partnership Loan; and
- g. The Developer would repay the Partnership Loan within five years of the date of the first advance under the loan.

120. The Offering Materials also disclosed that the Developer *could*, at maturity *and absent a default under the terms of the Partnership Loan*, convert the then-outstanding balance on the Partnership Loan into an equity, common membership interest in the Developer, such that the Partnership would become a part owner—up to 80%—of the Developer.

121. As another condition precedent to the conversion of debt to equity, the Developer was to provide the Partnership written notice of its intent to exercise the conversion option, at least

45 days prior to the maturity date of the Partnership Loan. In turn, the Partnership was to provide each EB-5 Investor notice of the conversion within 15 days of receipt of such notice by the Developer. The point, naturally, is that the EB-5 Investors were supposed to know that the conversion was occurring *before* it actually occurred.

122. Nonetheless, the Offering Materials unequivocally stated that the Developer intended to repay the Partnership Loan at maturity. This stated intention, as discussed below, was false.

123. Under the Offering Materials, the Partnership Loan was to be secured by, among other things, a first-priority mortgage on the real estate comprising the Harbourside Project (the “Project Land”).

124. The Offering Materials also provided that the Partnership’s mortgage on the Project Land could be subordinated in favor of a senior lender, *but only if* the Partnership did not raise \$100 million and, if that was the case, only up to a total of \$110 million. So, for example, if the raise and loan totaled \$80 million, the Developer would be permitted to seek \$30 million in senior financing.

125. But these provisions did not matter to Mastroianni or Yellen, as they always knew that they were going to subscribe less than \$100 million and obtain senior financing that would prime the EB-5 Investors. A document later obtained by the EB-5 Investors revealed that, as early as *December 2012, well before all of the investors were lured in*, Mastroianni admitted that the total Partnership Loan would be only \$99.5 million, which is the exact amount that he raised—one investor short of the \$100 million goal that would have precluded any senior financing.

126. In addition to the foregoing, the Offering Materials also described the Developer’s intended use of funds, as outlined below:

The following is a general construction budget for Harbourside Place. Certain amounts may change due to the changes during the construction process:

<u>Land/Site Costs</u>	<u>Amount (millions)</u>
Primary Property Acquisition	\$31,500,000
Town Property Acquisition	\$2,500,000
Site Work (including building pad, foundations, utilities, parking and landscaping)	<u>\$10,850,000</u>
<i>Subtotal:</i>	\$44,850,000
<u>Design Costs</u> (including architecture, engineering, design reimbursements, security and special services design)	\$2,488,010
<u>Hard Costs of Construction</u> (including base building, common areas, contingency, insurances, contractor's fee, etc.)	\$65,963,845
<u>Development Soft Costs</u> (including geotechnical borings, survey, utilities connection, permits, etc.)	\$3,438,832
<u>Other Soft Costs</u> (including legal, insurance, placement fees, taxes, marketing, commissions, developers fee, contingency, etc.)	<u>\$9,966,571</u>
<i>Base Building Subtotal:</i>	\$82,857,258
<u>Tenant Improvements</u>	\$9,119,320
<u>Construction Carry/Interest</u>	<u>\$8,173,422</u>
<b>Total Uses of Funds</b>	<b>\$144,000,000</b>

(Figure 1)

127. Under the Offering Materials, Mastroianni and Yellen were to receive a management fee of 9% of the Developer's annual gross revenues and, in the event of a sale or refinancing, 9% of such sale or refinancing proceeds.

128. Also, the Offering Materials provided that Mastroianni would be compensated for rendering construction management and other services to the Corporate Defendants. Similarly, Yellen would render legal services to the Corporate Defendants for compensation.

129. USIF distributed these materials directly to the EB-5 Investors and to agents for promotional purposes.

130. Mastroianni and Yellen directed and oversaw these promotional activities and ensured that the General Partner and the Developer executed the documents necessary and made the representations required to induce the EB-5 Investors to purchase limited partnership interests in the Partnership.

131. The EB-5 Investors relied on the statements and documents made and provided with the Offering Materials.

132. In reliance on the Offering Materials, the EB-5 Investors each invested \$500,000 for the purchase of a limited partnership interest in the Partnership and also paid a \$40,000 administrative fee, which was disclosed as covering “issue expenses, including for example legal, accounting, printing, escrow and overseas marketing expenses.”

133. In connection with their investment, the EB-5 Investors signed the Limited Partnership Agreement for Harbourside Funding LP (the “Partnership Agreement”).

134. Most of the investors in the Partnership invested between mid-2011 and mid-2013.

135. Gillespie countersigned the Partnership Agreement on behalf of the General Partner.

***C. The Harbourside Project begins, but not how it was described in the Offering Materials***

136. All told, Mastroianni and Yellen, through USIF, the Regional Center, the Developer, and the General Partner, raised funds from 199 EB-5 program participants, for a total of \$99.5 million in qualifying investment. In other words, Mastroianni and Yellen fell one investor short of the amount that would have precluded them from obtaining senior financing to trump the EB-5 Investors’ Partnership Loan.

137. This was no coincidence. Mastroianni and Yellen purposely under-subscribed the Partnership by one investor so that they could get the maximum amount of funds from the EB-5 Investors, leaving the door open for senior financing of up to \$10.5 million.

138. As stated above, as early as December 2012—well before the Partnership was fully funded through investor subscriptions—Mastroianni, Yellen, and Gillespie agreed (on behalf of

the Developer and the Partnership) agreed that the Partnership Loan would not exceed \$99.5 million.

139. Despite their prior and continued representations regarding the “potential” for subordination, Mastroianni and his affiliates had already committed themselves to subordinate the Partnership Loan.

140. The Project Land, purportedly valued at \$31.5 million in the Offering Materials, was actually worth about \$10 million and actually cost the Developer less than \$20 million to acquire, with the bulk of the proceeds going to, or for the benefit of, the primary seller, Jupiter Waterways—again, another Mastroianni and Yellen-owned entity.

141. Thus, at all relevant times, Mastroianni knew he was going to buy the Project Land from his other entity for \$10 million in cash and another \$10 million in assumed liability.

142. As to the Partnership Loan, Mastroianni (on behalf of the Developer) and Gillespie (on behalf of the Partnership) executed the loan documents on December 21, 2012. Gillespie signed the executed Partnership Loan on behalf of the Partnership, while Mastroianni and Yellen signed the Partnership Loan on behalf of the Developer.

143. However, the executed Partnership Loan *was not the same* document included as part of the Offering Materials.

144. Notably, the executed Partnership Loan (i) removed the requirement of regular interest payments, and (ii) changed the formula for computing the debt-to-equity conversion of the Partnership Loan.

145. The former change was critical to the relationship between the Developer and the Partnership because, if no regular interest payments were made under the original loan documents, such a default would have prevented the Developer from being able to exercise the conversion

option from debt—which is required to be repaid at maturity—to powerless, nonvoting equity that may never be repaid and that is subject entirely to Mastroianni’s whim.

146. Nor was the Partnership Loan secured as represented. The Partnership Loan was subordinated to another lender, Putnam Bridge III LLC (“Putnam”), from the outset, even though the full amount of the Partnership Loan had not been funded and even though the Defendants represented, and continued to represent, that the Partnership Loan would be protected by a first-priority lien on the Project Land.

147. In July 2012, the Developer obtained a \$9 million line of credit and a \$11.35 million promissory note from Putnam. Both debts were secured by mortgages on the Project Land, and were understood to remain first-priority mortgages in favor of Putnam.

148. In October 2012, the Developer increased the line of credit from Putnam to \$12 million and then recorded additional documents to spread the mortgages in favor of Putnam onto additional Project Land acquired by the Developer.

149. In December 2012, the Developer, using funds from the Partnership Loan, paid off the \$11.35 million loan, and, as a result, Putnam assigned its corresponding mortgage to the Partnership.

150. As part of the same transaction, the Developer and Putnam increased the debt owed to Putnam under the line of credit to \$18 million and immediately subordinated the Partnership Loan (now secured by the assigned mortgage from Putnam) to the mortgage securing Putnam’s line of credit.

151. Thus, given the ongoing relationship between the Developer and Putnam in 2012, Mastroianni, Yellen, and Gillespie knew, prior to executing the modified version of the Partnership

Loan, that Putnam's mortgage (until repaid) would trump the mortgage securing the Partnership Loan.

152. In other words, Mastroianni, Yellen, and Gillespie never intended to provide the Partnership a first-priority mortgage to secure the Partnership Loan, despite the representations made to the EB-5 Investors.

153. In addition to the first-priority mortgage provided to Putnam, Mastroianni, on behalf of both the Developer and Allied, also agreed to provide Putnam a first-priority security interest in all EB-5 funds held in escrow accounts by the Partnership. Thus, the EB-5 Investors' funds (presumably held by the Partnership) were to be used to collateralize the separate indebtedness owed to Putnam by the Developer. This, too, was not disclosed to the EB-5 Investors.

154. In addition to the misrepresentations regarding the security for and use of the EB-5 Investors' funds, the Defendants misrepresented the anticipated budget and related-party payments, as disclosed in the Offering Materials.

155. In fact, while the Defendants were soliciting investors, the Developer and other Mastroianni and Yellen-related entities had already reached agreements on how siphon-off investor funds.

156. The Defendants followed through on these agreements—and then some—by paying themselves whatever they want, without any relation to actual services performed and despite such payments being undisclosed to the EB-5 Investors and inconsistent with the Offering Materials.

157. As well, Mastroianni has siphoned off funds, goods, and services through self-interested deals between the Developer, Allied and USIF.

*D. Mastroianni misleads and strong-arms the EB-5 Investors into subordination*

158. By 2014, because of Mastroianni and Yellen's mismanagement and self-interested transactions, the Harbourside Project was in need of additional capital.

159. In fact, in early 2013, the chief financial officer for Allied, the Regional Center, and the Developer raised concerns about how Mastroianni controlled and used the EB-5 Investors' funds, causing the chief financial officer to leave his position. This individual noted that Mastroianni "routinely conducted side deals, and funneled money in and out of various accounts . . . something that would cause serious problems should there ever be a USICS [sic] or SEC audit."

160. In March 2014, while touting the performance of the Harbourside Project and using an inflated estimated value of \$187 million, Mastroianni sought the EB-5 Investors' approval for a new \$65 million senior loan (the "Senior Loan").

161. According to Mastroianni, the Harbourside Project was overbudget, but the estimated future value of the Harbourside Project had increased by \$17 million, such that, even with the Senior Loan in place, the Partnership Loan would have plenty of equity in the Harbourside Project. This, too, was a lie. And, notably, Mastroianni did not disclose the existence of the \$18 million senior mortgage in favor of Putnam.

162. Appraisals of the Harbourside Project in 2017 value the property at around \$110 million—a \$77 million discrepancy. In other words, the representation of future estimated value was false.

163. The March 2014 correspondence also provided that if the General Partner did not receive a signed consent form from a limited partner, it would consider that such limited partner had consented to the Senior Loan. In other words, they used a negative notice approach to obtain the consent to a material change of the partnership documents.

164. Mastroianni and his team, along with their agents, used this inflated value to bully the EB-5 Investors into consenting to the Senior Loan.

165. Development of the Harbourside Project continued, but now with the Partnership Loan *subordinated* to the tune of approximately \$65 million.

166. Gillespie, on behalf of the Partnership, and Mastroianni and Yellen, both on behalf of the Developer, executed the necessary loan documents to effectuate the subordination of the Partnership Loan.

*E. The Harbourside Project's cash problems continue*

167. In December 2016, Mastroianni, through the General Partner and again touting the Harbourside Project's development, sent the EB-5 Investors a letter requesting their consent to extend the term of the Partnership Loan by 3 years, to 2020.

168. However, the Partnership did not obtain the necessary votes to extend the term of the Partnership Loan. Thus, the maturity date of the Partnership Loan was still November 30, 2017.

169. In August 2017, with the November 2017 maturity date looming, Mastroianni, again through the General Partner, tried another angle. He gave the EB-5 Investors an ultimatum: either (i) agree to completely restructure their investment by agreeing to a "preferred equity" in lieu of the Partnership Loan or (ii) he, as Developer, would exercise the conversion option and convert the Partnership Loan into common equity in the Developer.

170. The "preferred equity" option, however, was merely a disguised loan extension, as it provided certain payments, a 2% continuing return, and a guaranteed repayment within 3 years, with two one-year extension options for the Developer.

171. Mastroianni failed to obtain the requisite consents for the “preferred equity” restructuring, so, with the Partnership Loan’s maturity date approaching, he had to decide whether to repay the Partnership Loan or convert the Partnership Loan into equity pursuant to the terms of the Partnership Loan. Mastroianni did neither.

172. Instead, on December 8, 2017, Mastroianni, through the General Partner, advised the EB-5 Investors that he, as Developer, had paid the outstanding interest due under the Partnership Loan to the Partnership and, over the previous objection of the EB-5 Investors, elected to convert the Partnership Loan into “preferred equity” in the Developer (the “Conversion”), even though the Offering Materials suggested the EB-5 Investors would receive common equity upon a conversion.

173. This “preferred equity” is characterized by “expected” repayment in three years, with two one-year extension options, and a 2% guaranteed return. Put simply, this is just the disguised loan extension Mastroianni was seeking in August 2017, but with even less obligation of repayment and no consent.

174. Mastroianni also did not provide any form of prior written notice of the Conversion to the EB-5 Investors, as was required by the Partnership Loan and Partnership Agreement.

175. Mastroianni kept the Conversion a secret until *after* it was effectuated to prevent the EB-5 Investors from taking legal action or otherwise impeding the Conversion.

176. This is what Mastroianni and Yellen intended when preparing the Offering Materials: to induce the EB-5 Investors to invest in the Harbourside Project and then, through tricks and disguises, use their money however they pleased, regardless of what the Offering Materials provided.

177. In fact, as Mastroianni was designing and executing the Conversion, he was also looking to replace the lender holding the Senior Loan.

178. Contemporaneous with the Conversion, the original lender of the Senior Loan assigned the Senior Loan (and mortgage securing it) to Waterway Bridge, LLC (“Waterway Bridge”).

179. The authorized person for Waterway Bridge is Gillespie (*i.e.*, the manager of the General Partner and Mastroianni’s longtime attorney).

180. Now, this Mastroianni-related entity holds the Senior Loan and is positioned to extinguish the “preferred equity” of the EB-5 Investors in the event of the Developer’s default (which, again, Mastroianni controls).

181. Mastroianni’s fraud is nowhere near over, as he does not intend on repaying the EB-5 Investors within the three-year period (or the two additional extension options) ostensibly provided under the “preferred equity” interest he forced upon the EB-5 Investors.

182. On the eve of the filing of this lawsuit, as final settlement negotiations failed, Mastroianni—again circumventing the EB-5 Investors’ counsel—tried to force another proposal that would have extinguished even more of the EB-5 Investors’ rights and made it easier for Mastroianni to get away with his scam.

183. On October 1, 2018, an entity called HCE-NM-Credit Entity, LLC surfaced, offering to purchase from the EB-5 Investors their limited partnership interests in the Partnership for the same \$500,000 they invested, but spaced out by over six years. A copy of this offer (the “October Purchase Offer”) is attached hereto as **Exhibit B**.

184. Thus, despite the “preferred equity” forced upon the EB-5 Investors with an “expected” repayment in three years and a 2% guaranteed return, Mastroianni is showing that he does not even want to abide by his disguised loan extension.

185. Unsurprisingly, the October Purchase Offer has brutally one-sided terms. For example, upon the initial payment of \$45,000, such investor would “be deemed to have irrevocably granted, transferred, sold, conveyed, assigned and delivered to the Purchaser the membership interest associated with the Unit”—regardless of whether Mastroianni makes further payments under the agreement. As well, upon the \$45,000 payment, such investor is deemed to have released, *inter alia*, the Developer, General Partner, and Mastroianni for all claims imaginable.

186. Stated differently, Mastroianni is attempting to strip away the EB-5 Investors’ equity and/or collateral rights in the Harbourside Project to allow the EB-5 Investors only one avenue of recourse if he does not make all payments: a breach of contract claim against a special purpose entity.

187. Thus, the October Purchase Offer highlights Mastroianni’s *modus operandi*: to continue changing the deal as represented to foreign investors and continue minimizing his repayment obligations.

188. During the entirety of the Harbourside Project, Mastroianni used USIF, the Regional Center, and their agents to lull the EB-5 Investors into believing nothing was wrong and the Harbourside Project was going as represented. Mastroianni and his team even met with some of the EB-5 Investors to quell their concerns.

189. And even after the EB-5 Investors retained counsel to demand that the Developer not effectuate the Conversion, Mastroianni tried to convince the EB-5 Investors to fire their attorneys by arguing that independent legal advice was not necessary.

190. It was not until the EB-5 Investors engaged U.S. professionals to review the Harbourside Project that they discovered that Mastroianni's long-running fraud.

191. The EB-5 Investors have retained undersigned counsel and have agreed to pay a reasonable fee for their services.

**COUNT I – FRAUD IN THE INDUCEMENT**  
**(Against Mastroianni, USIF, the Regional Center, the Developer, the General Partner, Yellen, and Gillespie)**

192. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

193. Mastroianni, Yellen, and Gillespie, through USIF, the Regional Center, the Developer, and the General Partner, created the Offering Materials.

194. Mastroianni, Yellen, and Gillespie oversaw and directed the drafting of, and were responsible for, the contents and representations in the Offering Materials.

195. The General Partner and the Developer existed as fundraising conduits for Mastroianni, Yellen, and Gillespie to raise money for their venture: the Harbourside Project.

196. Mastroianni, Yellen, and Gillespie, through USIF, the Regional Center, the Developer, and the General Partner, disseminated the Offering Materials to the EB-5 Investors and/or to the Agencies for delivery to the EB-5 Investors.

197. The EB-5 Investors received the Offering Materials in connection with promotional activity for the Harbourside Project before they decided to invest in the Partnership.

198. This promotional activity was directed by Mastroianni, Yellen, and Gillespie.

199. The Offering Materials did not disclose that (i) Mastroianni, Yellen, and Gillespie would, in concert and through the Developer and the General Partner, take steps to ensure that the Partnership Loan would be subordinated under any circumstances and from its inception, (ii) the

Developer never intended to repay the Partnership Loan, (iii) the Developer always intended to convert the Partnership Loan into equity interest in the Developer, (iv) the Developer would not even attempt to use the EB-5 funds consistent with the budget and would instead use the funds based on the whim of Mastroianni and for self-interested purposes, (v) the Developer and General Partner would not execute the draft Partnership Loan included in the Offering Materials, (vi) the Developer and General Partner would disregard the obligations and protections provided to the Partnership in the Partnership Loan, and (vii) Mastroianni would collateralize the EB-5 Investors' funds in favor of senior lenders.

200. Instead, the Offering Materials misrepresented (i) the Developer's intent to repay the Partnership Loan, (ii) the value of the Project Land, (iii) the budget for the Harbourside Project and potential for payments to Mastroianni and Yellen's other companies, (iv) the terms of the Partnership Loan, (v) that the General Partner would act "consistent with its fiduciary responsibility to the Limiter Partners," and (vi) the protections provided to the EB-5 Investors with respect to the Partnership Loan.

201. Mastroianni, Yellen, and Gillespie, through USIF, the Regional Center, the Developer, and the General Partner, knew the above representations in the Offering Materials were false. Specifically, given the relationship between the them and their ongoing attempts since 2010 to develop the Harbourside Project, Mastroianni, Yellen, and Gillespie knew how they were going to structure the financing for the Harbourside Project and knew that the Offering Materials did not accurately reflect the true structure and their true intent.

202. Thus, Mastroianni, Yellen, Gillespie, USIF, the Regional Center, the Developer, and the General Partner had actual knowledge of the misrepresentations and omissions in the

Offering Materials and intended that the EB-5 Investors rely on these misrepresentations and omissions to raise funds for the Harbourside Project.

203. Each of the EB-5 Investors reviewed and relied upon the Offering Materials.

204. The EB-5 Investors relied on the above representations and omissions in the Offering Materials by each investing \$500,000 for the purchase of a limited partnership interest in the Partnership and by paying a \$40,000 administrative fee to the Defendants.

205. Throughout the development of the Harbourside Project, Mastroianni, Yellen and Gillespie, through USIF, the Regional Center, the Developer, and the General Partner, continued their fraud by knowingly misrepresenting the value and performance of the Harbourside Project.

206. Specifically, in March 2014, Mastroianni and Yellen, on behalf of the Partnership and the Regional Center, purposely inflated the value and performance outlook and used pressure tactics to coerce the limited partners into agreeing to drastically subordinate the Partnership Loan by over \$60 million in favor of the Senior Lender.

207. Then, in 2016, Mastroianni continued to inflate the Harbourside Project's performance to induce the EB-5 Investors to extend the term of the Partnership Loan by three years, without telling them that he would do so regardless (albeit under the guise of a "preferred equity" structure with promised repayment).

208. Still, Mastroianni's fraud is not over, as the Conversion and its resulting "preferred equity" repayment scheme is just another ruse to quell the EB-5 Investors' concerns and delay repayment—a repayment that Mastroianni does not intend on making.

209. The EB-5 Investors relied on these continuing representations made by Mastroianni, Yellen, Gillespie, USIF, the Regional Center, the Developer, and the General Partner and their continued concealment by continuing to place their trust in the Defendants and the

Harbourside Project and not filing suit questioning the propriety of the Defendants' actions.

210. The EB-5 Investors have been harmed by the foregoing fraudulent scheme through their initial and continued investment in the Harbourside Project.

**WHEREFORE**, the EB-5 Investors demand judgment against Mastroianni, Yellen, Gillespie, USIF, the Regional Center, the Developer, and the General Partner for compensatory damages in an amount to be determined at trial, together with interest at the maximum rate allowable, and injunctive relief, including without limitation, appointment of a receiver or corporate monitor, along with such other relief the Court deems just and proper.

**COUNT II - NEGLIGENT MISREPRESENTATION**  
**(Against Mastroianni, USIF, the Regional Center, the Developer, the General Partner, Yellen, and Gillespie)**

211. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

212. Mastroianni, Yellen, and Gillespie, through USIF, the Regional Center, the Developer, and the General Partner, created the Offering Materials.

213. Mastroianni, Yellen, and Gillespie oversaw and directed the drafting of, and were responsible for, the contents and representations in the Offering Materials.

214. The General Partner and the Developer existed as fundraising conduits for Mastroianni, Yellen, and Gillespie to raise money for their venture: the Harbourside Project.

215. Mastroianni, Yellen, and Gillespie, through USIF, the Regional Center, the Developer, and the General Partner, disseminated the Offering Materials to the EB-5 Investors and/or to the Agencies for delivery to the EB-5 Investors.

216. The EB-5 Investors received the Offering Materials in connection with promotional activity for the Harbourside Project before they decided to invest in the Partnership.

217. This promotional activity was directed by Mastroianni, Yellen, and Gillespie.

218. The Offering Materials did not disclose that (i) Mastroianni, Yellen, and Gillespie would, in concert and through the Developer and the General Partner, take steps to ensure that the Partnership Loan would be subordinated under any circumstances and from its inception, (ii) the Developer never intended to repay the Partnership Loan, (iii) the Developer always intended to convert the Partnership Loan into equity interest in the Developer, (iv) the Developer would not even attempt to use the EB-5 funds consistent with the budget and would instead use the funds based on the whim of Mastroianni and for self-interested purposes, (v) the Developer and General Partner would not execute the draft Partnership Loan included in the Offering Materials, (vi) the Developer and General Partner would disregard the obligations and protections provided to the Partnership in the Partnership Loan, and (vii) Mastroianni would collateralize the EB-5 Investors' funds in favor of senior lenders.

219. Instead, the Offering Materials misrepresented (i) the Developer's intent to repay the Partnership Loan, (ii) the value of the Project Land, (iii) the budget for the Harbourside Project and potential for payments to Mastroianni and Yellen's other companies, (iv) the terms of the Partnership Loan, (v) that the General Partner would act "consistent with its fiduciary responsibility to the Limiter Partners," and (vi) the protections provided to the EB-5 Investors with respect to the Partnership Loan.

220. Mastroianni, Yellen, and Gillespie, through USIF, the Regional Center, the Developer, and the General Partner, should have known the above representations in the Offering Materials were false. Specifically, given the relationship between the them and their ongoing attempts since 2010 to develop the Harbourside Project, Mastroianni, Yellen, and Gillespie knew or should have known how they were going to structure the financing for the Harbourside Project

and knew that the Offering Materials did not accurately reflect the true structure and their true intent.

221. Thus, Mastroianni, Yellen, Gillespie, USIF, the Regional Center, the Developer, and the General Partner should have known of the falsity of the misrepresentations and omissions in the Offering Materials, and they intended and expected that the EB-5 Investors rely on these misrepresentations and omissions to raise funds for the Harbourside Project.

222. Each of the EB-5 Investors reviewed and relied upon the Offering Materials.

223. The EB-5 Investors relied on the above representations and omissions in the Offering Materials by each investing \$500,000 for the purchase of a limited partnership interest in the Partnership and by paying a \$40,000 administrative fee to the Defendants.

224. Throughout the development of the Harbourside Project, Mastroianni, Yellen and Gillespie, through USIF, the Regional Center, the Developer, and the General Partner, continued their misrepresentations by knowingly misrepresenting the value and performance of the Harbourside Project.

225. Specifically, in March 2014, Mastroianni and Yellen, on behalf of the Partnership and the Regional Center, inflated the value and performance outlook and used pressure tactics to coerce the limited partners into agreeing to drastically subordinate the Partnership Loan by over \$60 million in favor of the Senior Lender.

226. Then, in 2016, Mastroianni continued to inflate the Harbourside Project's performance to induce the EB-5 Investors to extend the term of the Partnership Loan by three years, without telling them that he would do so regardless (albeit under the guise of a "preferred equity" structure with promised repayment).

227. Still, Mastroianni's tortious actions are not over, as the Conversion and its resulting "preferred equity" repayment scheme is just another ruse to quell the EB-5 Investors' concerns and delay repayment—a repayment that Mastroianni does not intend on making.

228. The EB-5 Investors relied on these continuing representations made by Mastroianni, Yellen, Gillespie, USIF, the Regional Center, the Developer, and the General Partner and their continued concealment by continuing to place their trust in the Defendants and the Harbourside Project and not filing suit questioning the propriety of the Defendants' actions.

229. The EB-5 Investors have been harmed by the foregoing negligence through their initial and continued investment in the Harbourside Project.

**WHEREFORE**, the EB-5 Investors demand judgment against Mastroianni, Yellen, Gillespie, USIF, the Regional Center, the Developer, and the General Partner for compensatory damages in an amount to be determined at trial, together with interest at the maximum rate allowable, along with such other relief the Court deems just and proper.

**COUNT III - JUDICIAL EXPULSION OF  
GENERAL PARTNER FROM PARTNERSHIP  
(Against the General Partner & the Partnership)**

230. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

231. The General Partner has (i) engaged in wrongful conduct that has adversely and materially affected the Partnership's activities, (ii) willfully and persistently breached material provisions of the Partnership Agreement and of duties owed to the Partnership and the EB-5 Investors, as limited partners, and (iii) engaged in conduct relating to the Partnership's activities which makes it not reasonably practical to carry on the activities of the Partnership with the General Partner as a general partner.

232. Specifically, the General Partner has disregarded the representations it made in the Offering Materials to the EB-5 Investors, acted for the benefit for the benefit of the Developer and Mastroianni's other companies, failed to convey key information to the EB-5 Investors regarding development of the Harbourside Project and the Conversion, failed to enforce the rights of the Partnership under the Partnership Loan, and otherwise assisted in the fraud masterminded by Mastroianni.

233. Pursuant to Section 620.1603, Florida Statutes, the Court should expel the General Partner as general partner of the Partnership for this conduct.

234. A demand by the EB-5 Investors to the General Partner to seek judicial expulsion of itself from the Partnership would be futile because Mastroianni, who controls the General Partner, Developer, and other related entities, is not willing to give up control of the Harbourside Project and would not be willing to remove himself from the Partnership.

**WHEREFORE**, the EB-5 Investors demand entry of judgment against the General Partner and the Partnership, pursuant to Section 620.1603, Florida Statutes, expelling the General Partner as general partner of the Partnership, along with such other relief the Court deems just and proper.

**COUNT IV - BREACH OF FIDUCIARY DUTY**  
**(Against Mastroianni, the Developer, the General Partner, Yellen, and Gillespie)**

235. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

236. The General Partner, as general partner of the Partnership, owed fiduciary duties to the Partnership and the EB-5 Investors pursuant to Section 620.1408, Florida Statutes.

237. Mastroianni and Yellen, as controlling principals of the General Partner, owed fiduciary duties to the Partnership and the EB-5 Investors pursuant to Section 620.1408, Florida Statutes.

238. Gillespie, as designated manager of the General Partner, owed fiduciary duties to the Partnership and the EB-5 Investors pursuant to Section 620.1408, Florida Statutes.

239. As well, the EB-5 Investors reposed their trust and confidence in Mastroianni, the Developer, the General Partner, Yellen, and Gillespie to manage the Partnership and their investment therein in the best interests of the Partnership and for the benefit of the EB-5 Investors.

240. Mastroianni, the Developer, the General Partner, Yellen, and Gillespie knowingly and voluntarily accepted the custody of the EB-5 Investors' funds and undertook the duty to advise, counsel, and protect the EB-5 Investors during the course of the Harbourside Project.

241. Mastroianni, the Developer, the General Partner, Yellen, and Gillespie breached their duties to the Partnership and the EB-5 Investors by engaging in continuous acts of self-dealing, gross negligence and recklessness marked by (i) the misuse of Partnership funds, (ii) continued omissions and misrepresentations directed at the EB-5 Investors in connection with the management, value, and performance of the Harbourside Project, (iii) the unilateral Conversion that, in effect, was Mastroianni's way to force an extension of the Partnership Loan, (iv) willful under-funding of the Partnership to ensure subordination of the Partnership Loan, and (v) participation in Mastroianni's overarching fraud.

242. The EB-5 Investors were harmed by Mastroianni, the Developer, the General Partner, Yellen, and Gillespie's breaches of fiduciary duty. Specifically, their investment in the Partnership has been drastically reduced in value because of the actions of Mastroianni, the Developer, the General Partner, Yellen, and Gillespie.

243. A demand by the EB-5 Investors to the General Partner to seek legal action on behalf of the Partnership against Mastroianni, the Developer, the General Partner, Yellen, and Gillespie for their breaches of fiduciary duty would be futile because Mastroianni and Gillespie,

who control the General Partner, Developer, and/or other related entities, are not willing to sue themselves for their own wrongful acts.

**WHEREFORE**, the EB-5 Investors demand judgment against Mastroianni, the Developer, the General Partner, Yellen, and Gillespie for compensatory damages in an amount to be determined at trial, together with interest at the maximum rate allowable, and injunctive relief, including without limitation, appointment of a receiver or corporate monitor, along with such other relief the Court deems just and proper.

**COUNT V – CONSTRUCTIVE FRAUD**  
**(Against Mastroianni, Yellen, Gillespie, the Developer, and the General Partner)**

244. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

245. The EB-5 Investors reposed their trust and confidence in Mastroianni, the Developer, the General Partner, Yellen, and Gillespie to manage the Partnership and their investment therein in the best interests of the Partnership and for the benefit of the EB-5 Investors.

246. The EB-5 Investors are foreign citizens with a limited understanding of the laws and financial practices of the United States.

247. Mastroianni, the Developer, the General Partner, Yellen, and Gillespie knowingly and voluntarily accepted the custody of the EB-5 Investors' funds and undertook the duty to advise, counsel, and protect the EB-5 Investors during the course of the Harbourside Project.

248. Mastroianni, the Developer, the General Partner, Yellen, and Gillespie took unconscionable advantage of the EB-5 Investors, thus abusing the fiduciary and confidential relationship they had with the EB-5 Investors.

249. Specifically, Mastroianni, the Developer, the General Partner, Yellen, and Gillespie abused their relationship with the EB-5 Investors by engaging in continuous acts of self-dealing,

gross negligence and recklessness marked by (i) the misuse of Partnership funds, (ii) continued omissions and misrepresentations directed at the EB-5 Investors in connection with the management, value, and performance of the Harbourside Project, (iii) the unilateral Conversion that, in effect, was Mastroianni's way to force an extension of the Partnership Loan, (iv) willful under-funding of the Partnership to ensure subordination of the Partnership Loan, and (v) participation in Mastroianni's overarching fraud.

250. The actions of Mastroianni, the Developer, the General Partner, Yellen, and Gillespie are wrongful, and the results thereof are inequitable.

251. The EB-5 Investors were harmed by the inequitable and wrongful actions of Mastroianni, the Developer, the General Partner, Yellen, and Gillespie. Specifically, their investment in the Partnership has been drastically reduced in value because of the actions of Mastroianni, the Developer, the General Partner, Yellen, and Gillespie.

**WHEREFORE**, the EB-5 Investors demand judgment against Mastroianni, the Developer, the General Partner, Yellen, and Gillespie for compensatory damages in an amount to be determined at trial, together with interest at the maximum rate allowable, and injunctive relief, including without limitation, appointment of a receiver or corporate monitor, along with such other relief the Court deems just and proper.

**COUNT VI - AIDING AND ABETTING FRAUD**  
**(Against Allied, USIF, and the Regional Center)**

252. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

253. Mastroianni, USIF, the Regional Center, the Developer, the General Partner, Yellen, and Gillespie defrauded the EB-5 Investors.

254. Allied, USIF, and the Regional Center had actual knowledge of the fraud being

committed against the EB-5 Investors based on Mastroianni, Yellen and Gillespie's common control over these entities and their role in the Harbourside Project.

255. Allied, USIF, and the Regional Center rendered substantial assistance to the fraud perpetrated against the EB-5 Investors by (i) acting as the conduits through which Mastroianni would make representations and contacting the EB-5 Investors to quell concerns, (ii) acting as recipients and custodians of Partnership funds, (iii) executing and disseminating documents affecting the Harbourside Project, and (iv) engaging in the investment and corporate structure masterminded by Mastroianni.

256. As a result of the fraud perpetrated against the EB-5 Investors, and Allied, USIF, and the Regional Center's substantial assistance in support thereof, the EB-5 Investors have been harmed through their initial and continued investment in the Harbourside Project, despite the project not being managed or valued as continuously represented.

**WHEREFORE**, the EB-5 Investors demand judgment against Allied, USIF, and the Regional Center for compensatory damages in an amount to be determined at trial, together with interest at the maximum rate allowable, along with such other relief the Court deems just and proper.

**COUNT VII - AIDING AND ABETTING BREACH OF FIDUCIARY DUTY**  
**(Against Allied, USIF, and the Regional Center)**

257. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

258. Mastroianni, Yellen, Gillespie, the Developer, and the General Partner breached their fiduciary duties owed to the EB-5 Investors.

259. Allied, USIF, and the Regional Center had actual knowledge that Mastroianni, Yellen, Gillespie, the Developer, and the General Partner were breaching their fiduciary duties

owed to the EB-5 Investors based on Mastroianni, Yellen and Gillespie's common control over these entities and their role in the Harbourside Project.

260. Allied, USIF, and the Regional Center rendered substantial assistance to the breaches of fiduciary duties owed to the EB-5 Investors by (i) acting as the conduits through which Mastroianni would make representations and contacting the EB-5 Investors to quell concerns, (ii) acting as recipients and custodians of Partnership funds, (iii) executing and disseminating documents affecting the Harbourside Project, and (iv) engaging in the investment and corporate structure masterminded by Mastroianni.

261. As a result of the breaches of fiduciary duties by Mastroianni, Yellen, Gillespie, the Developer, and the General Partner directed toward the EB-5 Investors, and Allied, USIF, and the Regional Center's substantial assistance in support thereof, the EB-5 Investors have been harmed through their initial and continued investment in the Harbourside Project.

**WHEREFORE**, the EB-5 Investors demand judgment against Allied, USIF, and the Regional Center for compensatory damages in an amount to be determined at trial, together with interest at the maximum rate allowable, along with such other relief the Court deems just and proper.

**COUNT VIII - CIVIL CONSPIRACY**  
**(Against all Defendants)**

262. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

263. All Defendants, by agreement, conspired to defraud the EB-5 Investors and breach the fiduciary duties owed to them. The Defendants agreed to undertake this course of action to cheaply and efficiently obtain the funds necessary to complete the Harbourside Project while knowing they would not follow the representations made to the EB-5 Investors and not act in the

best interests of the Partnership or the EB-5 Investors.

264. All Defendants performed an overt act in pursuance of the conspiracy. Specifically, Mastroianni, Yellen and Gillespie created and disseminated the Offering Materials and thereafter directed the affairs of the Harbourside Project in a manner detrimental to the EB-5 Investors. The Developer, the General Partner, and the Partnership assisted in making representations to the EB-5 Investors, thereafter executing and managing the Partnership Loan, and using the proceeds of the Partnership Loan, all in a manner detrimental to the EB-5 Investors. USIF, Allied, and the Regional Center assisted in making representations to the EB-5 Investors, receiving funds from the EB-5 Investors, and communicating with the EB-5 Investors to quell concerns regarding the Harbourside Project.

265. All of these foregoing acts were done in pursuance of the conspiracy against the EB-5 Investors and did, indeed, further the conspiracy.

266. As a result of the civil conspiracy perpetrated by all Defendants, the EB-5 Investors have been damaged through their initial and continued investment in the Harbourside Project.

**WHEREFORE**, the EB-5 Investors demand judgment against all Defendants for compensatory damages in an amount to be determined at trial, together with interest at the maximum rate allowable, along with such other relief the Court deems just and proper.

**COUNT IX – DECLARATORY JUDGMENT REGARDING CONVERSION**  
**(Against the Developer, the Partnership, and the General Partner)**

267. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

268. Mastroianni, through the Developer, the Partnership, and the General Partner, effectuated the Conversion through fraud, continued breaches of fiduciary duty, self-dealing, and in a manner inconsistent with the Offering Materials, the Partnership Agreement, and the

Partnership Loan.

269. As a product of such actions, the Conversion is void and ineffective.

270. In accordance with Section 86.011, Florida Statutes (2018), this Court has the authority to declare rights, status, and other equitable or legal relations whether or not further relief is or could be claimed. The Court has the authority to render declaratory judgments on the existence or nonexistence of: (a) any immunity, power, privilege, or right; or of (b) any fact upon which the existence or nonexistence of such immunity, power, privilege, or right does or may depend, whether such immunity, power, privilege or right now exists or will arise in the future.

271. As described above, there is a bona fide, actual, and present practical need for a declaration of the EB-5 Investors' rights in light of the improper Conversion, to which they objected. Such declaration deals with present and ascertainable facts, as detailed above. The EB-5 Investors' rights are dependent upon the facts detailed above and the law applicable to such facts.

272. The EB-5 Investors and the Developer, the Partnership, and the General Partner have an actual, present, adverse, and antagonistic interest in the subject matter hereof, either in fact or law. The antagonistic and adverse interests are, or will be, before the Court by proper process. Moreover, the relief sought herein by the EB-5 Investors is not merely the giving of legal advice by the Court to questions propounded by curiosity.

273. Under the facts outlined above, the EB-5 Investors are entitled to a declaration that the Conversion is void, invalid, and unenforceable and that the Partnership maintains secured debt against the Developer pursuant to the Partnership Loan.

274. A demand by the EB-5 Investors to the General Partner to seek legal action on behalf of the Partnership against the Developer, the General Partner, and the Partnership for a declaratory judgment invalidating the Conversion would be futile because Mastroianni and

Gillespie, who control the General Partner, Developer, and/or other related entities, are not willing to sue themselves to void their self-interested acts.

**WHEREFORE**, the EB-5 Investors demand judgment against the Developer, the Partnership, and the General Partner declaring that the Conversion is void, invalid, and unenforceable, and that the Partnership holds a secured mortgage on the Harbourside Project and Project Land, along with such other relief the Court deems just and proper.

**COUNT X – APPOINTMENT OF A RECEIVER OR CORPORATE MONITOR**  
**(Against the Developer, the Partnership, and the General Partner)**

275. The EB-5 Investors re-allege and incorporate paragraphs 1-191 above as if fully set forth herein.

276. A receiver over the Developer, the Partnership, and the General Partner is necessary to maintain the status quo of the EB-5 Investors' interests in Harbourside Project.

277. As discussed above, the Developer, the Partnership, and the General Partner, while under the ultimate control of Mastroianni, have been the subject of mismanagement and used to defraud the EB-5 Investors. Specifically, Mastroianni has used these companies for his own enrichment while repeatedly attempting to degrade the EB-5 Investors' ability to recover their investment in the Harbourside Project.

278. As Waterway Bridge (*i.e.*, the new senior lender) is another Mastroianni-related company, Mastroianni stands able to trigger a default by the Developer and further jeopardize the EB-5 Investors' rights.

279. And, as recently as October 1, 2018, Mastroianni tried again to delay repayment and de-equitize the EB-5 Investors by pushing an offer to purchase their limited partnership interests in the Partnership, whereby, upon a mere payment of \$45,000, such investor would "be deemed to have irrevocably granted, transferred, sold, conveyed, assigned and delivered to the

Purchaser the membership interest associated with the Unit”—regardless of whether Mastroianni makes further payments under the agreement. Thus, Mastroianni is continuing to use his position and leverage to try to harm the EB-5 Investors and strip their equity and/or collateral rights in the Harbourside Project.

280. Alternatively, a corporate monitor to oversee the financial, management, and corporate activities of the Developer, the Partnership, and the General Partner is necessary to ensure that Mastroianni does not continue his attempts to extinguish the EB-5 Investors’ rights in the Harbourside Project.

281. Absent appointment of a receiver or a corporate monitor, Mastroianni will continue to degrade the EB-5 Investors’ interests in the Harbourside Project through further fraud, breaches of fiduciary duty, and overreaching. Mastroianni will also continue to disregard the EB-5 Investors’ rights and his fiduciary duties owed to them.

282. Unless constrained, Mastroianni will continue to use his control over the Developer, the Partnership, and the General Partner to minimize his exposure for his fraudulent acts and mismanagement and to extinguish the EB-5 Investors’ rights.

283. Once Mastroianni extinguishes these rights, the EB-5 Investors will have no adequate remedy at law, as they will lose their legal and equitable interests in the Harbourside Project.

284. Thus, the EB-5 Investors face irreparable harm in that they stand to lose their investment and any equity and/or collateral rights they have in the Harbourside Project, all while Mastroianni continues to encumber and dispose of assets in a self-interested manner.

**WHEREFORE**, the EB-5 Investors demand appointment of a receiver over the Developer, the Partnership, and the General Partner or a corporate monitor to oversee the financial,

management, and corporate activities of the Developer, the Partnership, and the General Partner, along with such other relief the Court deems just and proper.

**DEMAND FOR JURY TRIAL**

The EB-5 Investors request a jury trial for any and all Counts for which a trial by jury is permitted by law.

Dated: October 11, 2018

Respectfully submitted,

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# EXHIBIT 2

CHIQIAN FU, *et al.*, individually and as limited partners of Harbourside Funding, LP,  
Plaintiffs,

IN THE CIRCUIT COURT OF THE 15<sup>TH</sup> JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA

v.

CIVIL DIVISION

NICHOLAS A. MASTROIANNI II, an individual, HARBOURSIDE PLACE, LLC, a Delaware limited liability company, HARBOURSIDE FUNDING, LP, a Florida limited partnership, HARBOURSIDE FUNDING GP, LLC, a Florida limited liability company, U.S. IMMIGRATION FUND, LLC, a Delaware limited liability company, FLORIDA REGIONAL CENTER, LLC, a Delaware limited liability company, and FORT CRE 2022-FL3 Issuer LLC, a Delaware limited liability company.  
Defendants.

CASE NO. 50-2018-CA-012883-XXXX-MB

**ORDER DENYING THE SHILLIG PLAINTIFFS' MOTION FOR PARTIAL SUMMARY JUDGMENT AS TO COUNT I, VIOLATION OF FLORIDA'S DECEPTIVE AND UNFAIR TRADE PRACTICES ACT, COUNT IV, BREACH OF IMPLIED COVENANT OF GOOD FAITH & FAIR DEALING, AND COUNT XV, BREACH OF THE PARTNERHSIP LOAN AND GRANTING LEAVE TO AMEND**

THIS CAUSE, having come before the Court on June 10, 2022 upon the Shillig Plaintiffs' Motion for Partial Summary Judgment as to Count I, Violation of Florida's Deceptive and Unfair Trade Practices Act ("FDUTPA"), Count IV, Breach of Implied Covenant of Good Faith & Fair Dealing, and Count XV, Breach of the Partnership Loan [DE 348], and the Court having heard argument of counsel, and being otherwise fully advised, it is hereby:

ORDERED AND ADJUDGED as follows.

**1. AS TO COUNT I**

Plaintiffs' Motion is denied as to Count I for violation of FDUTPA for the reasons stated below:

(A) Plaintiffs assert, as the basis for their FDUTPA claim, that they were “induced” to invest in the Harbourside Project through false promotional materials, but do not provide any evidentiary support for this allegation. The Affidavits referenced in the Motion were not filed with the Court.

(B) FDUTPA is limited to consumers “acting reasonably in the circumstances.” *See, e.g., Caribbean Cruise Line, Inc. v. Better Bus. Bureau of Palm Beach Cty., Inc.*, 169 So. 3d 164, 169 (Fla. 4th DCA 2015) (deception under FDUTPA occurs if ““a representation, omission, or practice [] is likely to mislead the consumer acting reasonably in the circumstances . . .””) (emphasis added). Under Florida law, it may be unreasonable to rely on alleged misrepresentations that are expressly disclaimed or contradicted in a later disclosure. *See, e.g., Philip Morris USA Inc. v. Gentile*, 281 So. 3d 493, 496 (Fla. 4th DCA 2019) (“In general, a party cannot recover in fraud for alleged misrepresentations that have been expressly disclaimed or contradicted in a later disclosure.”); *BVS Acquisition Co., LLC v. Brown*, 649 Fed. Appx. 651, 659-660 (11th Cir. 2016) (“In Florida, the law is clear that ‘any reliance on the defendant’s misrepresentations is unreasonable’ where it contradicts the express terms of a subsequent written agreement.”). Here, there is evidence that reliance on promotional materials may be unreasonable [DSOF ¶¶ 64-65]. Thus, Plaintiffs cannot show as a matter of undisputed fact that they acted reasonably under the circumstances.

## **2. AS TO COUNT IV**

Plaintiffs’ Motion is denied as to Count IV for breach of the implied covenant of good faith and fair dealing for the reasons stated below:

(A) The Shillig Plaintiffs move for summary judgment on Count IV against the Developer -- Harbourside Place LLC -- for alleged breaches of the Partnership Loan Agreement,

However, Count IV is asserted in the Complaint against the General Partner -- Harbourside Funding GP, LLC -- in connection with alleged breaches of the Partnership Agreement. [See Count IV]. Summary judgment may not be granted against an entity that is not a party to the Count pleaded, or on a document that is not the subject of the Count. This alone warrants denial of the Motion as to Count IV, because neither the Developer or the Partnership Loan are at issue in that Count.

(B) Even if the Plaintiffs could maintain a motion for summary judgment on Count IV on the basis of the Partnership Loan, rather than the Partnership Agreement, because Plaintiffs assert that the Partnership Loan Agreement is “latently ambiguous,” this creates an issue of fact that precludes summary judgment. *See, e.g., Nationstar Mortg. Co. v. Levine*, 216 So. 3d 711, 716 (Fla. 4th DCA 2017) (“Accordingly, [w]hen an agreement contains a latent ambiguity . . . the issue of the correct interpretation of the agreement is an issue of fact which precludes summary judgment.”) (quoting *Mac-Gray Services, Inc. v. Savannah Associates of Sarasota, LLC*, 915 So. 2d 657, 659 (Fla. 2d DCA 2005).

### 3. AS TO COUNT XV

Plaintiffs’ Motion is denied as to Count XV for breach of the Partnership Loan for the reasons stated below:

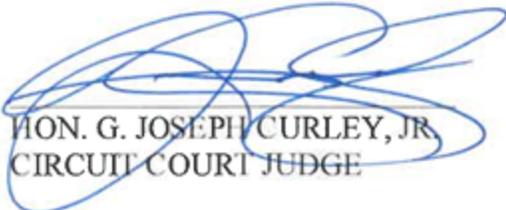
(A) It is well-established, under Florida law, that a party cannot move for summary judgment on the basis of unpleaded allegations. *See, e.g., Terra Firma Holdings v. Fairwinds Credit Union*, 15 So. 3d 885, 886 (Fla. 2d DCA 2009) (“[T]he only instance in which legal issues not raised in the pleadings may be tried and decided is where the issue, although not pled, is tried by consent of the parties . . . because default as a result of failing to pay the matured obligation was not pleaded, we are compelled to reverse the final summary judgment.”) (Internal quotations

and citations omitted); *Rahaim v. City of Jacksonville*, 504 So. 2d 1323, 1324 (Fla. 1st DCA 1987) (reversing summary judgment where it was “not appropriate to imply [] a consent to try other issues not pleaded.”). Because Plaintiffs raise in their Motion, for the first time, allegations that the Developer breached the Partnership Loan Agreement by holding more than \$110,000,000 in debt on the Maturity Date, and no such allegations appear in the Complaint or in any of the Plaintiffs’ previously filed or proposed complaints, the Motion fails as a matter of law.

(B) Even if the Motion were properly before the Court on Count XV, Plaintiffs may not be able to assert a claim for breach of contract which may well be a derivative claim belonging to the Partnership. The Court is making no decision on that issue in this Order as it may require amendment and greater specificity.

ACCORDINGLY, The Shillig Plaintiffs’ Motion [DE 348] is denied in its entirety. The Shillig Plaintiffs are granted the same leave to amend stated in DE # 410 with the same cautionary instruction, to wit, they must clearly allege their standing to bring the claims—directly or derivatively—and specify the basis therefor and that the conditions necessary have been met.

DONE AND ORDERED in Chambers, at West Palm Beach, Palm Beach County, Florida,  
on this the 27 day of July, 2022.



HON. G. JOSEPH CURLEY, JR.  
CIRCUIT COURT JUDGE

cc: All counsel of record

# EXHIBIT 3

CHI QIAN FU, LI HE, LIN GUO, BIN LIU, HELING WANG, YONG XU, DONG HE, *et al.*, individually and as limited partners of Harbourside Funding, LP,

Plaintiffs,

v.

NICHOLAS A. MASTROIANNI, an individual, HARBOURSIDE PLACE, LLC, a Delaware limited liability company, HARBOURSIDE FUNDING, LP, a Florida limited partnership, HARBOURSIDE FUNDING GP, LLC, a Florida limited liability company, U.S. IMMIGRATION FUND, LLC, a Delaware limited liability company, FLORIDA REGIONAL CENTER, LLC, a Delaware limited liability company, and FORT CRE 2022-FL3 ISSUER, LLC, a limited liability company.

Defendants.

IN THE CIRCUIT COURT OF THE 15<sup>TH</sup> JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA

CIVIL DIVISION

CASE NO. 50-2018-CA-012883-XXXX-MB

**JURY DEMAND**

**FOURTH AMENDED COMPLAINT**

Plaintiffs Heling Wang; Yong Xu; Dong He; Zhenzhen Pan; Guoqing Wu; Weifang Zhu; Yu Bo; Junhui Lin; Guangping Zhai; Kaining Guo; Kai Zhang; Nan Teng; Chiqian Fu; [REDACTED]; [REDACTED]; [REDACTED]; Zhengmao Liu; Chunmei Deng; Rong Chen; Deshun Liu; [REDACTED]; [REDACTED]; Suhua Ye; [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]; [REDACTED]; and Shilai Jiang (collectively, the “Plaintiffs” or “EB-5 Investors” or “Limited Partners”), hereby bring this action against Nicholas Mastroianni II (“Mastroianni”), Harbourside Place, LLC (the “Developer”), Harbourside Funding, LP (the “Partnership”), Harbourside Funding GP, LLC (the “General Partner”), U.S. Immigration Fund, LLC (“USIF”), Florida Regional Center, LLC (the “Regional Center”), and FORT CRE 2022-FL3 Issuer, LLC (“Fortress”) (collectively, “Defendants”)<sup>1</sup> and allege as follows:

<sup>1</sup> Collectively, Mastroianni, the Developer, General Partner, USIF and the Regional Center shall collectively be referred to as the “Mastroianni Defendants.” This does *not* include the Partnership and Fortress.

## INTRODUCTION

1. The Plaintiffs are the victims of a multi-million dollar fraud in which Nicholas Mastroianni, a conspiracy of corporate entities that he carefully assembled, and with the assistance of their agents located mostly in China, preyed on foreign nationals who were seeking a path to U.S. residency for themselves and their children through the federal government's EB-5 Immigrant Investor Visa Program (the "EB-5 program"). These Defendants—"the Mastroianni Defendants"—conspired to fraudulently induce each of these EB-5 investors (the "Plaintiffs") to invest \$500,000, plus a \$40,000 administrative fee, into a large commercial real estate development in Jupiter, Florida, known as Harbourside Place (the "Harbourside Project"), which includes a hotel, retail shopping, dining, office space, and a municipal center. What followed was years of deception, misrepresentations, pressure tactics, breaches of fiduciary duty, and even some forgeries—all in furtherance of the Mastroianni Defendants' goal of defrauding the Plaintiffs of their investment money.

2. The Mastroianni Defendants exploited and abused the EB-5 Program, which was enacted by the U.S. Congress to enable immigrants to secure permanent residence in the United States in exchange for investing \$500,000 in an American business venture that creates at least ten American jobs. But, under the circumstances of this case, because there was little or no government oversight of this EB-5 project, this program presented an opportunity for Mastroianni and the Mastroianni Defendants to travel to China, employ agents there, and solicit Chinese investors by exploiting their unfamiliarity with the English language and American financial and legal practices to lure them into their fraudulent scheme, known as Harbourside Place.

3. The Mastroianni Defendants promoted the Harbourside EB-5 project by representing it as a safe investment, sponsored by the U.S. and municipal governments, and promising the return of their capital within a few years – all while hiding key components of the

project from the unsuspecting immigrant investors and burying significant disclosures in English documents they knew the prospective investors could not either read or fully understand.

4. For the Harbourside solicitation, the Mastroianni Defendants used patently misleading Promotional Materials that described the Harbourside Project with certain attractive protections and benefits for potential investors. For the prospective investors in China, these materials were, of course, in Chinese and were distributed and explained to them by agents operating in China and hired, trained, directed and controlled by the Mastroianni Defendants.

5. The Mastroianni Defendants had Finder Fee Agreements with these agents in China and pushed these Promotional Materials onto these prospective EB-5 Investors through these agents—who received a substantial fee for each investor recruited to the Harbourside Project.

6. Through pressure tactics and exploitation of the language barrier, the Mastroianni Defendants and their agents touted a project that would result in green card eligibility for investors and return of their capital in a few years through an exit mechanism, along with a first-priority lien on the project to ensure repayment.

7. To promote interest in the Harbourside Project, the Mastroianni Defendants and their agents represented that the U.S. government was participating in this private business venture. They included images of President Barack Obama, members of Congress, and official state and federal stamps in their Promotional Materials, and noted that the U.S. government would be investing approximately \$30 million into the project. To the immigrant investors, the U.S. government's involvement in the project was significant because it suggested to them that the government was monitoring and investing in the project.

8. The Mastroianni Defendants' Promotional Materials failed to disclose that the project was already subject to a senior mortgage, that the Plaintiffs' loan would never have a first

priority position, and that the U.S. government was not actually involved as an investor or even monitoring the project.

9. The Harbourside Promotional Materials also failed to disclose that there were hundreds of other pages – in English, of course – that contained disclosures that were contradicted by the statements of the Mastroianni Defendants’ agents and the Promotional Materials on which the EB-5 Investors/Plaintiffs relied.

10. The Mastroianni Defendants’ Private Placement Materials (“PPM”) (which were in English and, in any event, which most of the EB-5 Investors were prevented from reading prior to investment) gave the Mastroianni Defendants the right to convert the EB-5 Investors’/Plaintiffs’ supposed first-priority “loan” to powerless, non-voting equity that may never actually be monetized. As of the filing of this pleading, the Plaintiffs have not been paid back one penny of their capital investment.

11. The PPM failed to disclose the Mastroianni Defendants’ true intent, which was to purposely undersell the investment by a single investor so as to trigger their ability under the loan documents to deny the EB-5 Investors/Plaintiffs any chance of actually obtaining a first-priority mortgage.

12. And while receiving these false assurances about the Harbourside Project, agents working on behalf of the Mastroianni Defendants, mostly operating in China and controlled by Nicholas Mastroianni, who were being paid for each investor subscribed, engaged in a campaign of obfuscation and manipulation to persuade the EB-5 Investors/Plaintiffs to invest in the Harbourside Project.

13. These agents used pressure and concealment tactics to sell the Harbourside Project. In many cases, the Plaintiffs were not provided with copies of the PPM and, in fact, only received

the signature pages for the PPM. To justify this, the agents told some of the prospective investors that the PPM (printed in English) had already been reviewed by the lawyers working for the agents. Often, these agents would also misrepresent that their investment decision was time-sensitive and that the Harbourside Project had limited availability, so they must sign up immediately or they would lose the opportunity.

14. There were many knowingly false representations in the Promotional Materials and in presentations in China that the agents working for the Mastroianni Defendants would make to prospective Chinese investors. These PowerPoint presentations made to prospective investors in China contain false representations about the Harbourside Project.

15. Plaintiffs relied upon these false statements in making their decision to invest in the Harbourside Project. They purchased limited partnership interests in the Partnership with the understanding that their money would be used to fund a first-priority, secured construction loan to the Developer (the "Partnership Loan"). Funds from the Partnership Loan were only supposed to be used for the costs of purchasing, developing, and constructing the Harbourside Project.

16. Unbeknownst to the EB-5 Investors/Plaintiffs, however, they were stepping into a carefully planned fraud designed to provide Mastroianni unfettered use of their money without any obligation to ever repay it.

17. Mastroianni, who owned and/or controlled the entities involved, never intended to give the EB-5 Investors'/Plaintiffs' funds a first-priority, secured construction loan, as was represented in the Promotional Materials and by his agents in solicitation meetings in China. Mastroianni represented that he would attempt to raise \$100 million from 200 investors, which, according to the EB-5 Investors' agreements, would ensure that the EB-5 Investors' loan obtained a first-priority status. If he fell short of the \$100 million stated objective, Mastroianni further

represented that he would obtain a senior loan that would not increase the total debt to more than \$110 million. However, by design and through coordination with his agents, Mastroianni intentionally only raised \$99.5 million—a single investor short of the amount needed for the EB-5 Investors/Plaintiffs to have a first-priority, secured construction loan.

18. Despite a continuing high demand for EB-5 investment in the Harbourside Project, Mastroianni chose to stop selling units of membership in the Partnership once 199 units were sold, thus ensuring that the Partnership Loan would always be subordinated.

19. One additional investor would have met the “200 investor” threshold needed to provide the EB-5 Investors/Plaintiffs with the first-priority lien position that they were promised and that the Promotional Materials assured them they would receive. Several of the EB-5 Investors had friends and family members who also wished to invest in the Harbourside Project, but the agents working for the Mastroianni Defendants, and under the specific control of Mastroianni, misrepresented that the project was already fully subscribed and that they could not invest in the project. These representations were made to ensure the project obtained only 199 investors.

20. Instead of obtaining the \$10.5 million senior loan permitted by the PPM, Mastroianni, without proper notice to the EB-5 Investors and without regard to the representations made to the EB-5 Investors/Plaintiffs by the Mastroianni Defendants’ agents, unilaterally subordinated the Partnership Loan (and, in turn, the EB-5 Investors) in favor of an \$18 million line of credit from the outset. Through more half-truths and pressure tactics by the Mastroianni Defendants and their agents, the senior loan eventually grew to over \$60 million.

21. The senior lender then assigned its mortgage to another Mastroianni-affiliated entity—Waterway Bridge, LLC (“Waterway Bridge”)—which positioned Mastroianni (as both the borrower and the lender) to default on the loan and wipe out the EB-5 Investors/Plaintiffs.

22. The \$60 million that Mastroianni used to take out the other lender came from yet another EB-5 project for which he controls the funds. Mastroianni moved tens of millions of dollars of investor money from one of his projects to another.

23. The Partnership Loan eventually became due and was not paid. Mastroianni, as the General Partner of the Partnership that made the loan, failed to consider any of the alternatives available to a typical lender of a project, such as foreclosing against the Developer, because Mastroianni *was* the Developer as well. Instead, after attempts to get the EB-5 Investors/Plaintiffs to extend the Partnership Loan to █████ failed, he converted the EB-5 Investors'/Plaintiffs' investment from debt to powerless, non-voting equity.

24. In doing this, Mastroianni disregarded his fiduciary duties to the Plaintiffs, the General Partner's obligations under the Partnership Agreement, and the Developer's obligations under the Partnership Loan which precluded a conversion if there were Events of Default that were continuing as of the Maturity Date (which there were).

25. Mastroianni continues to control every aspect of the Plaintiffs' investment. Plaintiffs, therefore, bring this action to recover money damages from the Mastroianni Defendants' fraud and self-dealing, and to obtain a first priority equitable lien over the Harbourside Place property as Plaintiffs have no adequate remedy at law to recover for the harm caused by the Mastroianni Defendants' fraud and self-dealing and fraudulent conversion of Plaintiff' investment from debt to equity.

## **PARTIES**

### ***A. Plaintiffs***

26. Heling Wang is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

27. Yong Xu is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

28. Dong He is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

29. Zhenzhen Pan is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

30. Guoqing Wu is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

31. Weifang Zhu is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

32. Yu Bo is a citizen of the People's Republic of China who resides in the United States in Massachusetts, and is otherwise *sui juris*.

33. Junhui Lin is a citizen of the People's Republic of China who resides in the United States in Texas, and is otherwise *sui juris*.

34. Guangping Zhai is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

35. Kaining Guo is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

36. Kai Zhang is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

37. Nan Teng is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

38. Chiqian Fu is a citizen of the People's Republic of China who resides in Suzhou, China and is otherwise *sui juris*.

39. Zhengfang Zhu is a citizen of the People's Republic of China who resides in Guizhou, China, and is otherwise *sui juris*.

40. Jie Wang is a citizen of the People's Republic of China who resides in the United States in Georgia, and is otherwise *sui juris*.

41. Qin Zhou is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

42. Zhengmao Liu is a citizen of the People's Republic of China who resides in the United States in Illinois, and is otherwise *sui juris*.

43. Chunmei Deng is a citizen of the People's Republic of China who resides in Wuhan China, and is otherwise *sui juris*.

44. Rong Chen is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

45. Deshun Liu is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

46. Wei Cui is a citizen of the People's Republic of China who resides in the United States in New Jersey, and is otherwise *sui juris*.

47. Li He is a citizen of the People's Republic of China who resides in the United States in Washington, and is otherwise *sui juris*.

48. Suhua Ye is a citizen of the People's Republic of China who resides in Fujian, China, and is otherwise *sui juris*.

49. Yang Ying is a citizen of the People's Republic of China who resides in the United States in Pennsylvania, and is otherwise *sui juris*.

50. Youlun Zhang is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

51. Zhuoxiong Yu is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

52. Fang Wang is a citizen of the People's Republic of China who resides in the United States in California, and is otherwise *sui juris*.

53. Wei Chen is a citizen of the People's Republic of China who resides in Shanghai, China, and is otherwise *sui juris*.

54. Shilai Jiang is a citizen of the People's Republic of China who resides in Chengdu, China, and is otherwise *sui juris*.

**B. Defendants**

55. Nicholas Mastroianni ("Mastroianni") is an individual who resides in Palm Beach County, Florida, and is otherwise *sui juris*. Mastroianni, through his many companies, operates and conducts business in the State of Florida.

56. Harbourside Place, LLC (the "Developer") is a Delaware limited liability company with its principal place of business in Palm Beach County, Florida. Nicholas Mastroianni owns and controls the Developer.

57. Harbourside Funding, LP (the "Partnership") is a Florida limited partnership with its principal place of business in Palm Beach County, Florida. The EB-5 Investors/Plaintiffs are Limited Partners of the Partnership, and the General Partner serves as general partner.

58. Harbourside Funding, GP (the “General Partner”) is a Florida limited liability company with its principal place of business in Palm Beach County, Florida. Mastroianni owns and controls the General Partner.

59. The U.S. Immigration Fund (“USIF”) is a Delaware limited liability company with its principal place of business in Palm Beach County, Florida. Mastroianni owns and controls USIF.

60. The Florida Regional Center, LLC (the “Regional Center”) is a Delaware limited liability company with its principal place of business in Palm Beach County, Florida. The Regional Center is a regional center approved by the U.S. Citizenship and Immigration Services (“USCIS”). Mastroianni owns and controls the Regional Center.

61. Waterway Bridge, LLC (“Waterway Bridge”) is a Delaware limited liability company with its principal place of business in Palm Beach County. Mastroianni owns and controls the Managing Member of Waterway Bridge.

62. FORT CRE 2022-FL3 Issuer, LLC (“Fortress”) is a Delaware limited liability company with its principal place of business in New York. Fortress is the current senior mortgage holder on the Harbourside project.

63. All of these defendants have the same principal address in the same office suite.

#### **JURISDICTION AND VENUE**

64. This is an action for actual damages in excess of \$30 million plus prejudgment interest, an equitable lien, and other equitable relief. This Court has subject matter jurisdiction pursuant to Section 26.012, Florida Statutes.

65. This Court has personal jurisdiction over Nicholas Mastroianni because he resides in this Judicial District, he conducted, operated, and carried on a business venture in this Judicial

District from which this action arose, he committed tortious acts within this Judicial District, and he is engaged in substantial and not isolated activity within this Judicial District.

66. This Court has personal jurisdiction over the Developer, the Partnership, the General Partner, USIF, and the Regional Center because (1) they all have their principal place of business in Florida; (2) they conducted, operated, and carried on a business venture in Florida from which this action arose; (3) they committed tortious acts within Florida; and (4) they are engaged in substantial and not isolated activity within this Judicial District. The Court has personal jurisdiction over Fortress because the cause of action involving Fortress arises from Fortress' owning, using, possessing or a holding a mortgage or other lien on real property located in Palm Beach County, Florida.

67. Venue is proper in this Court pursuant to Chapter 47, Florida Statutes, because Mastroianni resides in Palm Beach County; the Partnership and the General Partner maintain their offices for transaction of their customary business in Palm Beach County; the Developer, USIF, and the Regional Center maintain agents and representatives in offices in Palm Beach County; and the causes of action alleged herein accrued in Palm Beach County.

68. All conditions precedent to bringing and maintaining this action have occurred, been performed, or have been waived.

#### **GENERAL ALLEGATIONS**

##### ***A. The EB-5 Visa Program and Funding the Harbourside Project***

69. In 1990, to provide an incentive for foreign investment to stimulate the U.S. economy by creating new jobs, the [REDACTED] created the EB-5 Immigrant Investor Visa Program (the "EB-5 Program") with the enactment of the Immigration Act of 1990. Pub.L. 101-649, 104 Stat. 4978. This Program, administered by the USCIS, enabled immigrant investors to

obtain permanent residency by investing \$500,000 in a commercial enterprise that met certain qualifications.

70. Plaintiffs are EB-5 investors in the Mastroianni Defendants' Harbourside Project. In September 2010, USCIS approved Mastroianni's proposal to designate the Regional Center as the administrator of the regional center for Palm Beach County, Florida and to approve the Harbourside Project as the first capital investment project that would be located in the Regional Center.

71. The Regional Center is an EB-5 regional center approved by USCIS pursuant to 8 C.F.R. § 204.6(m)(3). The Regional Center was responsible for ensuring that potential investors' participation in the Harbourside Project met the requirements of the EB-5 Program. *See id.* § 204.6(j)(4)(iii), (m)(3). The Regional Center was operated and controlled by Mastroianni.

72. The Regional Center, along with the other Mastroianni Defendants, assumed this responsibility to ensure compliance with the EB-5 Program (so that they could continue to sell partnership interests in the Partnership).

73. To fund the Harbourside Project, Mastroianni created the Partnership for the purpose of raising up to \$100 million through the sale of up to 200 membership units to EB-5 Investors for \$500,000 per unit plus a \$40,000 administration fee.

74. Mastroianni, using the Regional Center and agents operating mostly in China, recruited foreign investors to participate in the program and then organized and managed the capital raised from these EB-5 investors.

75. With respect to the Harbourside Project, this was Mastroianni's own real estate development and the reason he created the Regional Center in 2010, so he assumed a more significant role.

76. Mastroianni owns and controls the Developer (the owner and developer of the Harbourside Project), the General Partner (the general partner of the partnership), USIF, the Regional Center (the promoter of the Harbourside Project and the company managing and overseeing compliance with the EB-5 Program), and Jupiter Waterways, LLC (“Jupiter Waterways,” the seller of the project property to the Developer).<sup>2</sup>

77. Mastroianni positioned the Harbourside Project and the Corporate Defendants so that they could control every aspect of the Plaintiffs’ investment and the Developer’s use of the money free of any independent oversight or accountability.

***B. Nicholas Mastroianni Promotes the Harbourside Project through Agents in China***

78. Between August 2011 and January 2013, Mastroianni, through the Regional Center, USIF, the General Partner, and the Developer, marketed the Harbourside Project to foreign nationals.

79. Mastroianni, USIF, the Regional Center, the General Partner, and the Developer hired immigration agencies operating in China, including those known as the Qiao Wai Group, Hua Mei Immigration Consultants Co. Ltd., Global Immigration Consultancy Limited, USA Advisors, CITS Overseas Travel Co., Ltd., Renhe Overseas Investment Service, and Can-Austra Information Consulting Co., Ltd, to target Chinese citizens for an investment in the Harbourside project.

80. These agencies understood the Chinese culture, the Chinese investment process, and the various investment features and safeguards that Chinese investors typically seek when making investments.

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<sup>2</sup> The Developer, General Partner, USIF and the Regional Center shall be collectively referred to as the “Corporate Defendants.”

81. As compensation, the agents working for the Mastroianni Defendants were paid by the EB-5 Investors/Plaintiffs *and* also received a substantial fee from the Mastroianni Defendants for each investor they recruited to the Harbourside Project.

82. At the time that they were making their investment decisions, the EB-5 Investors/Plaintiffs did not know that these agents were also receiving payments from the Mastroianni Defendants for each immigrant investor that they recruited to the Harbourside Project. The Mastroianni Defendants initially disclosed this to the EB-5 Investors, but chose to remove that disclosure from the Harbourside offering documents. And the agents themselves did not disclose to the EB-5 Investors/Plaintiffs that they were receiving a fee from the Mastroianni Defendants.

83. Pursuant to their agreements with these immigration agencies in China, the EB-5 Investors/Plaintiffs understood that *they* would be paying these agents a fee in exchange for immigration consulting services, including, for example, completing and compiling necessary documentation for the USCIS applications, liaising with immigration attorneys that they had obtained for them, and acting as the conduit for communications with representatives in the United States for the Harbourside Project.

84. The Mastroianni Defendants distributed a letter regarding the Regional Center's "appointment" of one of their agents in China as the "Exclusive Distribution Coordinator" and directed the EB-5 investors and other agents to "arrange all business activities with the Florida Regional Center including brochures, contracts, investment agreements, arranging commission payments, etc. through [its] offices." A copy of the letter is attached hereto as **Exhibit A**.

85. For the fundraising for the Harbourside Project, Nicholas Mastroianni, working with the Regional Center and USIF, arranged for a network of agents by engaging them and

entering into contracts pursuant to which the agents were to recruit investors for the Harbourside Project on behalf of the Mastroianni Defendants.

86. Pursuant to Finder Fee Agreements with their agents, the Mastroianni Defendants paid them a commission per investor recruited to the Harbourside Project. The commissions ranged from \$30,000 to \$55,000 per investor. A sample of a Finder Fee Agreement between the Regional Center and an “immigration agency” in China is attached as **Exhibit B**.

87. The Mastroianni Defendants also paid additional commissions to others who facilitated the recruitment of EB-5 investors. For example, the agents working on behalf of the Mastroianni Defendants and operating mostly in China had sub-agreements with other agents in China for the recruitment of investors to the Harbourside Project and provided for similar fees payable per investor recruited. A translated version of one of these sub-agreements is attached hereto as **Exhibit C**.

88. For the Harbourside Project, the Mastroianni Defendants paid their agents more than \$7 million to recruit unsuspecting EB-5 investors to the project. A Spreadsheet summarizing these payments is attached as **Exhibit D**.

89. These Finder’s Fee Agreements are illegal under Florida law. Florida law prohibits the payment of commissions for unlicensed brokerage activity. These agents working at the behest of the Mastroianni Defendants, in soliciting investors for the purchase of limited partnership interests in the Harbourside Project, were engaging in brokerage activity as a matter of law.

90. Because the agents of the Mastroianni Defendants were not properly licensed brokers, these Finder Fee Agreements were illegal, as were the activities of the agents.

91. Nonetheless, the Mastroianni Defendants proceeded with this financial arrangement with their agents and concealed those arrangements from the EB-5 Investors/Plaintiffs who invested in the Harbourside Project.

92. With an understanding of the language, the culture, and the priorities of a qualified Chinese investor, the agents working for the Mastroianni Defendants were invaluable to them in selling limited partnership interests in the Harbourside Project to EB-5 Investors in China.

93. In mid-2017, Senator Charles E. Grassley wrote a letter to the Securities and Exchange Commission and the Department of Homeland Security and asked that they review “potentially fraudulent statements and misrepresentations by Qiao Wai Group, a Chinese company, and a second private company that calls itself the U.S. Immigration Fund [USIF].” Senator Grassley also wrote that “reports suggest both companies have long employed questionable practices.” A copy of Senator Grassley’s letter to the Securities and Exchange Commission and the Department of Homeland Security is attached as **Exhibit E**.

94. The Mastroianni Defendants used the Qiao Wai Group in China to recruit many of the Plaintiffs to the Harbourside Project.

***C. Promoting the Harbourside Project – Lies, Omissions and Deceit***

95. In furtherance of the Mastroianni Defendants’ fraudulent scheme, their agents distributed Promotional Materials relating to the Harbourside project. Nicholas Mastroianni directed that the Harbourside Promotional Materials be translated to Chinese for the recruitment of EB-5 investors in China. Samples of the Promotional Materials (with text translated into English) are attached as **Composite Exhibit F**.

96. Mastroianni, the Regional Center, and/or USIF created and/or disseminated the Promotional Materials.

97. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained their agents in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including the Plaintiffs, and that these Chinese investors would rely upon those representations.

98. The Promotional Materials prepared by the Mastroianni Defendants were provided to the EB-5 Investors/Plaintiffs and, in addition to the representations made by the agents working for the Mastroianni Defendants, were intended to persuade the EB-5 Investors/Plaintiffs to invest in the Harbourside Project.

99. There were many knowingly false representations in these Promotional Materials, including but not limited to:

- a. “The \$500,000 investment will earn 2% annual interest in the amount of \$10,000.”
- b. “The project does not have any other external debt, and investors have first-lien position.”
- c. “[T]he Florida government invested 30.91 million U.S. dollars and the developer invested 33 million U.S. dollars.”
- d. “First-Lien Position Priority – The investment structure in Harbourside Project has minimized the risk of EB-5 investors. Collateral includes the land and all the buildings, marina and associated facilities. EB-5 investors will have first-lien position for repayment. The total value of collateral is up to \$170 million, more than twice the total amount of EB-5 investment.”

- e. “It has been decided that Ackmann-Ziff will provide \$100 million to purchase the loan from the underwriting investors on the fourth year after the investors’ funds are paid into the project, which will repay the EB-5 loan back to investors.”

100. The representations in these Promotional Materials were false and many of them were contradicted by the disclosures buried in the PPM, which were in English, which the Mastroianni Defendants knew the Plaintiffs could not read or understand, and which, in many cases, were not even given to the Plaintiffs.

101. Despite focusing primarily on Chinese EB-5 investors for the Harbourside Project, the Mastroianni Defendants deliberately and strategically chose not to have the PPM translated into Chinese, nor did they choose to have the significant disclosures in the PPM (or even summaries thereof) translated into Chinese.

102. To appeal specifically to the prospective EB-5 Investors in China, the Promotional Materials also contained various misleading and false representations regarding purported U.S. government involvement in the Harbourside Project (which is referred to as the “Jupiter Municipal Business Center” in most materials). For example, the Promotional Materials stated:

- a. “Government Investment [into the Harbourside Project]: \$30,910,000.”
- b. “The government invests directly in the project and directly oversees its progress.”
- c. “The government usually invests only in infrastructure. For this Project, 29.115 million US dollars were also received in direct government investment...As we know, the U S. government budget is regulated by Congress and rarely involves direct investment in EB-5 projects.

Government support fully proves the importance of the Project for local economic development.”

- d. “The EB-5 project is vigorously supported by President Obama.”
- e. “U.S. Congressman Rob Klein vigorously supports Florida Regional Center and Harbourside Project.”
- f. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- g. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the U.S. Congress in 1990.”

103. Thus, the Mastroianni Defendants used the Promotional Materials, and seminars and presentations by their agents operating in China, to give the appearance of the U.S. government being heavily involved in the Harbourside Project and contributing tens of millions of dollars to the project.

104. The Mastroianni Defendants also created the private offering subscription documents, the PPM, which described the Harbourside Project in greater detail. The PPM contained the subscription materials, the subscription agreement, and the limited partnership agreement.

105. Many of the EB-5 Investors, including certain of the Plaintiffs, did not even receive a full copy of the PPM. Instead, the agents in China, working on behalf of the Mastroianni Defendants, provided only the Promotional Materials (in Chinese) and the signature pages of the agreements attached to the PPM (in English, of course). The agents showed prospective EB-5 Investors, including the Plaintiffs, the Promotional Materials, impeded the EB-5 Investors’ ability to see and understand the full PPM, and then pressured them to sign the signature pages only.

106. These agents told EB-5 investors, including the Plaintiffs, that they had already reviewed the PPM and that everything contained in the PPM was acceptable. To others, the agents, working for the Mastroianni Defendants, told them that the PPM—an approximately 200-page document—must be reviewed in the office and could not be taken home or reproduced. The PPM was in English, which the agents knew most of the Plaintiffs could not read or speak. In other cases, the agents assured the EB-5 investors that the English document they were signing was consistent with the Promotional Materials they reviewed and relied upon, and that they could rest assured because false advertising was illegal in the United States and this was a government project. Other agents working for the Mastroianni Defendants were not even provided the full PPM to show to prospective EB-5 investors.

107. The agents, trained and directed by the Mastroianni Defendants, used pressure tactics to get prospective EB-5 investors to immediately invest. For example, they told investors that there were very few spaces available to invest and even told some potential investors that they were the last investors. In fact, some of the Promotional Materials developed by the Mastroianni Defendants even referred to the limited availability left in the Harbourside Project. However, as is now clear, the Mastroianni Defendants purposely undersubscribed the Harbourside Project by a single investor to ensure their ability to deny the Plaintiffs the right to hold the senior financing promised by the PPM and the Mastroianni Defendants.

***D. Misrepresentations and Omissions in the Private Placement Materials (“PPM”)***

108. Reviewing the full PPM did not change anything for those few EB-5 Investors who were able to obtain a full copy of it, as the PPM did not disclose that Nicholas Mastroianni never intended to fully subscribe the project and never intended to actually give the Plaintiffs a first priority lien. And the disclosure in the PPM that the agents working for the Mastroianni

Defendants were receiving money for each investor that they recruited was intentionally removed from the PPM.

109. The PPM disclosed that the Developer could, at maturity *and* absent a default under the terms of the Partnership Loan, convert the then-outstanding balance on the Partnership Loan into an equity, common membership interest in the Developer, such that the Partnership would become a part owner of the Developer.

110. As another condition precedent to the conversion of debt to equity, the Developer was to provide the Partnership written notice of its intent to exercise the conversion option, at least 45 days prior to the maturity date of the Partnership Loan. In turn, the Partnership was to provide each EB-5 Investor notice of the conversion within 15 days of receipt of such notice by the Developer. The EB-5 Investors/Plaintiffs were supposed to know that the conversion was occurring before it occurred.

111. The PPM also provided that the Partnership's mortgage on the Project Land could be subordinated in favor of a senior lender, but only if the Partnership did not raise \$100 million and, even if that was the case, only up to a total of \$110 million, less the amount of the Partnership Loan. This is *not* disclosed in the Promotional Materials prepared by the Mastroianni Defendants, which only state that the investors will enjoy a first-priority mortgage to secure repayment.

112. But these provisions did not matter, as the Mastroianni Defendants always knew they were going to subscribe less than \$100 million and obtain financing senior to that of the EB-5 Investors. Well before all of the investors were lured in, Nicholas Mastroianni admitted that the total Partnership Loan would be only \$99.5 million, which is the exact amount that he raised—one (1) investor short of the \$100 million goal that would have precluded any senior financing.

113. Other potential investors were actively turned away from the Harbourside Project and were told that the project was already fully subscribed, even though the Mastroianni Defendants had only signed up 199 of the 200 investors allegedly being sought.

114. In connection with their investment, the EB-5 Investors also signed a Limited Partnership Agreement for Harbourside Funding LP (the “Partnership Agreement”). Again, this document was in English. See “Limited Partnership Agreement” dated November 1, 2010, attached hereto as **Exhibit G**.

***E. Plaintiffs Were Fraudulently Induced to Invest in the Harbourside Project***

115. The Mastroianni Defendants raised funds from 199 EB-5 investors for a total of \$99.5 million. Nicholas Mastroianni fell one investor short of the amount that would have precluded him from obtaining senior financing to trump the EB-5 Investors’ Partnership Loan.

116. Mastroianni purposely under-subscribed the Partnership by one investor so that he could get the maximum amount of funds from the EB-5 Investors, while still obtaining a senior loan so that the Mastroianni Defendants and their affiliates would not have to make the \$33 million equity investment that they claimed they were making in the Promotional Materials.

117. Despite the prior and continued representations by the agents working for the Mastroianni Defendants and in the Promotional Materials regarding “first-lien priority rights” and the “potential” for subordination in the PPM, Mastroianni and his affiliates had already committed themselves to subordinate the Partnership Loan. Their specific intention to subordinate was not disclosed to the EB-5 Investors/Plaintiffs.

118. As to the Partnership Loan, Nicholas Mastroianni (on behalf of the Developer) executed the loan documents on December 21, 2012; however, the executed Partnership Loan was not the same document attached to the PPM.

119. The executed Partnership Loan (i) removed the requirement of regular interest payments (which was also a focal point of the Promotional Materials), and (ii) changed the formula for computing the debt-to-equity conversion of the Partnership Loan.

120. The former change was critical to the relationship between the Developer and the Partnership because, if no regular interest payments were made under the original loan documents included with the PPM, such a default would have prevented the Developer from being able to exercise the conversion option from debt to powerless, nonvoting equity that may never be repaid and that is subject entirely to Mastroianni's whim.

121. Nor was the Partnership Loan secured as represented. The Partnership Loan was subordinated to another lender from the outset – Putnam Bridge III LLC (“Putnam”) – even though the full amount of the partnership Loan had not been funded and even though the Mastroianni Defendants represented that the Partnership Loan would be protected by a first-priority lien.

122. In July 2012, the Developer obtained a \$9 million line of credit and a \$11.35 million promissory note from Putnam. Both debts were secured by mortgages on the property and were first-priority mortgages in favor of Putnam.

123. In October 2012, the Developer increased the line of credit from Putnam to \$12 million and then recorded additional documents to spread the mortgages in favor of Putnam onto additional land acquired by the Developer.

124. In December 2012, the Developer, using funds from the Partnership Loan, paid off the \$11.35 million loan and Putnam assigned its mortgage to the Partnership.

125. As part of that transaction, the Developer and Putnam increased the debt to Putnam under the line of credit to \$18 million and immediately subordinated the Partnership Loan (now secured by the assigned mortgage from Putnam) to the mortgage securing Putnam's line of credit.

126. Given the ongoing relationship between the Developer and Putnam in 2012, Nicholas Mastroianni knew, prior to executing the modified version of the Partnership Loan, that Putnam's mortgage would trump the Partnership Loan.

127. Mastroianni never intended to provide the Partnership a first-priority mortgage to secure the Partnership Loan, despite the representations made by his agents in China to the EB-5 Investors, including the Plaintiffs. The Plaintiffs relied upon these representations by the agents and in the Promotional Materials in deciding to make an investment in the Harbourside Project.

128. In addition to the first-priority mortgage provided to Putnam, Mastroianni, on behalf of the Developer, also agreed to provide Putnam a first-priority security interest in all EB-5 funds held in escrow accounted by the Partnership. Thus, the EB-5 Investors' funds (presumably held by the Partnership) were used to collateralize the separate debt owed to Putnam by the Developer. This, too, was not disclosed to the EB-5 Investors.

***F. Nicholas Mastroianni misleads and strong-arms the EB-5 Investors into subordination***

129. In 2014, the Developer sought additional capital to expand the Harbourside Project beyond the original scope.

130. In March 2014, while touting the performance of the Harbourside Project and using what is believed to be an inflated appraisal of \$187 million, Nicholas Mastroianni issued a written report (the "March 2014 Report"), together with an Ordinary Resolution that sought the EB-5 Investors' approval for a new \$65 million senior loan (the "Senior Loan") to which the EB-5 loan would be subordinated. See March 2014 Report attached hereto as **Exhibit H**.

131. The March 2014 Report contained numerous false statements. For example, the March 2014 Report represented that the project had "a future expected Net Operating Income of \$13.74 million, which is about 22% better than the estimates originally given to the Limited

Partners at the time of your investment.” The purported “independent appraisal,” however, projected a “future expected Net Operating Income” of only approximately \$10.55 Million, which was actually worse than the estimates originally given to the Limited Partners—not 22% better.

132. According to Mastroianni, the value of the project had actually increased by \$17 million, such that, even with the Senior Loan in place, the Partnership Loan would have plenty of equity to repay the loan and the Limited Partners (EB-5 Investor plaintiffs); however, Mastroianni failed to disclose the fact that the appraisal was done prior to the Town of Jupiter passing ordinances that would impact Harbourside Place’s future projected net income from parking.

133. Moreover, prior to the alleged effective date of the Ordinary Resolution, the Mastroianni Defendants obtained an appraisal which estimated the future value of Harbourside Place at less than \$100 million. Despite their fiduciary obligation to do so, the Mastroianni Defendants never disclosed this second appraisal to the Limited Partners to consider in connection with the Ordinary Resolution.

134. Additionally, an appraisal of the Harbourside Project requested by the Senior Lender in late 2014 and subsequently received by the Mastroianni Defendants estimated the future value of the project at less than \$90M.

135. As such, Defendants knew or should have known by the exercise of reasonable care that the \$187 million valuation was grossly overstated. Notably, in early 2016, the Developer filed a lawsuit against the Property Appraiser of Palm Beach County in which the Developer alleged that the fair market value for the property in 2015 was less than \$50 million.

136. Moreover, another appraisal of Harbourside Place in 2017 valued the property at around \$110 million—a \$77 million discrepancy.

137. The March 2014 report from Nicholas Mastroianni (which was initially sent only in English) also provided that if the General Partner did not receive a signed consent form from a Limited Partner, it would consider that such Limited Partner had consented to the Ordinary Resolution. Thus, the Limited Partners were told that not returning a signed Ordinary Resolution would have the same effect as signing it. While the Mastroianni Defendants may have eventually backed down from this position, they never sent a new resolution directly to the Limited Partners informing them that they would no longer consider the failure to respond as a consent to the Ordinary Resolution.

138. The Mastroianni Defendants initially had trouble obtaining the Limited Partners'/Plaintiffs' consent to the Senior Loan, so, through their agents, they resorted to more aggressive tactics in the months that followed.

139. In summaries circulated by the agents working for the Mastroianni Defendants later in 2014, USIF reiterated that "the new value of the project is certified as \$187 million," noting that the new value is "enough to repay the bank's \$59.5 million loan and EB-5 loan."

140. These summaries were drafted by USIF and provided to the agents in China working on behalf of the Mastroianni Defendants to assist in the collection of consents to the Senior Loan. A copy of the summary (translated to English) prepared by USIF and circulated to some investors by the agents in China working for the Mastroianni Defendants is attached as **Exhibit I**.

141. In addition to distributing these misleading summaries to the Limited Partners (EB-5 Investor plaintiffs), some of the agents working for the Mastroianni Defendants falsely told the Limited Partners that they had no choice but to consent to the March 2014 Ordinary Resolution

or they would lose their eligibility under the EB-5 Program and lose their investment. They also reassured the Plaintiffs that the Senior Loan would not impact their repayment.

142. Additionally, the Mastroianni Defendants directed their Agents in China to obtain signatures from the Limited Partners. They told some of the Agents in China to tell investors that they either had to sign the Ordinary Resolution or withdraw their I-526 petitions. The Mastroianni Defendants told other Agents in China that signing the Ordinary Resolution was not optional. As a result of this pressure and with the knowledge of the Mastroianni Defendants, some of the agents working for the Mastroianni Defendants went so far as to forge signatures on the Plaintiffs' Consents. Indeed, one Hua Mei representative actually confirmed the forgery in writing:

Due to the limited time and failure to contact with you, the signature of the agreement is imitated by our company.

A copy of this email (translated to English), which also contains an iteration of the USIF summary described above, is attached as **Exhibit J**.

143. Other Limited Partners who the Mastroianni Defendants claim signed the Consent also confirmed, under oath, that they never signed it.

144. Thereafter, the development and operation of the Harbourside Project continued, but now with the Partnership Loan subordinated to the tune of approximately \$65 million.

**G. *Harbourside Project's cash problems continue as does Nicholas Mastroianni's deception and fraud***

145. In a letter dated December 14, 2016, Nicholas Mastroianni, through the General Partner and again touting the Harbourside Project's development, advised the Limited Partners, including the Plaintiffs, that the senior loan would be replaced by another senior loan and asked them to consent to another Ordinary Resolution that would extend the maturity date of the Partnership Loan by three years—from November 30, 2017 to December 31, 2020.

146. The Limited Partners declined Mastroianni's Proposal. The maturity date remained November 30, 2017.

147. On August 25, 2017, with the November 2017 maturity date looming, Mastroianni wrote a letter to the Limited Partners, in which he promised to pay all the interest that had accrued to date, to repay the loan principal, and to effectuate a plan that would protect the Limited Partners' interests in exchange for their consent to convert the Partnership's investment into a "preferred" equity stake in the Developer. Letter attached hereto as **Exhibit K**.

148. In Mastroianni's attempt to impose a repayment plan onto his Limited Partners that did not resemble the one described in the Promotional Materials, the August 2017 proposal stated that the Partnership Loan was "subordinate to other debt secured by the Project, such as [the Senior Loan] and the Northern Riverwalk Community Redevelopment District Notes ... that were part of the original capitalization of the Project (approximately \$22,000,000)." Prior to this point, the Plaintiffs did not know, and had not been advised, that the Partnership Loan was also subordinate to the NRCRD obligations.

149. The "preferred equity" option that Mastroianni was offering was merely a disguised loan extension, as it provided certain payments, a 2% continuing return, and repayment within three years, with two one-year extension options for the Developer.

150. The Plaintiffs did not consent to Mastroianni's proposal for the "preferred equity" restructuring. With the Partnership Loan's maturity date approaching, Mastroianni had to decide whether to repay the Partnership Loan or convert the Partnership Loan into equity. He did neither.

***H. Without the Consent of the Plaintiffs, the Mastroianni Defendants Push Through Fraudulent Conversion.***

151. Instead, on December 8, 2017, Nicholas Mastroianni, through the General Partner, advised the Limited Partners that he, as Developer, had paid the outstanding interest due under the Partnership Loan to the Partnership and, over the previous objection of the Limited Partners, converted the Partnership Loan into “preferred equity” in the Developer (the “Conversion”).

152. This Conversion could not be effectuated without the approval of the Limited Partners for two basic reasons. First, multiple Events of Default existed at the time that Mastroianni sought to exercise the Conversion. Second, the Conversion could not occur without the approval of the Limited Partners, even if the Events of Default had not precluded it, because the conversion was different from that permitted in the Partnership Loan Agreement.

153. At the time Mastroianni invoked the Conversion provision of the Partnership Loan Agreement, Events of Default had already occurred as the result of, *inter alia*, the Developer breaching obligations to the Senior lender, the Developer incurring debt in excess of the \$110,000,000 debt ceiling, the Developer’s material noncompliance with the “Requirements” of the Convertible Loan Agreement, and the Developer breaching other terms of the Loan Documents, including, but not limited to, the Developer’s failure to promptly notify the General Partner in writing of contemplated material changes in the construction work being performed under the Loan which may result in an increase in the budgeted cost; the Developer’s failure to promptly notify the General Partner in writing of the alleged defaults by the Developer in the performance of its agreements with the Senior Lender; the Developer’s failure to promptly notify the Partnership in writing of the alleged default by the Developer of the Economic Development Agreement with the Jupiter Community Redevelopment Agency; and the Developer’s permitting

of changes in the legal or equitable ownership of the Developer without the written consent of the Partnership.

154. Despite the existence of Events of Default and despite the lack of consent from the Limited Partners, Mastroianni simply proceeded to convert the EB-5 Partnership Loan principal to a “preferred” equity interest in the Developer for the Partnership as an entity, rather than issuing units of common membership interests for distribution to the Limited Partners, as provided in the Partnership Loan Agreement and the revised Limited Partnership Agreement.

155. This “preferred equity” is characterized by “expected” repayment in three years, with two one-year extension options, and a 2% guaranteed return. This is just a disguised version of the loan extension Mastroianni was seeking in August 2017, but with even less obligation of repayment and which was implemented without the consent of the Limited Partners.

156. Nicholas Mastroianni also did not provide any form of prior written notice of the Conversion to the Plaintiffs, as was required by the Partnership Loan and the Partnership Agreement. Instead, Mastroianni kept the Conversion a secret until after it was effectuated.

157. Days before the purported Conversion, the Developer repaid in full the total amount owed on the Senior Loan. Nevertheless, the original lender of the Senior Loan assigned the mortgage securing the Senior Loan to Waterway Bridge. The original lender of the Senior Loan, however, did not assign the Senior Loan or the Subordination Agreement between the Senior Lender, the Partnership, and the Developer to Waterway Bridge. The Waterway Bridge Operating Agreement is signed by Mastroianni as the Managing Member of HSP-NM-Credit Entity, which is the Managing Member of Waterway.

158. Through August 2021, this Mastroianni-related entity held the Senior Loan and was positioned to wipe out the “preferred equity” of the Plaintiffs in the event of the Developer’s

default (which, again, Mastroianni controls). And again, as stated above, to buy out the loan, Mastroianni used funds from another EB-5 project that he controls, ensuring that the Developer would continue to be saddled with debt.

159. Moreover, Mastroianni and entities that he controls received more than \$1 million a year from the Waterway Bridge loan as they are charging Harbourside Place an interest rate that is substantially higher than the 2% interest that they are paying to the other EB-5 investors whose money Mastroianni has used to secure the Senior Loan.

160. Nicholas Mastroianni's fraud continues—on the eve of the filing of this lawsuit, he tried to force another proposal that would have extinguished even more of the Plaintiffs' rights and made it easier for Mastroianni to execute his fraud.

161. On October 1, 2018, an entity called HSP-NM-Credit Entity, LLC surfaced, offering to purchase the Plaintiffs' Limited Partnership interests for the same \$500,000 they invested, but over a span of six years. A copy of this offer (the "October Purchase Offer") is attached as **Exhibit L**.

162. Like the PPM, the October Purchase Offer has unconscionable and one-sided terms—upon the initial payment of \$45,000, such investor would "be deemed to have irrevocably granted, transferred, sold, conveyed, assigned and delivered to the Purchaser the membership interest associated with the Unit"—regardless of whether Mastroianni makes further payments under the agreement. As well, upon the \$45,000 payment, such investor is deemed to have released, *inter alia*, the Developer, General Partner, and Mastroianni for all claims imaginable.

163. Through this offer, Mastroianni was attempting to strip away the Limited Partners/Plaintiff equity and/or collateral rights in the Harbourside Project to allow them only one

avenue of recourse if he does not make all payments: a breach of contract claim against a special purpose entity that has no assets.

164. The October Purchase Offer highlights Nicholas Mastroianni's *modus operandi*—to continue changing the deal as represented to foreign investors who do not speak the language or know any better.

165. During the entirety of the Harbourside Project, Mastroianni used USIF, the Regional Center, and his agents in China to repeatedly deceive the Plaintiffs into believing nothing was wrong and the Harbourside Project was proceeding as represented.

166. From the beginning, the Harbourside Project was a carefully designed and executed fraud, perpetrated using a government-sanctioned immigration program, and based on many intentional misrepresentations intended to dupe unsuspecting foreign investors.

#### **COUNT I**

#### ***Violation of Florida's Deceptive and Unfair Trade Practices under FLA. STAT. § 501.201*** (Against Mastroianni Defendants)

167. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein. The Plaintiffs also incorporate by reference the allegations set forth in Addenda A-1 to A-29 as if fully set forth herein.

168. As described above, the Mastroianni Defendants deceived the EB-5 Investors, including the Plaintiffs, by representing to them that the Partnership Loan was secured by a first-priority construction loan.

169. Nicholas Mastroianni and the other Mastroianni Defendants intentionally underfunded the Project by a single Investor (\$500,000), thereby preventing the EB-5 Investors from obtaining the first-priority loan that they were promised.

170. Mastroianni then sold the senior loan to other companies, owned and controlled by Mastroianni and the other Mastroianni Defendants, in which the Plaintiff EB-5 Investors had no interest.

171. In furtherance of their fraudulent scheme, the Mastroianni Defendants engaged in an aggressive misinformation campaign, and used their agents and Promotional Materials to misrepresent the structure and risk profile of the Plaintiffs' investments in the Harbourside Project. Specifically, the Mastroianni Defendants misrepresented to Plaintiffs (i) that the Partnership Loan would hold a first-priority lien to ensure repayment of their investments; (ii) the extent and type of involvement and investment by the U.S. government; (iii) the interest payments under the Partnership Loan; and (iv) the likelihood and manner of repayment.

172. Nicholas Mastroianni, through the Regional Center, USIF, the Developer, the General Partner, and their agents prepared and disseminated the Promotional Materials to the Plaintiffs and other prospective EB-5 Investors.

173. The Promotional Materials and PPM did not disclose to the Plaintiffs that (i) Mastroianni would, in concert with others and through the Developer and the General Partner, take steps to ensure that the Partnership Loan would be subordinated from its inception; (ii) the Developers intended to convert the Partnership Loan into equity interest in the Developer; (iii) the Developer and the General Partner would not execute the draft Partnership Loan included in the PPM; and (iv) the Mastroianni Defendants had hired agents in China who were receiving a payment for each prospective Chinese investor that they lured into the Harbourside Project.

174. The Mastroianni Defendants knew the above representations to the Plaintiffs in the Promotional Materials and PPM were false and that they omitted material information. The Mastroianni Defendants had actual knowledge of the misrepresentations being made to Plaintiffs

by their agents, operating mostly in China, and the misstatements and omissions in the Promotional Materials and the PPM and intended that the Plaintiffs rely upon those misrepresentations and omissions to reach a decision about investing in the Harbourside Project.

175. The actions of the Mastroianni Defendants constitute deceptive or unfair trade practices. The Mastroianni Defendants' actions were deceptive in that they actively and deliberately misled the Plaintiffs. Additionally, the actions of the Mastroianni Defendants were unfair in that the actions offend established public policy and were immoral, unethical, oppressive, unscrupulous, or substantially injurious to their target investors.

176. The actions of the Mastroianni Defendants have caused, and will continue to cause, financial damage to the Plaintiffs.

177. As a direct result of the deceptive and unfair trade practices of the Mastroianni Defendants, the Plaintiffs suffered economic damages in an amount to be determined at trial. The Plaintiffs are entitled to actual damages, plus attorney's fees and costs, pursuant to Fla. Stat. §501.2105 and §501.211.

## **COUNT II**

***Violation of the Florida Criminal Practices Act, § 772.104, Fla. Stat.***  
(Against Mastroianni Defendants)

178. The Plaintiffs re-allege and incorporate by reference the allegations set forth paragraphs 1-166 of this Complaint as if fully set forth herein. The Plaintiffs also incorporate by reference the allegations set forth in Addenda A-1 to A-29 as if fully set forth herein.

179. The Mastroianni Defendants, through a pattern of criminal activity, have acquired directly or indirectly an interest or control of the Harbourside project and real property associated with same.

180. In violation of sections 517.311 and 517.312(1)(a), Florida Statutes, the Mastroianni Defendants, acting through their agents, on numerous occasions, far more than two, and to numerous unrelated Plaintiffs and other EB-5 investors over a period of several years, in connection with the offer or sale of investment in the Partnership, have misrepresented that the investment offered or sold was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States. These misrepresentations were made to Plaintiffs in order to obtain money from the Plaintiffs and other prospective EB-5 investors.

181. Pursuant to section 517.302, the Mastroianni Defendants' violation of section 517.311 and 517.312(1)(a) constitute crimes that are chargeable by indictment or information.

182. In furtherance of their scheme, the Mastroianni Defendants, through their agents, also forged the signatures of numerous Plaintiffs on documents required for the Partnership to consent to the subordination of the Partnership Loan to the Senior Loan. These multiple acts of forgeries constitute a crime that is chargeable by indictment or information under Chapter 831, relating to forgery and counterfeiting.)

183. Furthermore, the Mastroianni Defendants, through their agents, with respect to each counterfeit signature, also violated 18 U.S.C §1341 or 18 U.S.C. §1343 by causing to be transmitted by mail or wire or radio communication in interstate or foreign commerce, the forged documents for purposes of executing their scheme to defraud the Plaintiffs and others.

184. The Plaintiffs have been injured as a result of the Mastroianni Defendants' violation of section 772.103, Florida Statutes in an amount to be determined at trial.

185. Accordingly, the Plaintiffs are entitled to threefold the actual damages sustained and reasonable attorney's fees and court costs in the trial and appellate courts.

**COUNT III**

***Breach of the Partnership Agreement***

(Against the General Partner—Harbourside Funding, GP)

186. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

187. Each of the Plaintiffs entered into the Partnership Agreement with the General Partner at various times as they purchased units of membership in the Partnership and became Limited Partners.

188. The Partnership Agreement is a valid and binding contract between each of the Plaintiffs and the General Partner.

189. Each Plaintiff has performed all of his or obligations under the Partnership Agreement.

190. All conditions precedent with respect to the bringing of this action for breach of the Partnership Agreement have been satisfied.

191. Section 4.5 of the Partnership Agreement requires the General Partner to exercise its powers and discharge its duties under the Partnership Agreement honestly, in good faith, and in the best interests of the Partnership.

192. Pursuant to section 11.1.5 of the Partnership Agreement, the General Partner agreed to devote as much time as was reasonably required to manage the activities and affairs of the Partnership.

193. The General Partner has materially breached the Partnership Agreement by failing to disclose material information and making numerous material misrepresentations regarding the financial condition and management of the Harbourside Project, including, among other things:

- a. Failing to inform Plaintiffs that the General Partner, acting in bad faith and contrary to the best interests of the Partnership, chose not to sell the 200<sup>th</sup> Unit and thereby allowed the Partnership's loan to be subordinated to an additional loan because the Mastroianni Defendants had not invested the equity they represented they had invested in the Harbourside Project and therefore the additional loan was needed to cover the missing equity;
- b. Failing to disclose the fact that the Mastroianni Defendants hired agents in China and paid "finder's fees" to these agents for each EB-5 investor they recruited to the Harbourside Project;
- c. Failing to disclose that the Mastroianni Defendants violated Florida law by paying a "finder's fee" to their agents who were not licensed to sell the investment property in Florida;
- d. Failing to inform Plaintiffs that, from at least the onset of construction, the Mastroianni Defendants were aware that they lacked sufficient funds to complete the Harbourside Project;
- e. Failing to inform Plaintiffs that the Developer was drawing funds from the Partnership Loan without complying with the conditions precedent to withdrawing such funds, including but not limited to, (1) that advances were made under the Partnership Loan without complying with the requirement that the Partnership receive for its review and approval a Project Evaluation Report as that term is defined in the Partnership Loan, and (2) that advances were made without certification that "that there are sufficient funds remaining to complete the site development or the Improvements according to the Final Plans, as applicable;"

f. Failing to inform Plaintiffs that the Harbourside Project was worth much less than the \$187 million claimed by the Developer in 2014, either because the General Partner did not devote as much time as was reasonably required to manage the Partnership or because the General Partner cooperated with the Developer in bad faith;

g. Failing to keep the Plaintiffs informed regarding the true financial condition of the Harbourside Project and the third-party appraisals with values much less than the \$187 million claimed by the Developer;

h. Acting in the interests of the Mastroianni Defendants rather than the Limited Partnership in recommending that the Limited Partners agree to the 2014 Resolution;

i. Failing to inform Plaintiffs that the General Partner had agreed to modify the Partnership Loan Agreement such that the Developer could convert the Loan to Equity without paying the required quarterly interest payments; and

j. Failing to send to each Plaintiff a copy of any Conversion Notice within fifteen days following the receipt thereof.

194. As a proximate result of the General Partner's breaches of the Partnership Agreement, Plaintiffs were stripped of their right to withdraw from the partnership or to seek rescission of their investment. But for the General Partner's breaches, Plaintiffs would have either withdrawn from the Partnership before they had moved their families to the United States and would have invested in a different EB-5 program or Plaintiffs would have sought to sell their transferrable interest in the Partnership. Accordingly, each Plaintiff has been damaged in an amount to be proved at trial.

**COUNT IV**

***Breach of Implied Covenant of Good Faith & Fair Dealing***  
(Against the General Partner--Harbourside Funding, GP)

195. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

196. The Plaintiffs entered into the Partnership Agreement with the General Partner at various times as they purchased units of membership in the Partnership and became Limited Partners.

197. The Partnership Agreement is a valid and binding contract between each of the Plaintiffs and the General Partner.

198. Each Plaintiff has performed all of his or obligations under the Partnership Agreement.

199. Under Florida Law, a covenant of good faith and fair dealing is implied in every contract.

200. The General Partner has materially breached the implied covenant of good faith and fair dealing by exercising its discretion capriciously to contravene the reasonable contractual expectations of the Plaintiffs.

201. The General Partner breached the covenant of good faith and fair dealing by, among other things:

- a. Failing to inform Plaintiffs that the General Partner, acting in bad faith and contrary to the best interests of the Partnership, chose not to sell the 200<sup>th</sup> Unit and thereby allowed the Partnership's loan to be subordinated to an additional loan because the Mastroianni Defendants had not invested the equity they represented they had invested in the Harbourside Project and therefore the additional loan was needed to cover the missing equity;

b. Failing to disclose the fact that the Mastroianni Defendants hired agents in China and paid “finder’s fees” to these agents for each EB-5 investor they recruited to the Harbourside Project;

c. Failing to disclose that the Mastroianni Defendants violated Florida law by paying a “finder’s fee” to their agents who were not licensed to sell the investment property in Florida;

d. Failing to inform Plaintiffs that, since at least the onset of construction, the Mastroianni Defendants were aware that they lacked sufficient funds to complete the Harbourside Project;

e. Failing to inform Plaintiffs that the Developer was drawing funds from the Partnership Loan without complying with the conditions precedent to withdrawing such funds, including but not limited to, (1) that advances were made under the Partnership Loan without complying with the requirement that the Partnership receive for its review and approval a Project Evaluation Report as that term is defined in the Partnership Loan, and (2) that advances were made without certification that “that there are sufficient funds remaining to complete the site development or the Improvements according to the Final Plans, as applicable;”

f. Failing to inform Plaintiffs that the Harbourside Project was worth much less than the \$187 million claimed by the Developer in 2014, either because the General Partner did not devote as much time as was reasonably required to manage the Partnership or because the General Partner cooperated with the Developer in bad faith;

g. Failing to keep the Plaintiffs informed regarding the true financial condition of the Harbourside Project and the third-party appraisals with values much less than the \$187 million claimed by the Developer;

h. Acting in the interests of the Mastroianni Defendants rather than the Limited Partnership in recommending that the Limited Partners agree to the 2014 Resolution; and

i. Failing to inform Plaintiffs that the General Partner had agreed to modify the Partnership Loan Agreement such that the Developer could convert the Loan to Equity without paying the required quarterly interest payments.

202. As a proximate result of the General Partner's breaches of the Partnership Agreement, Plaintiffs were stripped of their right to withdraw from the partnership or to seek rescission of their investment. But for the General Partner's breaches, Plaintiffs would have either withdrawn from the Partnership before they had moved their families to the United States and would have invested in a different EB-5 program or Plaintiffs would have sought to sell their transferrable interest in the Partnership. Accordingly, each Plaintiff has been damaged in an amount to be proved at trial.

**COUNT V**

***Tortious Interference with the Partnership Agreement***  
**(Against USIF)**

203. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166, 186-194, and 195-202 of this Complaint as if fully set forth herein.

204. The Plaintiffs had, and continue to have, a contractual relationship with the General Partner, specifically, the Partnership Agreement, pursuant to which they have legal rights.

205. USIF was aware of and had actual knowledge of the Partnership Agreement between the Plaintiffs and the General Partner.

206. USIF interfered with the Partnership Agreement by inducing or otherwise causing the General Partner to breach the Partnership Agreement.

207. The actions of USIF were intentional and unjustified.

208. The actions of USIF have caused, and will continue to cause, damages to the Plaintiffs in an amount to be proved at trial.

#### **COUNT VI**

##### ***Breach of Fiduciary Duty***

(Against Nicholas Mastroianni and the General Partner)

209. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

210. The General Partner, as general partner of the Partnership, owed and continues to owe, fiduciary duties to the Partnership and the Plaintiffs (as well as the other EB-5 Investors) pursuant to Section 620.1408, Florida Statutes.

211. Nicholas Mastroianni, as controlling principal of the General Partner, owed and continues to owe, fiduciary duties to the Partnership and the Plaintiffs (as well as the other EB-5 Investors) pursuant to Section 620.1408, Florida Statutes.

212. The Plaintiffs placed their trust and confidence in Mastroianni and the General Partner to manage the Partnership and their investment therein in the best interests of the Partnership and for the benefit of the Plaintiffs.

213. Nicholas Mastroianni and the General Partner knowingly and voluntarily accepted the custody of the Plaintiffs' investment funds and undertook the duty to advise, counsel, and protect the Plaintiffs during the development of the Harbourside Project.

214. Mastroianni and the General Partner breached, and continue to breach, their duties to the Partnership and the Plaintiffs by engaging in continuous acts of deceit, self-dealing, and disregard for interests of the Plaintiffs, through, *inter alia*: (i) knowingly false statements and omissions directed at the Plaintiffs in connection with the management, value, and performance of the Harbourside Project; and (ii) recommending that the Limited Partners consent to the 2014 Ordinary Resolution. The false statements and omissions included, among other things:

- a. Failing to inform Plaintiffs that the General Partner, acting in bad faith and contrary to the best interests of the Partnership, chose not to sell the 200<sup>th</sup> Unit and thereby allowed the Partnership's loan to be subordinated to an additional loan because the Mastroianni Defendants had not invested the equity they represented they had invested in the Harbourside Project and therefore the additional loan was needed to cover the missing equity;
- b. Failing to disclose the fact that the Mastroianni Defendants hired agents in China and paid "finder's fees" to these agents for each EB-5 investor they recruited to the Harbourside Project;
- c. Failing to disclose that the Mastroianni Defendants violated Florida law by paying a "finder's fee" to their agents who were not licensed to sell the investment property in Florida;
- d. Failing to inform Plaintiffs that, since at least the onset of construction, the Mastroianni Defendants were aware that they lacked sufficient funds to complete the Harbourside Project;
- e. Failing to inform Plaintiffs that the Developer was drawing funds from the Partnership Loan without complying with the conditions precedent to withdrawing

such funds, including but not limited to, (1) that advances were made under the Partnership Loan without complying with the requirement that the Partnership receive for its review and approval a Project Evaluation Report as that term is defined in the Partnership Loan, and (2) that advances were made without certification that “that there are sufficient funds remaining to complete the site development or the Improvements according to the Final Plans, as applicable;”

f. Failing to inform Plaintiffs that the Harbourside Project was worth much less than the \$187 million claimed by the Developer in 2014, either because the General Partner did not devote as much time as was reasonably required to manage the Partnership or because the General Partner cooperated with the Developer in bad faith;

g. Failing to keep the Plaintiffs informed regarding the true financial condition of the Harbourside Project and the third-party appraisals with values much less than the \$187 million claimed by the Developer;

h. Acting in the interests of the Mastroianni Defendants rather than the Limited Partnership in recommending that the Limited Partners agree to the 2014 Resolution;

i. Failing to inform Plaintiffs that the General Partner had agreed to modify the Partnership Loan Agreement such that the Developer could convert the Loan to Equity without paying the required quarterly interest payments; and

j. Failing to send to each Plaintiff a copy of any Conversion Notice within fifteen days following the receipt thereof.

215. The Plaintiffs were harmed, and continue to be harmed, by Nicholas Mastroianni and the General Partner's breaches of fiduciary duty. Specifically, as a proximate result of Nicholas Mastroianni and the General Partner's breaches of fiduciary duty, Plaintiffs were stripped of their right to withdraw from the partnership or to seek rescission of their investment. But for Nicholas Mastroianni and the General Partner's breaches of fiduciary duty, Plaintiffs would have either withdrawn from the Partnership before they had moved their families to the United States and would have invested in a different EB-5 program or Plaintiffs would have sought to sell their transferrable interest in the Partnership. Accordingly, each Plaintiff has been damaged in an amount to be proved at trial.

216. Additionally, Plaintiffs have no adequate remedy at law and require the imposition of an equitable lien to secure the money that they invested in the Partnership and which monies have been incorporated into the improvement of the property.

**COUNT VII**

***Constructive Fraud***

(Against Mastroianni Defendants)

217. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

218. The Plaintiffs reposed their trust and confidence in the Mastroianni Defendants to manage the Partnership and their investment therein in the best interests of the Partnership and for the benefit of the Plaintiffs.

219. The Plaintiffs are foreign citizens with a limited understanding of the English language and the laws and financial practices of the United States.

220. The Mastroianni Defendants knowingly and voluntarily accepted the custody of the Plaintiffs' funds and undertook the duty to advise, counsel, and protect the Plaintiffs during the course of the Harbourside Project.

221. The Mastroianni Defendants took unconscionable advantage of the Plaintiffs, thus abusing the fiduciary and confidential relationship they had with the Plaintiffs.

222. Specifically, the Mastroianni Defendants abused their relationship with the Plaintiffs by engaging in continuous acts of self-dealing, gross negligence and recklessness marked by (i) continued omissions and misrepresentations directed at the Plaintiffs in connection with the management, value, and performance of the Harbourside Project, and (ii) recommending that the Limited Partners consent to the 2014 Ordinary Resolution. The continued omissions and misrepresentations included, among other things:

- a. Failing to inform Plaintiffs that the General Partner, acting in bad faith and contrary to the best interests of the Partnership, chose not to sell the 200<sup>th</sup> Unit and thereby allowed the Partnership's loan to be subordinated to an additional loan because the Mastroianni Defendants had not invested the equity they represented they had invested in the Harbourside Project and therefore the additional loan was needed to cover the missing equity;
- b. Failing to disclose the fact that the Mastroianni Defendants hired agents in China and paid "finder's fees" to these agents for each EB-5 investor they recruited to the Harbourside Project;
- c. Failing to disclose that the Mastroianni Defendants violated Florida law by paying a "finder's fee" to their agents who were not licensed to sell the investment property in Florida;
- d. Failing to inform Plaintiffs that, since at least the onset of construction, the Mastroianni Defendants were aware that they lacked sufficient funds to complete the Harbourside Project;

e. Failing to inform Plaintiffs that the Developer was drawing funds from the Partnership Loan without complying with the conditions precedent to withdrawing such funds, including but not limited to, (1) that advances were made under the Partnership Loan without complying with the requirement that the Partnership receive for its review and approval a Project Evaluation Report as that term is defined in the Partnership Loan, and (2) that advances were made without certification that “that there are sufficient funds remaining to complete the site development or the Improvements according to the Final Plans, as applicable;”

f. Failing to inform Plaintiffs that the Harbourside Project was worth much less than the \$187 million claimed by the Developer in 2014, either because the General Partner did not devote as much time as was reasonably required to manage the Partnership or because the General Partner cooperated with the Developer in bad faith;

g. Failing to keep the Plaintiffs informed regarding the true financial condition of the Harbourside Project and the third-party appraisals with values much less than the \$187 million claimed by the Developer;

h. Acting in the interests of the Mastroianni Defendants rather than the Limited Partnership in recommending that the Limited Partners agree to the 2014 Resolution;

i. Failing to inform Plaintiffs that the General Partner had agreed to modify the Partnership Loan Agreement such that the Developer could convert the Loan to Equity without paying the required quarterly interest payments; and

j. Failing to send to each Plaintiff a copy of any Conversion Notice within fifteen days following the receipt thereof.

223. The actions of the Mastroianni Defendants are wrongful and the results thereof are inequitable.

224. The Plaintiffs were harmed by the inequitable and wrongful actions of the Mastroianni Defendants. Specifically, as a proximate result of the Mastroianni Defendants' inequitable and wrongful actions, Plaintiffs were stripped of their right to withdraw from the partnership or to seek rescission of their investment. But for the Mastroianni Defendants' inequitable and wrongful actions, Plaintiffs would have either withdrawn from the Partnership before they had moved their families to the United States and would have invested in a different EB-5 program or Plaintiffs would have sought to sell their transferrable interest in the Partnership. Accordingly, each Plaintiff has been damaged in an amount to be proved at trial.

225. Additionally, Plaintiffs have no adequate remedy at law and require the imposition of an equitable lien to secure the money that they invested in the Partnership and which monies have been incorporated into the improvement of the property.

#### **COUNT VIII**

##### ***Aiding and Abetting Breach of Fiduciary Duty***

(Against the Developer, USIF and the Regional Center)

226. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 and 209-216 of this Complaint as if fully set forth herein.

227. The General Partner, as general partner of the Partnership, owed and continues to owe, fiduciary duties to the Partnership and the Plaintiffs (as well as the other EB-5 Investors) pursuant to Section 620.1408, Florida Statutes.

228. Nicholas Mastroianni, as controlling principal of the General Partner, owed and continues to owe, fiduciary duties to the Partnership and the Plaintiffs (as well as the other EB-5 Investors) pursuant to Section 620.1408, Florida Statutes.

229. Mastroianni and the General Partner breached their fiduciary duties owed to the Plaintiffs.

230. Defendants the Developer, USIF and the Regional Center, had actual knowledge that Mastroianni and the General Partner breached their fiduciary duties owed to the Plaintiffs based on Mastroianni's common control over these entities and their role in the Harbourside Project.

231. Defendants the Developer, USIF and the Regional Center, have actual knowledge that Mastroianni and the General Partner continue to breach their fiduciary duties to the Plaintiffs based on Mastroianni's common control over these entities and their role in the Harbourside Project.

232. Defendants the Developer, USIF and the Regional Center, rendered substantial assistance to the breaches of fiduciary duties owed to the Plaintiffs by: (i) acting as the conduits through which Mastroianni would make representations and contacting the Plaintiffs to quell concerns; (ii) acting as recipients and custodians of Partnership funds; (iii) executing and disseminating documents affecting the Harbourside Project; and (iv) engaging in the investment and corporate structure masterminded by Mastroianni.

233. As a result of the breaches of fiduciary duties by Mastroianni and the General Partner directed toward the Plaintiffs, and the substantial assistance of Defendants the Developer, USIF and the Regional Center, in support thereof, the Plaintiffs have been harmed. Specifically, as a proximate result of Nicholas Mastroianni and the General Partner's breaches of fiduciary duty,

Plaintiffs were stripped of their right to withdraw from the partnership or to seek rescission of their investment. But for Nicholas Mastroianni and the General Partner's breaches of fiduciary duty, Plaintiffs would have either withdrawn from the Partnership before they had moved their families to the United States and would have invested in a different EB-5 program or Plaintiffs would have sought to sell their transferrable interest in the Partnership. Accordingly, each Plaintiff has been damaged in an amount to be proved at trial.

234. Additionally, Plaintiffs have no adequate remedy at law and require the imposition of an equitable lien to secure the money that they invested in the Partnership and which monies have been incorporated into the improvement of the property.

**COUNT IX**  
***Conspiracy to Commit Breach of Fiduciary Duty***  
(Against the Developer, USIF and the Regional Center)

235. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 and 209-216 of this Complaint as if fully set forth herein.

236. The General Partner, as general partner of the Partnership, owed and continues to owe, fiduciary duties to the Partnership and the Plaintiffs (as well as the other EB-5 Investors) pursuant to Section 620.1408, Florida Statutes.

237. Nicholas Mastroianni, as controlling principal of the General Partner, owed and continues to owe, fiduciary duties to the Partnership and the Plaintiffs (as well as the other EB-5 Investors) pursuant to Section 620.1408, Florida Statutes.

238. Mastroianni and the General Partner breached their fiduciary duties owed to the Plaintiffs.

239. Defendants the Developer, USIF and the Regional Center had knowledge that Mastroianni and the General Partner owed fiduciary duties to the Plaintiffs. The aforementioned

Defendants conspired to have Mastroianni and the General Partner breach their respective fiduciary duties to the Partnership, which included the Plaintiffs.

240. In furtherance of the conspiracy to breach the fiduciary duties of Nicholas Mastroianni and the General Partner to the Plaintiffs, the aforementioned Defendants enacted a scheme that under-funded the Harbourside Project in order to prevent the Partnership from ever obtaining a first-priority lien on the Project. The aforementioned Defendants also conspired to permanently appropriate the Limited Partners' interests in the Project by selling a first-priority lien on the Project to Mastroianni's other companies in which the Limited Partners had no interest.

241. Pursuant to the conspiracy, Defendants the Developer, USIF and the Regional Center conspired with the General Partner to: (i) act as the conduits through which Mastroianni would make representations and contact the Plaintiffs to quell concerns; (ii) act as recipients and custodians of Partnership funds; (iii) execute and disseminate documents affecting the Harbourside Project; (iv) creating and operating the network of agents in China; and (v) engaging in the investment and corporate structure crafted and masterminded by Mastroianni.

242. As a result of the aforementioned Defendants' conspiracy to breach the fiduciary duties owed to the Plaintiffs, the Plaintiffs have been harmed. Specifically, as a proximate result of Nicholas Mastroianni and the General Partner's breaches of fiduciary duty, Plaintiffs were stripped of their right to withdraw from the partnership or to seek rescission of their investment. But for Nicholas Mastroianni and the General Partner's breaches of fiduciary duty, Plaintiffs would have either withdrawn from the Partnership before they had moved their families to the United States and would have invested in a different EB-5 program or Plaintiffs would have sought to sell their transferrable interest in the Partnership. Accordingly, each Plaintiff has been damaged

in an amount to be proved at trial. through their initial and continued investment in the Harbourside Project.

243. Additionally, Plaintiffs have no adequate remedy at law and require the imposition of an equitable lien to secure the money that they invested in the Partnership and which monies have been incorporated into the improvement of the property.

**COUNT X**  
***Fraud in the Inducement***  
(Against the Mastroianni Defendants)

244. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

245. Nicholas Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, created the Promotional Materials and the PPM.

246. Mastroianni, through the Regional Center, USIF, the Developer, the General Partner, and using their agents in China, knowingly made material misrepresentations of fact to the Plaintiffs.

247. Mastroianni oversaw and directed the drafting of, and was responsible for the contents and representations in, the Promotional Materials and the PPM.

248. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, using their agents in China, disseminated the Promotional Materials to the Plaintiffs.

249. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, directed and controlled their agents, mostly operating in China.

250. The Plaintiffs received the Promotional Materials before they decided to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of

the Mastroianni Defendants, made material misrepresentations of fact to the Plaintiffs before they decided to invest in the Partnership.

251. Having undertaken to disclose material information to the Plaintiffs, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

252. Plaintiff Heling Wang incorporates by reference the allegations set forth in Addendum A-1 as if fully set forth herein.

253. Plaintiff Yong Xu incorporates by reference the allegations set forth in Addendum A-2 as if fully set forth herein.

254. Plaintiff Dong He incorporates by reference the allegations set forth in Addendum A-3 as if fully set forth herein.

255. Plaintiff Zhenzhen Pan incorporates by reference the allegations set forth in Addendum A-4 as if fully set forth herein.

256. Plaintiff Guoqing Wu incorporates by reference the allegations set forth in Addendum A-5 as if fully set forth herein.

257. Plaintiff Weifang Zhu incorporates by reference the allegations set forth in Addendum A-6 as if fully set forth herein.

258. Plaintiff Yu Bo incorporates by reference the allegations set forth in Addendum A-7 as if fully set forth herein.

259. Plaintiff Junhui Lin incorporates by reference the allegations set forth in Addendum A-8 as if fully set forth herein.

260. Plaintiff Guangping Zhai incorporates by reference the allegations set forth in Addendum A-9 as if fully set forth herein.

261. Plaintiff Kaining Guo incorporates by reference the allegations set forth in Addendum A-10 as if fully set forth herein.

262. Plaintiff Kai Zhang incorporates by reference the allegations set forth in Addendum A-11 as if fully set forth herein.

263. Plaintiff Nan Teng incorporates by reference the allegations set forth in A-12 as if fully set forth herein.

264. Plaintiff Chiqian Fu incorporates by reference the allegations set forth in Addendum A-13 as if fully set forth herein.

265. Plaintiff Zhengfang Zhu incorporates by reference the allegations set forth in Addendum A-14 as if fully set forth herein.

266. Plaintiff Jie Wang incorporates by reference the allegations set forth in Addendum A-15 as if fully set forth herein.

267. Plaintiff Qin Zhou incorporates by reference the allegations set forth in Addendum A-16 as if fully set forth herein.

268. Plaintiff Zhengmao Liu incorporates by reference the allegations set forth in Addendum A-17 as if fully set forth herein.

269. Plaintiff Chunmei Deng incorporates by reference the allegations set forth in Addendum A-18 as if fully set forth herein.

270. Plaintiff Rong Chen incorporates by reference the allegations set forth in Addendum A-19 as if fully set forth herein.

271. Plaintiff Deshun Liu incorporates by reference the allegations set forth in Addendum A-20 as if fully set forth herein.

272. Plaintiff Wei Cui incorporates by reference the allegations set forth in Addendum A-21 as if fully set forth herein.

273. Plaintiff Li Hi incorporates by reference the allegations set forth in Addendum A-22 as if fully set forth herein.

274. Plaintiff Suhua Ye incorporates by reference the allegations set forth in Addendum A-23 as if fully set forth herein.

275. Plaintiff Yang Ying incorporates by reference the allegations set forth in Addendum A-24 as if fully set forth herein.

276. Plaintiff Youlun Zhang incorporates by reference the allegations set forth in Addendum A-25 as if fully set forth herein.

277. Plaintiff Zhuoxiong Yu incorporates by reference the allegations set forth in Addendum A-26 as if fully set forth herein.

278. Plaintiff Fang Wang incorporates by reference the allegations set forth in Addendum A-27 as if fully set forth herein.

279. Plaintiff Wei Chen incorporates by reference the allegations set forth in Addendum A-28 as if fully set forth herein.

280. Plaintiff Shilai Jiang incorporates by reference the allegations set forth in Addendum A-29 as if fully set forth herein.

281. Each of the Plaintiffs suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted their investments to "preferred equity" rather than returning their investment plus interest as represented.

**COUNT XI**  
***Negligent Misrepresentation***  
(Against the Mastroianni Defendants)

282. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

283. Count XI is pled in the alternative to Count X.

284. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, created the Promotional Materials and the PPM.

285. Mastroianni, through the Regional Center, USIF, the Developer, the General Partner, and using their agents in China, knowingly made material misrepresentations of fact to the Plaintiffs.

286. At a minimum, Nicholas Mastroianni oversaw and directed the drafting of, and was responsible for the contents and representations in, the Promotional Materials and the PPM.

287. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, using their agents in China, disseminated the Promotional Materials to the Plaintiffs.

288. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, directed and controlled their agents, mostly operating in China.

289. The Plaintiffs received the Promotional Materials before they decided to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to the Plaintiffs before they decided to invest in the Partnership.

290. Having undertaken to disclose material information to the Plaintiffs, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

291. Plaintiff Heling Wang incorporates by reference the allegations set forth in Addendum A-1 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that

Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Heling Wang.

292. Plaintiff Yong Xu incorporates by reference the allegations set forth in Addendum A-2 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Yong Xu.

293. Plaintiff Dong He incorporates by reference the allegations set forth in Addendum A-3 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Dong He.

294. Plaintiff Zhenzhen Pan incorporates by reference the allegations set forth in Addendum A-4 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Zhenzhen Pan.

295. Plaintiff Guoqing Wu incorporates by reference the allegations set forth in Addendum A-5 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted material facts that they had a duty to disclose to Limited Partner/Guoqing Wu.

296. Plaintiff Weifang Zhu incorporates by reference the allegations set forth in Addendum A-6 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted material facts that they had a duty to disclose to Limited Partner/Weifang Zhu.

297. Plaintiff Yu Bo incorporates by reference the allegations set forth in Addendum A-7 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted material facts that they had a duty to disclose to Limited Partner/Yu Bo.

298. Plaintiff Junhui Lin incorporates by reference the allegations set forth in Addendum A-8 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have

known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Junhui Lin.

299. Plaintiff Guangping Zhai incorporates by reference the allegations set forth in Addendum A-9 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Guangping Zhai.

300. Plaintiff Kaining Guo incorporates by reference the allegations set forth in Addendum A-10 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Kaining Guo.

301. Plaintiff Kai Zhang incorporates by reference the allegations set forth in Addendum A-11 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Kai Zhang.

302. Plaintiff Nan Teng incorporates by reference the allegations set forth in Addendum A-12 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care,

Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Nan Teng.

303. Plaintiff Chiqian Fu incorporates by reference the allegations set forth in Addendum A-13 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Chiqian Fu.

304. Plaintiff Zhengfang Zhu incorporates by reference the allegations set forth in Addendum A-14 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Zhengfang Zhu.

305. Plaintiff Jie Wang incorporates by reference the allegations set forth in Addendum A-15 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Jie Wang.

306. Plaintiff Qin Zhou incorporates by reference the allegations set forth in Addendum A-16 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants

knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Qin Zhou.

307. Plaintiff Zhengmao Liu incorporates by reference the allegations set forth in Addendum A-17 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Zhengmao Liu.

308. Plaintiff Chunmei Deng incorporates by reference the allegations set forth in Addendum A-18 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Chunmei Deng.

309. Plaintiff Rong Chen incorporates by reference the allegations set forth in Addendum A-19 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Rong Chen.

310. Plaintiff Deshun Liu incorporates by reference the allegations set forth in Addendum A-20 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted material facts that they had a duty to disclose to Limited Partner/Deshun Liu.

311. Plaintiff Wei Cui incorporates by reference the allegations set forth in Addendum A-21 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted material facts that they had a duty to disclose to Limited Partner/Wei Cui.

312. Plaintiff Li He incorporates by reference the allegations set forth in Addendum A-22 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted material facts that they had a duty to disclose to Limited Partner/Li He.

313. Plaintiff Suhua Ye incorporates by reference the allegations set forth in Addendum A-23 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have

known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Suhua Ye.

314. Plaintiff Yang Ying incorporates by reference the allegations set forth in Addendum A-24 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Yang Ying.

315. Plaintiff Youlun Zhang incorporates by reference the allegations set forth in Addendum A-25 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Youlun Zhang.

316. Plaintiff Zhuoxiong Yu incorporates by reference the allegations set forth in Addendum A-26 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted materials facts that they had a duty to disclose to Limited Partner/Zhuoxiong Yu.

317. Plaintiff Fang Wang incorporates by reference the allegations set forth in Addendum A-27 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of

reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted material facts that they had a duty to disclose to Limited Partner/Fang Wang.

318. Plaintiff Wei Chen incorporates by reference the allegations set forth in Addendum A-28 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted material facts that they had a duty to disclose to Limited Partner/Wei Chen.

319. Plaintiff Shilai Jiang incorporates by reference the allegations set forth in Addendum A-29 as if fully set forth herein except that the allegations in paragraphs 5 and 10 that Defendants knew the statements were false are revised to allege that through the exercise of reasonable care, Defendants should have known that the representations were false and that Defendants should have known that they had omitted material facts that they had a duty to disclose to Limited Partner/Shilai Jiang.

320. Each of the Plaintiffs suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted their investments to "preferred equity" rather than returning their investment plus interest as represented.

**COUNT XII**  
***Fraudulent Representation***  
(Against the Mastroianni Defendants)

321. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

322. In March 2014, the Mastroianni Defendants falsely represented to Plaintiffs that the value of the Harbourside Project had increased by \$17 million to \$187 Million and that this valuation was “certified.”

323. The Mastroianni Defendants also falsely represented to Plaintiffs that the project had “a future expected Net Operating Income of \$13.74 million, which is about 22% better than the estimates originally given to the Limited Partners at the time of your investment.” The purported “independent appraisal”, however, projected a “future expected Net Operating Income” of only approximately \$10.55 million, which was actually worse than the estimates originally given to the Limited Partners—not 22% better.

324. Additionally, the Mastroianni Defendants intentionally failed to disclose that they were aware of other appraisals of the Harbourside Place project that estimated the future value at less than \$100 million.

325. The Mastroianni Defendants knew that these representations to Plaintiffs were false and that the real value of the Harbourside Project was substantially less, and they intentionally omitted material facts that they had a duty to disclose to the Plaintiffs relating to the real value of the Harbourside Project.

326. Nicholas Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact to Plaintiffs and omitted material facts that they had a duty to disclose with the intention of inducing the Limited Partners of the Partnership to execute signed consents to the Senior Loan.

327. Many of the Limited Partners of the Partnership justifiably relied upon these false statements to consent to the Senior Loan. Plaintiffs relied upon these false statements in deciding

not to withdraw from the Partnership and invest their money in a different EB-5 program prior to the time that the Partnership's Loan was subordinated to the Senior Loan.

328. As a result of the Plaintiffs' reliance on these false statements, they suffered harm when the Developer converted their investments to "preferred equity" rather than returning their investment plus interest as represented.

329. The Plaintiffs first discovered that the Mastroianni Defendants' representations were false in 2017 when the project was appraised at \$110 Million, some \$77 million less than represented.

**COUNT XIII**  
***Negligent Representation***  
(Against the Mastroianni Defendants)

330. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

331. Count XIII is pled in the alternative to Count XII.

332. In March 2014, the Mastroianni Defendants falsely represented to Plaintiffs that the value of the Harbourside Project had increased by \$17 million to \$187 Million and that this valuation was "certified."

333. The Mastroianni Defendants also falsely represented to Plaintiffs that the project had "a future expected Net Operating Income of \$13.74 million, which is about 22% better than the estimates originally given to the Limited Partners at the time of your investment." The purported "independent appraisal", however, projected a "future expected Net Operating Income" of only approximately \$10.55 Million, which was actually worse than the estimates originally given to the Limited Partners—not 22% better.

334. Additionally, the Mastroianni Defendants failed to disclose that they were aware of other appraisals of the Harbourside Place project that estimated the future value at less than \$100 million.

335. The Mastroianni Defendants, through the exercise of reasonable care, should have known that these representations to Plaintiffs were false and that the real value of the Harbourside Project was substantially less, and, through the exercise of reasonable care, they should have known that they omitted material facts that they had a duty to disclose to the Plaintiffs relating to the real value of the Harbourside Project.

336. Nicholas Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, negligently made these false statements of fact to Plaintiffs and negligently omitted material facts that they had a duty to disclose with the intention of inducing the Limited Partners of the Partnership to execute signed consents to the Senior Loan.

337. Many of the Limited Partners of the Partnership justifiably relied upon these false statements to consent to the Senior Loan. Plaintiffs relied upon these false statements in deciding not to withdraw from the Partnership and invest their money in a different EB-5 program prior to the time that the Partnership's Loan was subordinated to the Senior Loan.

338. As a result of the Plaintiffs' reliance on these false statements, they suffered harm when the Developer converted their investments to "preferred equity" rather than returning their investment plus interest as represented.

339. The Plaintiffs first discovered that the Mastroianni Defendants' representations were false in 2017 when the project was appraised at \$110 million, some \$77 million less than represented.

**COUNT XIV**  
***Imposition of Equitable Lien***  
(Against All Defendants)

340. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

341. The Plaintiffs seek the imposition of an equitable lien on the real property associated with the Harbourside Project based on theories of both equitable estoppel and unjust enrichment.

342. As described above, the Mastroianni Defendants used fraud, misrepresentation, and other affirmative deception to secure the Plaintiffs' investment in the Harbourside Project and to subsequently deceive the Limited Partners into agreeing to the Senior Loan.

343. Plaintiffs are entitled as a matter of equity to proceed against the Harbourside Project over which they would have held a security interest but for the Mastroianni Defendants' fraud, misrepresentation, and other affirmative deceptions.

344. Waterway Bridge is managed and controlled by Nicholas Mastroianni. As such, Mastroianni's knowledge is imputed to Waterway Bridge.

345. Plaintiffs conferred a benefit on the original lender of the Senior Loan when Plaintiffs, as a result of the Mastroianni Defendants' fraud and deception, consented to the Senior Loan.

346. Waterway Bridge, through Nicholas Mastroianni, has knowledge of the benefit conferred on the original lender of the Senior Loan by Plaintiffs when it accepted assignment of the mortgage from the original lender.

347. Accordingly, Waterway Bridge accepted the benefit conferred on it by Plaintiffs.

348. On or about August 4, 2021, Waterway Bridge assigned its senior mortgage to Fortress Credit Co, LLC. Fortress Credit Co., LLC had knowledge of Plaintiffs' claims when it accepted this assignment. Following an assignment in February 2022, Fortress now holds the mortgage. Fortress had knowledge of Plaintiffs' claims when it accepted assignment of the mortgage.

349. The circumstances are such that it would be inequitable for Fortress to retain the benefit of a superior lien with respect to Plaintiffs over the real property associated with the Harbourside Project.

350. Plaintiffs are entitled to have the Court impose an equitable lien on the real property of the Harbourside Project in the amount of Plaintiffs' investment plus accrued interest and to have the Court declare and adjudge that such lien is superior in right, time, and dignity to the claims and liens of all Defendants.

351. Plaintiffs have no adequate remedy at law and require the imposition of an equitable lien to secure the money that they invested in the Partnership and which monies have been incorporated into the improvement of the property.

**COUNT XV**  
***Breach of the Partnership Loan***  
(Derivatively  
on behalf of the Partnership against the Developer)

352. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 of this Complaint as if fully set forth herein.

353. Plaintiffs bring this claim derivatively to enforce a right of the Partnership pursuant to section 620.2002(2), Florida Statutes.

354. A demand by Plaintiffs to the General Partner to seek legal action on behalf of the Partnership against the Developer, would be futile because Nicholas Mastroianni, who controls and is the sole owner of the General Partner also controls and is the sole owner of the Developer's common equity, and/or other related entities, will not sue himself.

355. Additionally, Nicholas Mastroianni, who is the sole member of the General Partner, a limited liability company with no employees and which shares office space with the Developer, the Regional Center, and USIF, lacks independence as he received a material personal benefit from the alleged misconduct that would be the subject of the litigation demand and he would face a substantial likelihood of liability on any of the claims that would be the subject of a litigation demand. Specifically, but for the alleged misconduct, the Developer would have been forced to sell the Harbourside Project to repay the Partnership Loan or at least been required to convert the Partnership Loan to common equity. In either case, Nicholas Mastroianni, who is the sole owner of the equity of the Developer and who for income tax purposes treats the Developer as a disregarded entity, would have faced tens of millions of dollars in tax liability and would have lost control of the Harbourside Project.

356. The Partnership Loan Agreement is a valid and binding contract between the Developer and the Partnership. A copy of the Partnership Loan Agreement is attached hereto as **Exhibit M.**

357. The Partnership has performed all obligations under the Partnership Loan.

358. All conditions precedent with respect to the bringing of this action for breach of the Partnership Loan have been satisfied.

359. Section 15 of the Partnership Loan defines Events of Default to include, *inter alia*, “Any Breach by Borrower of the terms of the Loan Documents,” “any material noncompliance with the Requirements,” and a “breach by the Borrower of any obligation to the Senior Lender.”

360. Moreover, where any of the above Defaults are not cured within 10 days, the Partnership had the right to declare all principal and interest owing under the Partnership Loan to be immediately payable.

361. On or about July 10, 2017, the Developer breached obligations to the Senior Lender when the Developer failed to pay all amounts due to the Senior Lender on that date.

362. The Developer did not cure this breach within ten days.

363. Accordingly, pursuant to the Partnership Loan, all principal and interest under the Partnership Loan was owed to the Partnership as of July 20, 2017.

364. The Developer breached the terms of the Partnership Loan by failing to pay back the principal and interest to the Partnership at that time.

365. Another term of the Partnership Loan was that the Developer’s total debt (including the amount of the Partnership Loan) would not exceed \$110,000,000.

366. Section 29 of the Partnership Loan provides in pertinent part: “The Provisions of this Agreement may not be amended, supplemented, waived or changed orally, but only by a written document signed by Borrower [the Developer] and Lender [the Partnership] and making specific reference to this Agreement.”

367. The Developer and the Partnership never executed any written document signed by both the Partnership and the Developer amending the Partnership Loan Agreement to increase the debt ceiling.

368. The Developer breached this term of the Partnership Loan Agreement and incurred debt in excess of the \$110,000,000 debt ceiling. This breach was continuing as of the Maturity Date when the Developer's total debt, including the \$99,500,000 principal amount of the Partnership Loan, exceeded \$110,000,000.

369. Additionally, the Developer breached other terms of the Partnership Loan Agreement. For example, the Developer did not promptly notify the General Partner in writing of the alleged defaults by the Developer in the performance of its agreements with the Senior Lender nor did the Developer promptly notify the Partnership in writing of the alleged default by the Developer of the Economic Development Agreement with the Jupiter Community Redevelopment Agency. Similarly, the Developer did not promptly notify the General Partner in writing of any contemplated material change in the construction work being performed under the Loan which may result in an increase in the budgeted cost. Additionally, the Developer permitted changes in the legal or equitable ownership of the Developer without the written consent of the Partnership in direct contravention of Section 10(2) of the Partnership Loan.

370. Throughout the term of the Partnership Loan, the Developer also failed to materially comply with the Requirements of the Partnership Loan, including, but not limited to, the requirement that the Developer comply with all ordinances, administrative rules, regulations and requirements applicable to the premises.

371. Due to the above Events of Default, the Developer further breached the Partnership Loan when the Developer converted the Partnership's Loan to "preferred equity" without the consent of the majority of the Limited Partners.

372. First, the Developer was precluded from converting the Partnership Loan to equity because there were Events of Default that were continuing as of the Maturity Date of the Partnership Loan.

373. Second, the Partnership Loan only permitted conversion of the Partnership Loan into units of common membership interest in the Developer, not “preferred equity”. Moreover, the General Partner lacked the authority to modify the conversion terms without the consent of a majority of the Limited Partners.

374. As a proximate result of the Developer’s breaches of the Partnership Agreement, the Partnership has been damaged in an amount to be proved at trial.

375. Additionally, the Partnership has no adequate remedy at law and requires the imposition of an equitable lien to secure the money that it furnished to the Developer for the improvement of the property associated with the Harbourside Project with the knowledge and consent of the Developer.

**COUNT XVI**

***Breach of Fiduciary Duty***

(Derivatively on behalf of the Partnership  
against Nicholas Mastroianni and the General Partner)

376. The Plaintiffs re-allege and incorporate by reference the allegations set forth in paragraphs 1-166 and 352-375 of this Complaint as if fully set forth herein.

377. Plaintiffs bring this claim derivatively to enforce a right of the Partnership pursuant to section 620.2002(2), Florida Statutes.

378. A demand by Plaintiffs to the General Partner to seek legal action on behalf of the Partnership against the General Partner and Mastroianni, would be futile because Nicholas Mastroianni, who controls and is the sole owner of the General Partner and other related entities, will not sue himself.

379. Additionally, Nicholas Mastroianni, who is the sole member of the General Partner, a limited liability company with no employees and which shares office space with the Developer, the Regional Center, and USIF, lacks independence as he received a material personal benefit from the alleged misconduct that would be the subject of the litigation demand and he would face a substantial likelihood of liability on any of the claims that would be the subject of a litigation demand. Specifically, but for the alleged misconduct, the Developer would have been forced to sell the Harbourside Project to repay the Partnership Loan or at least been required to convert the Partnership Loan to common equity. In either case, Nicholas Mastroianni, who is the sole owner of the equity of the Developer and who for income tax purposes treats the Developer as a disregarded entity, would have faced tens of millions of dollars in tax liability and would have lost control of the Harbourside Project.

380. The General Partner, as general partner of the Partnership, owed and continues to owe fiduciary duties to the Partnership pursuant to Section 620.1408, Florida Statutes.

381. Nicholas Mastroianni, as controlling principal of the General Partner, owed and continues to owe fiduciary duties to the Partnership pursuant to Section 620.1408, Florida Statutes.

382. The limited partners of the Partnership placed their trust and confidence in Mastroianni and the General Partner to manage the Partnership and the limited partners' investment therein, in the best interests of the Partnership.

383. Mastroianni and the General Partner breached, and continue to breach, their duties to the Partnership by engaging in continuous acts of deceit, self-dealing, and disregard for interests of the Partnership, through, *inter alia*: (i) failing to act as a reasonably prudent lender with respect to the Partnership Loan by, *inter alia*, permitting Partnership funds to be disbursed without requiring the Developer to comply with the conditions precedent to such disbursements specified

in the Partnership loan, failing to provide written notice to the Developer of known Defaults under the Partnership Loan, relying on the appraisals prepared on behalf of the Borrower rather than independent appraisals by appraisers hired by other lenders and potential lenders, failing to hire an independent Lender's Inspector as contemplated under the Partnership Loan, and failing to require the Developer to provide the Financial Information required under the Partnership Loan; (ii) recommending that the Limited Partners consent to the 2014 Ordinary Resolution; (iii) failing to demand repayment of the then outstanding principal plus all interest due when the Developer breached the Senior Loan agreement in July 2017; (iv) failing to take legal action against the Developer to prevent the conversion of the Partnership's loan to equity when the Developer was in breach of the Partnership Loan Agreement; (v) agreeing to the unilateral Conversion to "preferred equity" that, in effect, was Mastroianni's way to enforce an extension of the Partnership Loan; (vi) releasing the Partnership's mortgage over the Developer's real property even though the Developer had breached the terms of the Partnership Loan Agreement; (vii) paying the Mastroianni Defendants' legal fees rather than distributing the Partnership's preferred equity dividends to Limited Partners without requiring an undertaking and posting of a reasonable security; and (viii) participating in Mastroianni's overarching fraudulent scheme.

384. The Partnership was harmed, and continues to be harmed, by Nicholas Mastroianni and the General Partner's breaches of fiduciary duty. Specifically, the economic value of the Partnership has been drastically reduced because of the actions of Mastroianni and the General Partner in an amount to be proved at trial.

**PRAYER FOR RELIEF**

WHEREFORE, the Plaintiffs prays for an Order and Judgement as follows:

A. That the Mastroianni Defendants pay the Plaintiffs damages in an amount to be proved at trial;

B. That the Court treble any damages relating to the Mastroianni Defendants' violation of the Florida Criminal Practices Act.

C. That the Court order the Mastroianni Defendants to pay the Plaintiffs' reasonable attorneys' fees;

D. That the Court award prejudgment interest;

E. That the Court impose an equitable lien in favor of Plaintiffs over all of the real property associated with the Harbourside Project in the amount equal to Plaintiffs' investment in the Limited Partnership plus accrued interest; and that the Court declare and adjudge that such lien is superior in right, time, and dignity to the claims and liens of the Mastroianni Defendants and Fortress;

F. That the Developer pay the Partnership damages on Count XV in an amount to be proved at trial;

G. That Mastroianni and the General Partner pay the Partnership damages on Count XVI in an amount to be proved at trial;

H. That the Court impose an equitable lien in favor of the Partnership over all of the real property associated with the Harbourside Project in the amount equal to \$99,500,000 plus accrued interest; and that the Court declare and adjudge that such lien is superior in right, time, and dignity to the claims and liens of the Mastroianni Defendants and Fortress;

- I. That the Court order Defendants to reimburse Plaintiffs for the costs of this action;
- and
- J. That the Court grant Plaintiff such other and further relief as is just and proper.

**DEMAND FOR JURY TRIAL**

The Plaintiffs request a jury trial for any and all Counts for which a trial by jury is permitted by law.

Dated: August 3, 2022

Respectfully submitted,

**COZEN O'CONNOR**

By: /s/ John K. McDonald

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**CERTIFICATE OF SERVICE**

I **HEREBY CERTIFY** that on August 3, 2022, a true and correct copy of the foregoing was filed with the Court using the Florida Courts e-filing portal system and provided to all parties as indicated on the Service List Below.

By: s/ David Stahl  
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## **ADDENDUM A-1**

### **HELING WANG**

1. In or about December 2012, representatives from the Qiao Wai Group, Beijing office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Heling Wang. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Beijing office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Heling Wang, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Beijing office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Heling Wang, and that these Chinese investors would rely upon those representations.

4. Plaintiff Heling Wang relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Heling Wang received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Heling Wang before Plaintiff Heling Wang decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Heling Wang, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Beijing office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Beijing office in China; and
- d. the project would sell out if Plaintiff Heling Wang did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Heling Wang:

- a. The General Partner had hired the Qiao Wai Group, Beijing office in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group, Beijing office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Beijing office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Heling Wang.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Heling Wang to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Heling Wang justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Heling Wang suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the

Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-2

### YONG XU

1. In or about November 2011, representatives from Global Immigration Consultancy Limited (“Global Immigration”) in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Yong Xu. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-1 and F-2 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Global Immigration with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Yong Xu, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Global Immigration in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Yong Xu, and that these Chinese investors would rely upon those representations.

4. Plaintiff Yong Xu relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”
- b. “Investment immigration applicants will enjoy first-lien priority:”

- c. “Investors will have a first-tier real lien; the value of just the real estate collateral is more than twice the amount of EB-5 loans, and the security of the funds is fully guaranteed.”
- d. “The value of the real estate collateral exceeds the loan amount by more than 2 times, and has a first-tier lien”
- e. “The Project uses real estate assets as a mortgage. According to the 2011 appraisal report by Callaway & Price Inc., a national certified professional appraisal institute, the land and properties posted as loan collateral were valued at US\$ 170 million (rental income is not included); while the amount of the loan in this Project is \$ 80 million. The value of the collateral more than doubles the total amount of the loan. The appraisal report has been certified by the Florida state government and the Chinese Embassy ([www.callawayandprice.com](http://www.callawayandprice.com))”
- f. First lien means that if and when an unexpected event occurs in the Project, investors will hold first position in the repayment order. In all projects with bank loans or mutual funds participation, EB-5 investors will always lose their important first-lien position, and the safety guarantees to their investment will be lost; therefore, the first lien is important to ensure the safety of EB-5 funds. In this Project, there are no bank loans and no mutual funds participation. Therefore, EB-5 investors have a true first lien.
- g. “First-layer guarantee: the investment term is 5 years. Ackman-Ziff, Manhattan’s largest real estate finance company, will provide a loan up to

\$100 million to the Project in the fourth year, far exceeding the total EB-5 investment by \$20 million;”

- h. The term of the loan in the Project is only four years, with a reliable exit mechanism: the Project has received a contract signed by Ackman-Ziff, the largest real estate finance firm in New York, to provide a refinance loan . . . after the Project is completed and put into operation; EB-5 investors will be able to recover 50% of their investment funds immediately after their families obtain permanent green cards; and the entire investment will be safely recovered when the loan matures in four years.
- i. “The Project is a four-year bridge loan with a safe and reliable exit mechanism; Ackman-Ziff, the largest real estate finance company in New York, has signed a contract to provide a \$100 million refinancing loan after the Project is completed and put into operation. Investors will recover 50% of their funds immediately after receiving their permanent green card, and the full amount of investment will be safely recovered in the fourth year.
- j. “Second-layer guarantee: The Project is located in one of the most affluent areas of the United States, and its potential commercial real estate value is unlimited. The estimated Project value, which has been double-certified by a third-party institute and Chinese Embassy, will be up to \$170 million, which is 200% of what is required to repay in full the 80 million U.S. dollars total investments. Investors can be repaid with the proceeds from the sale of the Project; this provides an additional guarantee that the borrower to repay the principal.”

- k. Each investor will contribute \$500,000 to form a limited partnership, and will hold the appropriate equity. The partnership will provide the Project Company with a “bridge loan”, and obtain a first lien valued as US\$ 170 million. 50% of the EB-5 investment will be repaid in each of the third and fourth years after investment is made, which means that the investors will fully recover all investment and release the lien in four years.”
- l. “The ownership structure of this project is clear and simple: the government and developer invest equity capitals, EB-5 funds will be a bridge loan; the Project has no bank loans, no mutual funds participation, EB-5 investors have the real first lien.”
- m. “Investment structure and funding needs: The Project’s equity is US\$ 64 million, of which the government invested US\$ 29.115 million and the developer invested US \$ 38.85 million. These funds are all in place and have been spent on the Project. The Florida government has invested an additional \$17.75 million in infrastructure.”
- n. “This is also one of the rare development projects on the EB-5 market jointly operated by government equity investment and private companies;”
- o. “In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- p. The Project includes infrastructure investment from State government and equity investment from City government. The government will supervise the project’s finances and progress throughout the whole process. The insurance company will also participate in the supervision. This dual

supervision mechanism will minimize the risk to EB-5 funds; the Project will have stable rental incomes and healthy cash flow in two years . . . .”

q. “What investments does the government have in the Project? The government usually invests only in infrastructure. For this Project, in addition to the 17.75 million US dollars infrastructure investment by the State government, 29.115 million US dollars were also received in direct government investment . . . . As we know, the U.S. government budget is regulated by Congress and rarely involves direct investment in EB-5 projects. Government support fully proves the importance of the Project for local economic development.”

r. “Why is the Project receiving financial support from the government? . . . Palm Beach County is not only known for its beautiful beaches and as the new home of research giant Scripps Research Institute, the Max Planck Florida Institute, and many other biotechnology companies; it has also become the largest cluster of biotech industries in the United States and an important world center for biotechnology research, development and production. The Project is adjacent to these two major research institutes and will not only meets the urgent demands of academic activities and business meetings, but also create a large number of jobs and promote economic development. **This is the reason why it has received financial support from the government.**”

- s. “Total Project Investment is 144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- t. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- u. “Investors will have first lien position on the whole \$170 million Harbourside Place Project, including land and improvements.”
- v. “First Lien Position – The investment structure in Harbourside Project has minimized the risk for EB-5 investors. The collateral is sufficient, the investors have first-lien position on the whole project, including the land and all building, marinas, and associated facilities, with a value more than double total EB-5 investment.
- w. “The [Harbourside Project] appraisal has been certified by The State of Florida and the Chinese embassy.”
- x. “Developer and Regional Center held discussions with Ackmann-Ziff, the largest real estate financing company in Manhattan, and decided that [REDACTED] will purchase the loan from the underwriting investors on the 3rd and 4th years after investors funds are paid in, pay off the EB-5 loan, and return their funds to the investors.”
- y. “The government invests directly in the project and directly oversees its progress.”

- z. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.
- aa. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- bb. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- cc. “Our project has substantial government funding as well as developer investment (non EB-5 investment funds). These funds are 100% in place.”
- dd. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- ee. “Part of the funds has already been invested in project construction. By itself, this portion of funds would create enough jobs . . . .”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Yong Xu received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Yong Xu before Plaintiff Yong Xu decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Yong Xu, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Global Immigration in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Global Immigration in China; and
- d. the project would sell out if Plaintiff Yong Xu did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Yong Xu:

- a. The General Partner had hired Global Immigration in China and was paying a "finder's fee" to them;
- b. The representatives from Global Immigration were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a "finder's fee" to the representatives from Global Immigration who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and

e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Yong Xu.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Yong Xu to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Yong Xu justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Yong Xu suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

## ADDENDUM A-3

### DONG HE

1. In or about December 2012, representatives from the Qiao Wai Group in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Dong He. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Dong He, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Dong He, and that these Chinese investors would rely upon those representations.

4. Plaintiff Dong He relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Dong He received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Dong He before Plaintiff Dong H decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Dong He, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group in China; and
- d. the project would sell out if Plaintiff Dong He did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Dong He:

- a. The General Partner had hired the Qiao Wai Group in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Dong He.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Dong He to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Dong He justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Dong He suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## **ADDENDUM A-4**

### **ZHENZHEN PAN**

1. In or about January 2013, representatives from the Qiao Wai Group in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Zhenzhen Pan. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Zhenzhen Pan, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Zhenzhen Pan, and that these Chinese investors would rely upon those representations.

4. Plaintiff Zhenzhen Pan relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Zhenzhen Pan received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Zhenzhen Pan before Plaintiff Zhenzhen Pan decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Zhenzhen Pan, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group in China; and
- d. the project would sell out if Plaintiff Zhenzhen Pan did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Zhenzhen Pan:

- a. The General Partner had hired the Qiao Wai Group in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Zhenzhen Pan.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Zhenzhen Pan to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Zhenzhen Pan justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Zhenzhen Pan suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the

Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## **ADDENDUM A-5**

### **GUOQING WU**

1. In or about January 2013, representatives from the Qiao Wai Group, Jiangsu office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Guoqing Wu. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Jiangsu office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Guoqing Wu, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Jiangsu office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Guoqing Wu, and that these Chinese investors would rely upon those representations.

4. Plaintiff Guoqing Wu relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Guoqing Wu received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Guoqing Wu before Plaintiff Guoqing Wu decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Guoqing Wu, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Jiangsu office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Jiangsu office in China; and
- d. the project would sell out if Plaintiff Guoqing Wu did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Guoqing Wu:

- a. The General Partner had hired the Qiao Wai Group, Jiangsu office in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group, Jiangsu office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Jiangsu office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Guoqing Wu.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Guoqing Wu to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Guoqing Wu justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Guoqing Wu suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the

Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## **ADDENDUM A-6**

### **WEIFANG ZHU**

1. In or about December 2012, representatives from the Qiao Wai Group, Guangzhou office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Weifang Zhu. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Guangzhou office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Weifang Zhu, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Guangzhou office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Weifang Zhu, and that these Chinese investors would rely upon those representations.

4. Plaintiff Weifang Zhu relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Weifang Zhu received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Weifang Zhu before Plaintiff Weifang Zhu decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Weifang Zhu, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Guangzhou office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Guangzhou office in China; and
- d. the project would sell out if Plaintiff Weifang Zhu did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Weifang Zhu:

- a. The General Partner had hired the Qiao Wai Group, Guangzhou office in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group, Guangzhou office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Guangzhou office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Weifang Zhu.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Weifang Zhu to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Weifang Zhu justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Weifang Zhu suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the

Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-7

### YU BO

1. In or about January 2013, representatives from the Qiao Wai Group, Jiangsu office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Yu Bo. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Jiangsu office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Yu Bo, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Jiangsu office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Yu Bo, and that these Chinese investors would rely upon those representations.

4. Plaintiff Yu Bo relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Yu Bo received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Yu Bo before Plaintiff Yu Bo decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Yu Bo, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Jiangsu office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. In an email from Ramon Zhai of the Qiao Wai Group, Jiangsu office in China dated December 7, 2012, Ramon Zhai wrote (translated to English): “This is a government funded project and the government fund doesn’t need to be repaid.”
- c. the investment would always have a first-priority lien on Developer’s property;
- d. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Jiangsu office in China; and
- e. the project would sell out if Plaintiff Yu Bo did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Yu Bo:

- a. The General Partner had hired the Qiao Wai Group, Jiangsu office in China and was paying a “finder’s fee” to them;
- b. The representatives from the Qiao Wai Group, Jiangsu office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Jiangsu office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Yu Bo.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Yu Bo to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Yu Bo justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Yu Bo suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## **ADDENDUM A-8**

### **JUNHUI LIN**

1. In or about March 2012, representatives from Global Immigration Consultancy Limited /Overseas Immigration, Shanghai office (“Global Immigration”) flew to Shenzhen, China distributed Promotional Materials relating to the Harbourside project to Plaintiff Junhui Lin. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-1 and F-2 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Global Immigration with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Junhui Lin, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Global Immigration in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Junhui Lin, and that these Chinese investors would rely upon those representations.

4. Plaintiff Junhui Lin relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”

- b. “Investment immigration applicants will enjoy first-lien priority:”
- c. “Investors will have a first-tier real lien; the value of just the real estate collateral is more than twice the amount of EB-5 loans, and the security of the funds is fully guaranteed.”
- d. “The value of the real estate collateral exceeds the loan amount by more than 2 times, and has a first-tier lien”
- e. “The Project uses real estate assets as a mortgage. According to the 2011 appraisal report by Callaway & Price Inc., a national certified professional appraisal institute, the land and properties posted as loan collateral were valued at US\$ 170 million (rental income is not included); while the amount of the loan in this Project is \$ 80 million. The value of the collateral more than doubles the total amount of the loan. The appraisal report has been certified by the Florida state government and the Chinese Embassy ([www.callawayandprice.com](http://www.callawayandprice.com))”
- f. First lien means that if and when an unexpected event occurs in the Project, investors will hold first position in the repayment order. In all projects with bank loans or mutual funds participation, EB-5 investors will always lose their important first-lien position, and the safety guarantees to their investment will be lost; therefore, the first lien is important to ensure the safety of EB-5 funds. In this Project, there are no bank loans and no mutual funds participation. Therefore, EB-5 investors have a true first lien.
- g. “First-layer guarantee: the investment term is 5 years. Ackman-Ziff, Manhattan’s largest real estate finance company, will provide a loan up to

\$100 million to the Project in the fourth year, far exceeding the total EB-5 investment by \$20 million;”

- h. The term of the loan in the Project is only four years, with a reliable exit mechanism: the Project has received a contract signed by Ackman-Ziff, the largest real estate finance firm in New York, to provide a refinance loan . . . after the Project is completed and put into operation; EB-5 investors will be able to recover 50% of their investment funds immediately after their families obtain permanent green cards; and the entire investment will be safely recovered when the loan matures in four years.
- i. “The Project is a four-year bridge loan with a safe and reliable exit mechanism; Ackman-Ziff, the largest real estate finance company in New York, has signed a contract to provide a \$100 million refinancing loan after the Project is completed and put into operation. Investors will recover 50% of their funds immediately after receiving their permanent green card, and the full amount of investment will be safely recovered in the fourth year.
- j. “Second-layer guarantee: The Project is located in one of the most affluent areas of the United States, and its potential commercial real estate value is unlimited. The estimated Project value, which has been double-certified by a third-party institute and Chinese Embassy, will be up to \$170 million, which is 200% of what is required to repay in full the 80 million U.S. dollars total investments. Investors can be repaid with the proceeds from the sale of the Project; this provides an additional guarantee that the borrower to repay the principal.”

- k. Each investor will contribute \$500,000 to form a limited partnership, and will hold the appropriate equity. The partnership will provide the Project Company with a “bridge loan”, and obtain a first lien valued as US\$ 170 million. 50% of the EB-5 investment will be repaid in each of the third and fourth years after investment is made, which means that the investors will fully recover all investment and release the lien in four years.”
- l. “The ownership structure of this project is clear and simple: the government and developer invest equity capitals, EB-5 funds will be a bridge loan; the Project has no bank loans, no mutual funds participation, EB-5 investors have the real first lien.”
- m. “Investment structure and funding needs: The Project’s equity is US\$ 64 million, of which the government invested US\$ 29.115 million and the developer invested US \$ 38.85 million. These funds are all in place and have been spent on the Project. The Florida government has invested an additional \$17.75 million in infrastructure.”
- n. “This is also one of the rare development projects on the EB-5 market jointly operated by government equity investment and private companies;”
- o. “In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- p. The Project includes infrastructure investment from State government and equity investment from City government. The government will supervise the project’s finances and progress throughout the whole process. The insurance company will also participate in the supervision. This dual

supervision mechanism will minimize the risk to EB-5 funds; the Project will have stable rental incomes and healthy cash flow in two years . . . .”

q. “What investments does the government have in the Project? The government usually invests only in infrastructure. For this Project, in addition to the 17.75 million US dollars infrastructure investment by the State government, 29.115 million US dollars were also received in direct government investment . . . . As we know, the U.S. government budget is regulated by Congress and rarely involves direct investment in EB-5 projects. Government support fully proves the importance of the Project for local economic development.”

r. “Why is the Project receiving financial support from the government? . . . Palm Beach County is not only known for its beautiful beaches and as the new home of research giant Scripps Research Institute, the Max Planck Florida Institute, and many other biotechnology companies; it has also become the largest cluster of biotech industries in the United States and an important world center for biotechnology research, development and production. The Project is adjacent to these two major research institutes and will not only meets the urgent demands of academic activities and business meetings, but also create a large number of jobs and promote economic development. **This is the reason why it has received financial support from the government.**”

- s. “Total Project Investment is 144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- t. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- u. “Investors will have first lien position on the whole \$170 million Harbourside Place Project, including land and improvements.”
- v. “First Lien Position – The investment structure in Harbourside Project has minimized the risk for EB-5 investors. The collateral is sufficient, the investors have first-lien position on the whole project, including the land and all building, marinas, and associated facilities, with a value more than double total EB-5 investment.
- w. “The [Harbourside Project] appraisal has been certified by The State of Florida and the Chinese embassy.”
- x. “Developer and Regional Center held discussions with Ackmann-Ziff, the largest real estate financing company in Manhattan, and decided that [REDACTED] will purchase the loan from the underwriting investors on the 3rd and 4th years after investors funds are paid in, pay off the EB-5 loan, and return their funds to the investors.”
- y. “The government invests directly in the project and directly oversees its progress.”

- z. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.
- aa. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- bb. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- cc. “Our project has substantial government funding as well as developer investment (non EB-5 investment funds). These funds are 100% in place.”
- dd. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- ee. “Part of the funds has already been invested in project construction. By itself, this portion of funds would create enough jobs . . . .”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Junhui Lin received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Junhui Lin before Plaintiff Junhui Lin decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Junhui Lin, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Global Immigration in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Global Immigration in China; and
- d. the project would sell out if Plaintiff Junhui Lin did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Junhui Lin:

- a. The General Partner had hired Global Immigration in China and was paying a "finder's fee" to them;
- b. The representatives from Global Immigration were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a "finder's fee" to the representatives from Global Immigration who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and

- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Junhui Lin.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Junhui Lin to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Junhui Lin justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Junhui Lin suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

## **ADDENDUM A-9**

### **GUANGPING ZHAI**

1. In or about November 2011, representatives from Global Immigration Consultancy Limited (“Global Immigration”) in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Guangping Zhai. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-1 and F-2 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Global Immigration with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Guangping Zhai, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Global Immigration in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Guangping Zhai, and that these Chinese investors would rely upon those representations.

4. Plaintiff Guangping Zhai relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”

- b. “Investment immigration applicants will enjoy first-lien priority:”
- c. “Investors will have a first-tier real lien; the value of just the real estate collateral is more than twice the amount of EB-5 loans, and the security of the funds is fully guaranteed.”
- d. “The value of the real estate collateral exceeds the loan amount by more than 2 times, and has a first-tier lien”
- e. “The Project uses real estate assets as a mortgage. According to the 2011 appraisal report by Callaway & Price Inc., a national certified professional appraisal institute, the land and properties posted as loan collateral were valued at US\$ 170 million (rental income is not included); while the amount of the loan in this Project is \$ 80 million. The value of the collateral more than doubles the total amount of the loan. The appraisal report has been certified by the Florida state government and the Chinese Embassy ([www.callawayandprice.com](http://www.callawayandprice.com))”
- f. First lien means that if and when an unexpected event occurs in the Project, investors will hold first position in the repayment order. In all projects with bank loans or mutual funds participation, EB-5 investors will always lose their important first-lien position, and the safety guarantees to their investment will be lost; therefore, the first lien is important to ensure the safety of EB-5 funds. In this Project, there are no bank loans and no mutual funds participation. Therefore, EB-5 investors have a true first lien.
- g. “First-layer guarantee: the investment term is 5 years. Ackman-Ziff, Manhattan’s largest real estate finance company, will provide a loan up to

\$100 million to the Project in the fourth year, far exceeding the total EB-5 investment by \$20 million;”

- h. The term of the loan in the Project is only four years, with a reliable exit mechanism: the Project has received a contract signed by Ackman-Ziff, the largest real estate finance firm in New York, to provide a refinance loan . . . after the Project is completed and put into operation; EB-5 investors will be able to recover 50% of their investment funds immediately after their families obtain permanent green cards; and the entire investment will be safely recovered when the loan matures in four years.
- i. “The Project is a four-year bridge loan with a safe and reliable exit mechanism; Ackman-Ziff, the largest real estate finance company in New York, has signed a contract to provide a \$100 million refinancing loan after the Project is completed and put into operation. Investors will recover 50% of their funds immediately after receiving their permanent green card, and the full amount of investment will be safely recovered in the fourth year.
- j. “Second-layer guarantee: The Project is located in one of the most affluent areas of the United States, and its potential commercial real estate value is unlimited. The estimated Project value, which has been double-certified by a third-party institute and Chinese Embassy, will be up to \$170 million, which is 200% of what is required to repay in full the 80 million U.S. dollars total investments. Investors can be repaid with the proceeds from the sale of the Project; this provides an additional guarantee that the borrower to repay the principal.”

- k. Each investor will contribute \$500,000 to form a limited partnership, and will hold the appropriate equity. The partnership will provide the Project Company with a “bridge loan”, and obtain a first lien valued as US\$ 170 million. 50% of the EB-5 investment will be repaid in each of the third and fourth years after investment is made, which means that the investors will fully recover all investment and release the lien in four years.”
- l. “The ownership structure of this project is clear and simple: the government and developer invest equity capitals, EB-5 funds will be a bridge loan; the Project has no bank loans, no mutual funds participation, EB-5 investors have the real first lien.”
- m. “Investment structure and funding needs: The Project’s equity is US\$ 64 million, of which the government invested US\$ 29.115 million and the developer invested US \$ 38.85 million. These funds are all in place and have been spent on the Project. The Florida government has invested an additional \$17.75 million in infrastructure.”
- n. “This is also one of the rare development projects on the EB-5 market jointly operated by government equity investment and private companies;”
- o. “In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- p. The Project includes infrastructure investment from State government and equity investment from City government. The government will supervise the project’s finances and progress throughout the whole process. The insurance company will also participate in the supervision. This dual

supervision mechanism will minimize the risk to EB-5 funds; the Project will have stable rental incomes and healthy cash flow in two years . . . .”

q. “What investments does the government have in the Project? The government usually invests only in infrastructure. For this Project, in addition to the 17.75 million US dollars infrastructure investment by the State government, 29.115 million US dollars were also received in direct government investment . . . . As we know, the U.S. government budget is regulated by Congress and rarely involves direct investment in EB-5 projects. Government support fully proves the importance of the Project for local economic development.”

r. “Why is the Project receiving financial support from the government? . . . Palm Beach County is not only known for its beautiful beaches and as the new home of research giant Scripps Research Institute, the Max Planck Florida Institute, and many other biotechnology companies; it has also become the largest cluster of biotech industries in the United States and an important world center for biotechnology research, development and production. The Project is adjacent to these two major research institutes and will not only meets the urgent demands of academic activities and business meetings, but also create a large number of jobs and promote economic development. **This is the reason why it has received financial support from the government.**”

- s. “Total Project Investment is 144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- t. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- u. “Investors will have first lien position on the whole \$170 million Harbourside Place Project, including land and improvements.”
- v. “First Lien Position – The investment structure in Harbourside Project has minimized the risk for EB-5 investors. The collateral is sufficient, the investors have first-lien position on the whole project, including the land and all building, marinas, and associated facilities, with a value more than double total EB-5 investment.
- w. “The [Harbourside Project] appraisal has been certified by The State of Florida and the Chinese embassy.”
- x. “Developer and Regional Center held discussions with Ackmann-Ziff, the largest real estate financing company in Manhattan, and decided that [REDACTED] will purchase the loan from the underwriting investors on the 3rd and 4th years after investors funds are paid in, pay off the EB-5 loan, and return their funds to the investors.”
- y. “The government invests directly in the project and directly oversees its progress.”

- z. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.
- aa. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- bb. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- cc. “Our project has substantial government funding as well as developer investment (non EB-5 investment funds). These funds are 100% in place.”
- dd. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- ee. “Part of the funds has already been invested in project construction. By itself, this portion of funds would create enough jobs . . . .”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Guangping Zhai received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Guangping Zhai before Plaintiff Guangping Zhai decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Guangping Zhai, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Global Immigration in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Global Immigration in China; and
- d. the project would sell out if Plaintiff Guangping Zhai did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Guangping Zhai:

- a. The General Partner had hired Global Immigration in China and was paying a "finder's fee" to them;
- b. The representatives from Global Immigration were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a "finder's fee" to the representatives from Global Immigration who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and

- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Guangping Zhai.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Guangping Zhai to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Guangping Zhai justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Guangping Zhai suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

## **ADDENDUM A-10**

### **KAINING GUO**

1. In or about January 2013, representatives from the Qiao Wai Group, Szechuan office, Szechuan office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Kaining Guo. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Szechuan office, Szechuan office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Kaining Guo, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Szechuan office, Szechuan office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Kaining Guo, and that these Chinese investors would rely upon those representations.

4. Plaintiff Kaining Guo relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Kaining Guo received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Kaining Guo before Plaintiff Kaining Guo decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Kaining Guo, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Szechuan office, Szechuan office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Szechuan office, Szechuan office in China; and
- d. the project would sell out if Plaintiff Kaining Guo did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Kaining Guo:

- a. The General Partner had hired the Qiao Wai Group, Szechuan office, Szechuan office in China and was paying a “finder’s fee” to them;
- b. The representatives from the Qiao Wai Group, Szechuan office, Szechuan office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Szechuan office, Szechuan office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Kaining Guo.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Kaining Guo to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Kaining Guo justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Kaining Guo suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## **ADDENDUM A-11**

### **KAI ZHANG**

1. In or about January 2013, representatives from the Qiao Wai Group in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Kai Zhang. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Kai Zhang, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Kai Zhang, and that these Chinese investors would rely upon those representations.

4. Plaintiff Kai Zhang relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Kai Zhang received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Kai Zhang before Plaintiff Kai Zhang decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Kai Zhang, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group in China; and
- d. the project would sell out if Plaintiff Kai Zhang did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Kai Zhang:

- a. The General Partner had hired the Qiao Wai Group in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Kai Zhang.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Kai Zhang to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Kai Zhang justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Kai Zhang suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-12

### NAN TENG

1. In or about December 2012, representatives from the Qiao Wai Group, Beijing office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Nan Teng. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Beijing office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Nan Teng, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Beijing office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Nan Teng, and that these Chinese investors would rely upon those representations.

4. Plaintiff Nan Teng relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Nan Teng received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Nan Teng before Plaintiff Nan Teng decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Nan Teng, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Beijing office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Beijing office in China; and
- d. the project would sell out if Plaintiff Nan Teng did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Nan Teng:

- a. The General Partner had hired the Qiao Wai Group, Beijing office in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group, Beijing office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Beijing office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Nan Teng.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Nan Teng to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Nan Teng justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Nan Teng suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-13

### CHIQIAN FU

1. In or about August 2011, representatives from Global Immigration Consultancy Limited/Haiwai Agency (“Global Immigration”) in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Chiqian Fu. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-1 and F-2 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Global Immigration with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Chiqian Fu, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Global Immigration in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Chiqian Fu, and that these Chinese investors would rely upon those representations.

4. Plaintiff Chiqian Fu relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”

- b. “Investment immigration applicants will enjoy first-lien priority:”
- c. “Investors will have a first-tier real lien; the value of just the real estate collateral is more than twice the amount of EB-5 loans, and the security of the funds is fully guaranteed.”
- d. “The value of the real estate collateral exceeds the loan amount by more than 2 times, and has a first-tier lien”
- e. “The Project uses real estate assets as a mortgage. According to the 2011 appraisal report by Callaway & Price Inc., a national certified professional appraisal institute, the land and properties posted as loan collateral were valued at US\$ 170 million (rental income is not included); while the amount of the loan in this Project is \$ 80 million. The value of the collateral more than doubles the total amount of the loan. The appraisal report has been certified by the Florida state government and the Chinese Embassy ([www.callawayandprice.com](http://www.callawayandprice.com))”
- f. First lien means that if and when an unexpected event occurs in the Project, investors will hold first position in the repayment order. In all projects with bank loans or mutual funds participation, EB-5 investors will always lose their important first-lien position, and the safety guarantees to their investment will be lost; therefore, the first lien is important to ensure the safety of EB-5 funds. In this Project, there are no bank loans and no mutual funds participation. Therefore, EB-5 investors have a true first lien.
- g. “First-layer guarantee: the investment term is 5 years. Ackman-Ziff, Manhattan’s largest real estate finance company, will provide a loan up to

\$100 million to the Project in the fourth year, far exceeding the total EB-5 investment by \$20 million;”

- h. The term of the loan in the Project is only four years, with a reliable exit mechanism: the Project has received a contract signed by Ackman-Ziff, the largest real estate finance firm in New York, to provide a refinance loan . . . after the Project is completed and put into operation; EB-5 investors will be able to recover 50% of their investment funds immediately after their families obtain permanent green cards; and the entire investment will be safely recovered when the loan matures in four years.
- i. “The Project is a four-year bridge loan with a safe and reliable exit mechanism; Ackman-Ziff, the largest real estate finance company in New York, has signed a contract to provide a \$100 million refinancing loan after the Project is completed and put into operation. Investors will recover 50% of their funds immediately after receiving their permanent green card, and the full amount of investment will be safely recovered in the fourth year.
- j. “Second-layer guarantee: The Project is located in one of the most affluent areas of the United States, and its potential commercial real estate value is unlimited. The estimated Project value, which has been double-certified by a third-party institute and Chinese Embassy, will be up to \$170 million, which is 200% of what is required to repay in full the 80 million U.S. dollars total investments. Investors can be repaid with the proceeds from the sale of the Project; this provides an additional guarantee that the borrower to repay the principal.”

- k. Each investor will contribute \$500,000 to form a limited partnership, and will hold the appropriate equity. The partnership will provide the Project Company with a “bridge loan”, and obtain a first lien valued as US\$ 170 million. 50% of the EB-5 investment will be repaid in each of the third and fourth years after investment is made, which means that the investors will fully recover all investment and release the lien in four years.”
- l. “The ownership structure of this project is clear and simple: the government and developer invest equity capitals, EB-5 funds will be a bridge loan; the Project has no bank loans, no mutual funds participation, EB-5 investors have the real first lien.”
- m. “Investment structure and funding needs: The Project’s equity is US\$ 64 million, of which the government invested US\$ 29.115 million and the developer invested US \$ 38.85 million. These funds are all in place and have been spent on the Project. The Florida government has invested an additional \$17.75 million in infrastructure.”
- n. “This is also one of the rare development projects on the EB-5 market jointly operated by government equity investment and private companies;”
- o. “In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- p. The Project includes infrastructure investment from State government and equity investment from City government. The government will supervise the project’s finances and progress throughout the whole process. The insurance company will also participate in the supervision. This dual

supervision mechanism will minimize the risk to EB-5 funds; the Project will have stable rental incomes and healthy cash flow in two years . . . .”

q. “What investments does the government have in the Project? The government usually invests only in infrastructure. For this Project, in addition to the 17.75 million US dollars infrastructure investment by the State government, 29.115 million US dollars were also received in direct government investment . . . . As we know, the U.S. government budget is regulated by Congress and rarely involves direct investment in EB-5 projects. Government support fully proves the importance of the Project for local economic development.”

r. “Why is the Project receiving financial support from the government? . . . Palm Beach County is not only known for its beautiful beaches and as the new home of research giant Scripps Research Institute, the Max Planck Florida Institute, and many other biotechnology companies; it has also become the largest cluster of biotech industries in the United States and an important world center for biotechnology research, development and production. The Project is adjacent to these two major research institutes and will not only meets the urgent demands of academic activities and business meetings, but also create a large number of jobs and promote economic development. **This is the reason why it has received financial support from the government.**”

- s. “Total Project Investment is 144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- t. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- u. “Investors will have first lien position on the whole \$170 million Harbourside Place Project, including land and improvements.”
- v. “First Lien Position – The investment structure in Harbourside Project has minimized the risk for EB-5 investors. The collateral is sufficient, the investors have first-lien position on the whole project, including the land and all building, marinas, and associated facilities, with a value more than double total EB-5 investment.
- w. “The [Harbourside Project] appraisal has been certified by The State of Florida and the Chinese embassy.”
- x. “Developer and Regional Center held discussions with Ackmann-Ziff, the largest real estate financing company in Manhattan, and decided that [REDACTED] will purchase the loan from the underwriting investors on the 3rd and 4th years after investors funds are paid in, pay off the EB-5 loan, and return their funds to the investors.”
- y. “The government invests directly in the project and directly oversees its progress.”

- z. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.
- aa. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- bb. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- cc. “Our project has substantial government funding as well as developer investment (non EB-5 investment funds). These funds are 100% in place.”
- dd. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- ee. “Part of the funds has already been invested in project construction. By itself, this portion of funds would create enough jobs . . . .”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Chiqian Fu received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Chiqian Fu before Plaintiff Chiqian Fu decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Chiqian Fu, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Global Immigration in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Global Immigration in China; and
- d. the project would sell out if Plaintiff Chiqian Fu did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Chiqian Fu:

- a. The General Partner had hired Global Immigration in China and was paying a "finder's fee" to them;
- b. The representatives from Global Immigration were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a "finder's fee" to the representatives from Global Immigration who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and

- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Chiqian Fu.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Chiqian Fu to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Chiqian Fu justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Chiqian Fu suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

## **ADDENDUM A-14**

### **ZHENGFANG ZHU**

1. In or about December 2012, representatives from the Qiao Wai Group, Guangzhou office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Zhengfang Zhu. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Guangzhou office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Zhengfang Zhu, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Guangzhou office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Zhengfang Zhu, and that these Chinese investors would rely upon those representations.

4. Plaintiff Zhengfang Zhu relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Zhengfang Zhu received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Zhengfang Zhu before Plaintiff Zhengfang Zhu decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Zhengfang Zhu, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Guangzhou office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Guangzhou office in China; and
- d. the project would sell out if Plaintiff Zhengfang Zhu did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Zhengfang Zhu:

- a. The General Partner had hired the Qiao Wai Group, Guangzhou office in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group, Guangzhou office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Guangzhou office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Zhengfang Zhu.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Zhengfang Zhu to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Zhengfang Zhu justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Zhengfang Zhu suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the

Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-15

### JIE WANG

1. In or about May 2012, representatives from Global Immigration Consultancy Limited/Overseas Immigration Services, Shanghai (“Global Immigration”) in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Jie Wang. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-1 and F-2 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Global Immigration with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Jie Wang, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Global Immigration in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Jie Wang, and that these Chinese investors would rely upon those representations.

4. Plaintiff Jie Wang relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”

- b. “Investment immigration applicants will enjoy first-lien priority:”
- c. “Investors will have a first-tier real lien; the value of just the real estate collateral is more than twice the amount of EB-5 loans, and the security of the funds is fully guaranteed.”
- d. “The value of the real estate collateral exceeds the loan amount by more than 2 times, and has a first-tier lien”
- e. “The Project uses real estate assets as a mortgage. According to the 2011 appraisal report by Callaway & Price Inc., a national certified professional appraisal institute, the land and properties posted as loan collateral were valued at US\$ 170 million (rental income is not included); while the amount of the loan in this Project is \$ 80 million. The value of the collateral more than doubles the total amount of the loan. The appraisal report has been certified by the Florida state government and the Chinese Embassy ([www.callawayandprice.com](http://www.callawayandprice.com))”
- f. First lien means that if and when an unexpected event occurs in the Project, investors will hold first position in the repayment order. In all projects with bank loans or mutual funds participation, EB-5 investors will always lose their important first-lien position, and the safety guarantees to their investment will be lost; therefore, the first lien is important to ensure the safety of EB-5 funds. In this Project, there are no bank loans and no mutual funds participation. Therefore, EB-5 investors have a true first lien.
- g. “First-layer guarantee: the investment term is 5 years. Ackman-Ziff, Manhattan’s largest real estate finance company, will provide a loan up to

\$100 million to the Project in the fourth year, far exceeding the total EB-5 investment by \$20 million;”

- h. The term of the loan in the Project is only four years, with a reliable exit mechanism: the Project has received a contract signed by Ackman-Ziff, the largest real estate finance firm in New York, to provide a refinance loan . . . after the Project is completed and put into operation; EB-5 investors will be able to recover 50% of their investment funds immediately after their families obtain permanent green cards; and the entire investment will be safely recovered when the loan matures in four years.
- i. “The Project is a four-year bridge loan with a safe and reliable exit mechanism; Ackman-Ziff, the largest real estate finance company in New York, has signed a contract to provide a \$100 million refinancing loan after the Project is completed and put into operation. Investors will recover 50% of their funds immediately after receiving their permanent green card, and the full amount of investment will be safely recovered in the fourth year.
- j. “Second-layer guarantee: The Project is located in one of the most affluent areas of the United States, and its potential commercial real estate value is unlimited. The estimated Project value, which has been double-certified by a third-party institute and Chinese Embassy, will be up to \$170 million, which is 200% of what is required to repay in full the 80 million U.S. dollars total investments. Investors can be repaid with the proceeds from the sale of the Project; this provides an additional guarantee that the borrower to repay the principal.”

- k. Each investor will contribute \$500,000 to form a limited partnership, and will hold the appropriate equity. The partnership will provide the Project Company with a “bridge loan”, and obtain a first lien valued as US\$ 170 million. 50% of the EB-5 investment will be repaid in each of the third and fourth years after investment is made, which means that the investors will fully recover all investment and release the lien in four years.”
- l. “The ownership structure of this project is clear and simple: the government and developer invest equity capitals, EB-5 funds will be a bridge loan; the Project has no bank loans, no mutual funds participation, EB-5 investors have the real first lien.”
- m. “Investment structure and funding needs: The Project’s equity is US\$ 64 million, of which the government invested US\$ 29.115 million and the developer invested US \$ 38.85 million. These funds are all in place and have been spent on the Project. The Florida government has invested an additional \$17.75 million in infrastructure.”
- n. “This is also one of the rare development projects on the EB-5 market jointly operated by government equity investment and private companies;”
- o. “In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- p. The Project includes infrastructure investment from State government and equity investment from City government. The government will supervise the project’s finances and progress throughout the whole process. The insurance company will also participate in the supervision. This dual

supervision mechanism will minimize the risk to EB-5 funds; the Project will have stable rental incomes and healthy cash flow in two years . . . .”

q. “What investments does the government have in the Project? The government usually invests only in infrastructure. For this Project, in addition to the 17.75 million US dollars infrastructure investment by the State government, 29.115 million US dollars were also received in direct government investment . . . . As we know, the U.S. government budget is regulated by Congress and rarely involves direct investment in EB-5 projects. Government support fully proves the importance of the Project for local economic development.”

r. “Why is the Project receiving financial support from the government? . . . Palm Beach County is not only known for its beautiful beaches and as the new home of research giant Scripps Research Institute, the Max Planck Florida Institute, and many other biotechnology companies; it has also become the largest cluster of biotech industries in the United States and an important world center for biotechnology research, development and production. The Project is adjacent to these two major research institutes and will not only meets the urgent demands of academic activities and business meetings, but also create a large number of jobs and promote economic development. **This is the reason why it has received financial support from the government.**”

- s. “Total Project Investment is 144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- t. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- u. “Investors will have first lien position on the whole \$170 million Harbourside Place Project, including land and improvements.”
- v. “First Lien Position – The investment structure in Harbourside Project has minimized the risk for EB-5 investors. The collateral is sufficient, the investors have first-lien position on the whole project, including the land and all building, marinas, and associated facilities, with a value more than double total EB-5 investment.
- w. “The [Harbourside Project] appraisal has been certified by The State of Florida and the Chinese embassy.”
- x. “Developer and Regional Center held discussions with Ackmann-Ziff, the largest real estate financing company in Manhattan, and decided that [REDACTED] will purchase the loan from the underwriting investors on the 3rd and 4th years after investors funds are paid in, pay off the EB-5 loan, and return their funds to the investors.”
- y. “The government invests directly in the project and directly oversees its progress.”

- z. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.
- aa. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- bb. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- cc. “Our project has substantial government funding as well as developer investment (non EB-5 investment funds). These funds are 100% in place.”
- dd. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- ee. “Part of the funds has already been invested in project construction. By itself, this portion of funds would create enough jobs . . . .”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Jie Wang received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Jie Wang before Plaintiff Jie Wang decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Jie Wang, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Global Immigration in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;

b. the investment would always have a first-priority lien on Developer's property;

c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Global Immigration in China; and

d. the project would sell out if Plaintiff Jie Wang did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Jie Wang:

a. The General Partner had hired Global Immigration in China and was paying a "finder's fee" to them;

b. The representatives from Global Immigration were acting under the direction and control of the Mastroianni Defendants;

c. The Mastroianni Defendants were violating Florida law by paying a "finder's fee" to the representatives from Global Immigration who were not licensed to sell the investment property in Florida;

d. The General Partner never intended to sell 200 units; and

- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Jie Wang.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Jie Wang to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Jie Wang justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Jie Wang suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

## ADDENDUM A-16

### QIN ZHOU

1. In or about December 2012, representatives from the Qiao Wai Group, Beijing office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Qin Zhou. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Beijing office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Qin Zhou, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Beijing office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Qin Zhou, and that these Chinese investors would rely upon those representations.

4. Plaintiff Qin Zhou relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Qin Zhou received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Qin Zhou before Plaintiff Qin Zhou decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Qin Zhou, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Beijing office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Beijing office in China; and
- d. the project would sell out if Plaintiff Qin Zhou did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Qin Zhou:

- a. The General Partner had hired the Qiao Wai Group, Beijing office in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group, Beijing office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Beijing office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Qin Zhou.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Qin Zhou to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Qin Zhuo justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Qin Zhuo suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## **ADDENDUM A-17**

### **ZHENGMAO LIU**

1. In or about November or December 2012, representatives from USA Advisors/Huaying Consulting Co., Ltd., Guiyang office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Zhengmao Liu. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibit F-6 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to USA Advisors/Huaying Consulting Co., Ltd., Guiyang office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Zhengmao Liu, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from USA Advisors/Huaying Consulting Co., Ltd., Guiyang office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Zhengmao Liu, and that these Chinese investors would rely upon those representations.

4. Plaintiff Zhengmao Liu relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “Clear Exit Strategy 1: Manhattan’s largest Commercial Real Estate Finance Group Ackman-Ziff has provided financing terms for the project at year 4 to repay investors.”

- b. “Clear Exit Strategy 2: “Project has been appraised by government licensed appraiser for \$170 million – EB-5 investors enjoys first-position mortgage.”
- c. “Sales value = 200% more than EB5 [creditor’s rights].”
- d. The construction time and quality is bonded and guaranteed by the internationally known Travelers Casualty and Surety Company of America. The General Contractor is bondable up to \$750m USD in coverage. This reduces operational risk for construction & also ensures the project is completed “on-time”.
- e. “8 [months] Construction”
- f. “The project will create 2049 jobs . . .50% Surplus – each investors gets credit for 15 jobs!”
- g. “Construction & 50% buffer Jobs secure your Permanent Green Card”
- h. “Construction guarantee 50% extra jobs make the project safe”
- i. “The total cost of the project would be \$144 million with \$30.91 million coming from “Government Funding.”
- j. “Florida State has approved and begun its biggest public and private cooperation ever in the history since 2000, 9.6 acre.”
- k. “The Riverwalk project includes residential and commercial real estate developments financed by government grants, public bonds and private investment.”
- l. Government Funding \$30,910,000
- m. “Strong Government Support” along with seals for the Unites States Congress, Palm Beach County, Florida, and Town of Jupiter.

- n. “Highly supported by State and Local government”
- o. The Developer was investing \$33.09 million in the project.
- p. “No more 20 left”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Zhengmao Liu received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Zhengmao Liu before Plaintiff Zhengmao Liu decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Zhengmao Liu, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at USA Advisors/Huaying Consulting Co., Ltd., Guiyang office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer’s property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from USA Advisors/Huaying Consulting Co., Ltd., Guiyang office in China; and

- d. the project would sell out if Plaintiff Zhengmao Liu did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Zhengmao Liu:

- a. The General Partner had hired USA Advisors/Huaying Consulting Co., Ltd., Guiyang office in China and was paying a “finder’s fee” to them;
- b. The representatives from USA Advisors/Huaying Consulting Co., Ltd., Guiyang office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from USA Advisors/Huaying Consulting Co., Ltd., Guiyang office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Zhengmao Liu.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Zhengmao Liu to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Zhengmao Liu justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Zhengmao Liu suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## **ADDENDUM A-18**

### **CHUNMEI DENG**

1. In or about December 2012, representatives from Global Immigration Consultancy Limited/Shanghai Haojiang Investment Consulting Co. Ltd. (“Global Immigration”) in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Chunmei Deng. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-1 and F-2 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Global Immigration with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Chunmei Deng, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Global Immigration in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Chunmei Deng, and that these Chinese investors would rely upon those representations.

4. Plaintiff Chunmei Deng relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”

- b. “Investment immigration applicants will enjoy first-lien priority:”
- c. “Investors will have a first-tier real lien; the value of just the real estate collateral is more than twice the amount of EB-5 loans, and the security of the funds is fully guaranteed.”
- d. “The value of the real estate collateral exceeds the loan amount by more than 2 times, and has a first-tier lien”
- e. “The Project uses real estate assets as a mortgage. According to the 2011 appraisal report by Callaway & Price Inc., a national certified professional appraisal institute, the land and properties posted as loan collateral were valued at US\$ 170 million (rental income is not included); while the amount of the loan in this Project is \$ 80 million. The value of the collateral more than doubles the total amount of the loan. The appraisal report has been certified by the Florida state government and the Chinese Embassy ([www.callawayandprice.com](http://www.callawayandprice.com))”
- f. First lien means that if and when an unexpected event occurs in the Project, investors will hold first position in the repayment order. In all projects with bank loans or mutual funds participation, EB-5 investors will always lose their important first-lien position, and the safety guarantees to their investment will be lost; therefore, the first lien is important to ensure the safety of EB-5 funds. In this Project, there are no bank loans and no mutual funds participation. Therefore, EB-5 investors have a true first lien.
- g. “First-layer guarantee: the investment term is 5 years. Ackman-Ziff, Manhattan’s largest real estate finance company, will provide a loan up to

\$100 million to the Project in the fourth year, far exceeding the total EB-5 investment by \$20 million;”

- h. The term of the loan in the Project is only four years, with a reliable exit mechanism: the Project has received a contract signed by Ackman-Ziff, the largest real estate finance firm in New York, to provide a refinance loan . . . after the Project is completed and put into operation; EB-5 investors will be able to recover 50% of their investment funds immediately after their families obtain permanent green cards; and the entire investment will be safely recovered when the loan matures in four years.
- i. “The Project is a four-year bridge loan with a safe and reliable exit mechanism; Ackman-Ziff, the largest real estate finance company in New York, has signed a contract to provide a \$100 million refinancing loan after the Project is completed and put into operation. Investors will recover 50% of their funds immediately after receiving their permanent green card, and the full amount of investment will be safely recovered in the fourth year.
- j. “Second-layer guarantee: The Project is located in one of the most affluent areas of the United States, and its potential commercial real estate value is unlimited. The estimated Project value, which has been double-certified by a third-party institute and Chinese Embassy, will be up to \$170 million, which is 200% of what is required to repay in full the 80 million U.S. dollars total investments. Investors can be repaid with the proceeds from the sale of the Project; this provides an additional guarantee that the borrower to repay the principal.”

- k. Each investor will contribute \$500,000 to form a limited partnership, and will hold the appropriate equity. The partnership will provide the Project Company with a “bridge loan”, and obtain a first lien valued as US\$ 170 million. 50% of the EB-5 investment will be repaid in each of the third and fourth years after investment is made, which means that the investors will fully recover all investment and release the lien in four years.”
- l. “The ownership structure of this project is clear and simple: the government and developer invest equity capitals, EB-5 funds will be a bridge loan; the Project has no bank loans, no mutual funds participation, EB-5 investors have the real first lien.”
- m. “Investment structure and funding needs: The Project’s equity is US\$ 64 million, of which the government invested US\$ 29.115 million and the developer invested US \$ 38.85 million. These funds are all in place and have been spent on the Project. The Florida government has invested an additional \$17.75 million in infrastructure.”
- n. “This is also one of the rare development projects on the EB-5 market jointly operated by government equity investment and private companies;”
- o. “In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- p. The Project includes infrastructure investment from State government and equity investment from City government. The government will supervise the project’s finances and progress throughout the whole process. The insurance company will also participate in the supervision. This dual

supervision mechanism will minimize the risk to EB-5 funds; the Project will have stable rental incomes and healthy cash flow in two years . . . .”

q. “What investments does the government have in the Project? The government usually invests only in infrastructure. For this Project, in addition to the 17.75 million US dollars infrastructure investment by the State government, 29.115 million US dollars were also received in direct government investment . . . . As we know, the U.S. government budget is regulated by Congress and rarely involves direct investment in EB-5 projects. Government support fully proves the importance of the Project for local economic development.”

r. “Why is the Project receiving financial support from the government? . . . Palm Beach County is not only known for its beautiful beaches and as the new home of research giant Scripps Research Institute, the Max Planck Florida Institute, and many other biotechnology companies; it has also become the largest cluster of biotech industries in the United States and an important world center for biotechnology research, development and production. The Project is adjacent to these two major research institutes and will not only meets the urgent demands of academic activities and business meetings, but also create a large number of jobs and promote economic development. **This is the reason why it has received financial support from the government.**”

- s. “Total Project Investment is 144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- t. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- u. “Investors will have first lien position on the whole \$170 million Harbourside Place Project, including land and improvements.”
- v. “First Lien Position – The investment structure in Harbourside Project has minimized the risk for EB-5 investors. The collateral is sufficient, the investors have first-lien position on the whole project, including the land and all building, marinas, and associated facilities, with a value more than double total EB-5 investment.
- w. “The [Harbourside Project] appraisal has been certified by The State of Florida and the Chinese embassy.”
- x. “Developer and Regional Center held discussions with Ackmann-Ziff, the largest real estate financing company in Manhattan, and decided that [REDACTED] will purchase the loan from the underwriting investors on the 3rd and 4th years after investors funds are paid in, pay off the EB-5 loan, and return their funds to the investors.”
- y. “The government invests directly in the project and directly oversees its progress.”

- z. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.
- aa. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- bb. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- cc. “Our project has substantial government funding as well as developer investment (non EB-5 investment funds). These funds are 100% in place.”
- dd. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- ee. “Part of the funds has already been invested in project construction. By itself, this portion of funds would create enough jobs . . . .”The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Chunmei Deng received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Chunmei Deng before Plaintiff Chunmei Deng decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Chunmei Deng, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Global Immigration in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Global Immigration in China; and
- d. the project would sell out if Plaintiff Chunmei Deng did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Chunmei Deng:

- a. The General Partner had hired Global Immigration in China and was paying a "finder's fee" to them;
- b. The representatives from Global Immigration were acting under the direction and control of the Mastroianni Defendants;

- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from Global Immigration who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Chunmei Deng.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Chunmei Deng to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Chunmei Deng justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Chunmei Deng suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer converted the Limited Partnership’s investments to “preferred equity” rather than returning the investment plus interest as represented.

## **ADDENDUM A-19**

### **RONG CHEN**

1. In or about December 2011, representatives from USA Advisors in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Rong Chen. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibit F-6 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to USA Advisors with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Rong Chen, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from USA Advisors in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Rong Chen, and that these Chinese investors would rely upon those representations.

4. Plaintiff Rong Chen relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “Clear Exit Strategy 1: Manhattan’s largest Commercial Real Estate Finance Group Ackman-Ziff has provided financing terms for the project at year 4 to repay investors.”

- b. “Clear Exit Strategy 2: “Project has been appraised by government licensed appraiser for \$170 million – EB-5 investors enjoys first-position mortgage.”
- c. “Sales value = 200% more than EB5 [creditor’s rights].”
- d. The construction time and quality is bonded and guaranteed by the internationally known Travelers Casualty and Surety Company of America. The General Contractor is bondable up to \$750m USD in coverage. This reduces operational risk for construction & also ensures the project is completed “on-time”.
- e. “8 [months] Construction”
- f. “The project will create 2049 jobs . . .50% Surplus – each investors gets credit for 15 jobs!”
- g. “Construction & 50% buffer Jobs secure your Permanent Green Card”
- h. “Construction guarantee 50% extra jobs make the project safe”
- i. “The total cost of the project would be \$144 million with \$30.91 million coming from “Government Funding.”
- j. “Florida State has approved and begun its biggest public and private cooperation ever in the history since 2000, 9.6 acre.”
- k. “The Riverwalk project includes residential and commercial real estate developments financed by government grants, public bonds and private investment.”
- l. Government Funding \$30,910,000
- m. “Strong Government Support” along with seals for the Unites States Congress, Palm Beach County, Florida, and Town of Jupiter.

- n. “Highly supported by State and Local government”
- o. The Developer was investing \$33.09 million in the project.
- p. “No more 20 left”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Rong Chen received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Rong Chen before Plaintiff Rong Chen decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Rong Chen, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at USA Advisors in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer’s property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from USA Advisors in China; and

- d. the project would sell out if Plaintiff Rong Chen did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Rong Chen:

- a. The General Partner had hired USA Advisors in China and was paying a “finder’s fee” to them;
- b. The representatives from USA Advisors were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from USA Advisors who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Rong Chen.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to

disclose with the intention of inducing Plaintiff Rong Chen to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Rong Chen justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Rong Chen suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-20

### DESHUN LIU

1. In or about April 2012, representatives from Aofeng/Can-Austra Information Consulting Co. Ltd. (“Aofeng”) in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Deshun Liu. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibit F-6 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Aofeng with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Deshun Liu, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Aofeng in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Deshun Liu, and that these Chinese investors would rely upon those representations.

4. Plaintiff Deshun Liu relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “Clear Exit Strategy 1: Manhattan’s largest Commercial Real Estate Finance Group Ackman-Ziff has provided financing terms for the project at year 4 to repay investors.”

- b. “Clear Exit Strategy 2: “Project has been appraised by government licensed appraiser for \$170 million – EB-5 investors enjoys first-position mortgage.”
- c. “Sales value = 200% more than EB5 [creditor’s rights].”
- d. The construction time and quality is bonded and guaranteed by the internationally known Travelers Casualty and Surety Company of America. The General Contractor is bondable up to \$750m USD in coverage. This reduces operational risk for construction & also ensures the project is completed “on-time”.
- e. “8 [months] Construction”
- f. “The project will create 2049 jobs . . .50% Surplus – each investors gets credit for 15 jobs!”
- g. “Construction & 50% buffer Jobs secure your Permanent Green Card”
- h. “Construction guarantee 50% extra jobs make the project safe”
- i. “The total cost of the project would be \$144 million with \$30.91 million coming from “Government Funding.”
- j. “Florida State has approved and begun its biggest public and private cooperation ever in the history since 2000, 9.6 acre.”
- k. “The Riverwalk project includes residential and commercial real estate developments financed by government grants, public bonds and private investment.”
- l. Government Funding \$30,910,000
- m. “Strong Government Support” along with seals for the Unites States Congress, Palm Beach County, Florida, and Town of Jupiter.

- n. “Highly supported by State and Local government”
- o. The Developer was investing \$33.09 million in the project.
- p. “No more 20 left”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Deshun Liu received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Deshun Liu before Plaintiff Deshun Liu decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Deshun Liu, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Aofeng in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer’s property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Aofeng in China; and

- d. the project would sell out if Plaintiff Deshun Liu did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Deshun Liu:

- a. The General Partner had hired Aofeng in China and was paying a “finder’s fee” to them;
- b. The representatives from Aofeng were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from Aofeng who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Deshun Liu.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to

disclose with the intention of inducing Plaintiff Deshun Liu to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Deshun Liu justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Deshun Liu suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-21

### WEI CUI

1. In or about February 2012, representatives from Hua Mei Immigration Consultants Co. Ltd. (“Huamei”) in Qingdao, China distributed Promotional Materials relating to the Harbourside project to Plaintiff Wei Cui. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibit F-3 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Huamei with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Wei Cui, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Huamei in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Wei Cui, and that these Chinese investors would rely upon those representations.

4. Plaintiff Wei Cui relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “Investment immigration applicants will enjoy first-lien priority.”
- b. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”

- c. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- d. “Investors will get first-lien position priority on the entire \$170 million Harbourside Place Project, including the land and improvements.”
- e. “First Lien Position Priority – The investment structure in Harbourside Project has minimized the risk of EB-5 investors. Collateral includes the land and all the buildings, marina, and associated facilities. EB-5 investors will have first-lien position for repayment. The total value of collateral is up to \$170 million, more than twice the total amount of EB-5 investment.
- f. The “Harbourside Project Value” was certified by the State of Florida and the Chinese embassy.
- g. “The developer and Regional Center have had conversations with Ackmann-Ziff, the largest real estate financing company in Manhattan. It has been decided that Ackmann-Ziff will provide \$100 million to purchase the loan from the underwriting investors on the fourth years after the investors’ funds are paid into the project, which will repay the EB-5 loan back to investors.”
- h. “The government directly invests in the project and directly oversees the progress of the project”
- i. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.

- j. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- k. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- l. “The Project . . . is funded by a combination of government grants, bond issues, and corporate investment.”
- m. “Our project has a large amount of government funding and investments from the developer (non EB-5 investment funds). These funds are 100% in place.”
- n. The Jupiter Harbourside Place Municipal Center is the key project designated by Florida State Government for the next five years. In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- o. “The total investment of the project is \$144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- p. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- q. “Part of the funds has already been invested in Project construction. Just this portion of funding would create enough jobs.”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Wei Cui received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Wei Cui before Plaintiff Wei Cui decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Wei Cui, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Huamei in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Huamei in China; and
- d. the project would sell out if Plaintiff Wei Cui did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Wei Cui:

- a. The General Partner had hired Huamei in China and was paying a "finder's fee" to them;

- b. The representatives from Huamei were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from Huamei who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Wei Cui.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Wei Cui to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Wei Cui justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Wei Cui suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-22

### LI HE

1. In or about late 2011 or early 2012, representatives from Hua Mei Immigration Consultants Co. Ltd. (“Huamei”) in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Li He. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibit F-3 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Huamei with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Li He, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Huamei in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Li He, and that these Chinese investors would rely upon those representations.

4. Plaintiff Li He relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “Investment immigration applicants will enjoy first-lien priority.”
- b. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”

- c. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- d. “Investors will get first-lien position priority on the entire \$170 million Harbourside Place Project, including the land and improvements.”
- e. “First Lien Position Priority – The investment structure in Harbourside Project has minimized the risk of EB-5 investors. Collateral includes the land and all the buildings, marina, and associated facilities. EB-5 investors will have first-lien position for repayment. The total value of collateral is up to \$170 million, more than twice the total amount of EB-5 investment.
- f. The “Harbourside Project Value” was certified by the State of Florida and the Chinese embassy.
- g. “The developer and Regional Center have had conversations with Ackmann-Ziff, the largest real estate financing company in Manhattan. It has been decided that Ackmann-Ziff will provide \$100 million to purchase the loan from the underwriting investors on the fourth years after the investors’ funds are paid into the project, which will repay the EB-5 loan back to investors.”
- h. “The government directly invests in the project and directly oversees the progress of the project”
- i. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.

- j. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- k. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- l. “The Project . . . is funded by a combination of government grants, bond issues, and corporate investment.”
- m. “Our project has a large amount of government funding and investments from the developer (non EB-5 investment funds). These funds are 100% in place.”
- n. The Jupiter Harbourside Place Municipal Center is the key project designated by Florida State Government for the next five years. In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- o. “The total investment of the project is \$144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- p. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- q. “Part of the funds has already been invested in Project construction. Just this portion of funding would create enough jobs.”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Li He received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Li He before Plaintiff Li He decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Li He, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Huamei in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Huamei in China; and
- d. the project would sell out if Plaintiff Li He did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Li He:

- a. The General Partner had hired Huamei in China and was paying a "finder's fee" to them;

- b. The representatives from Huamei were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from Huamei who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Li He.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Li He to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Li He justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Li He suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-23

### SUHUA YE

1. In or about January 2013, representatives from the Qiao Wai Group, Guangzhou office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Suhua Ye. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Guangzhou office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Suhua Ye, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Guangzhou office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Suhua Ye, and that these Chinese investors would rely upon those representations.

4. Plaintiff Suhua Ye relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Suhua Ye received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Suhua Ye before Plaintiff Suhua Ye decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Suhua Ye, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Guangzhou office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Guangzhou office in China; and
- d. the project would sell out if Plaintiff Suhua Ye did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Suhua Ye:

- a. The General Partner had hired the Qiao Wai Group, Guangzhou office in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group, Guangzhou office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Guangzhou office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Suhua Ye.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Suhua Ye to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Suhua Ye justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Suhua Ye suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-24

### YANG YING

1. In or about January 2013, representatives from the Qiao Wai Group, Guangzhou office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Ying Yang. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Guangzhou office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Ying Yang, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Guangzhou office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Ying Yang, and that these Chinese investors would rely upon those representations.

4. Plaintiff Ying Yang relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the ██████████ in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Ying Yang received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Ying Yang before Plaintiff Ying Yang decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Ying Yang, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Guangzhou office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Guangzhou office in China; and
- d. the project would sell out if Plaintiff Ying Yang did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Ying Yang:

- a. The General Partner had hired the Qiao Wai Group, Guangzhou office in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group, Guangzhou office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Guangzhou office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Ying Yang.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Ying Yang to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Ying Yang justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Ying Yang suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-25

### YOULUN ZHANG

1. In or about March 2012, representatives from the CITS Overseas Travel Co., Ltd. (“CITS”) in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Youlun Zhang. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibit F-1 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to CITS with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Youlun Zhang, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from CITS in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Youlun Zhang, and that these Chinese investors would rely upon those representations.

4. Plaintiff Youlun Zhang relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”
- b. “Investment immigration applicants will enjoy first-lien priority:”

- c. “First-layer guarantee: the investment term is 5 years. Ackman-Ziff, Manhattan’s largest real estate finance company, will provide a loan up to \$100 million to the Project in the fourth year, far exceeding the total EB-5 investment by \$20 million;”
- d. “Second-layer guarantee: The Project is located in one of the most affluent areas of the United States, and its potential commercial real estate value is unlimited. The estimated Project value, which has been double-certified by a third-party institute and Chinese Embassy, will be up to \$170 million, which is 200% of what is required to repay in full the 80 million U.S. dollars total investments. Investors can be repaid with the proceeds from the sale of the Project; this provides an additional guarantee that the borrower to repay the principal.”
- e. “[T]he government has attached great importance to the Project”
- f. “The Jupiter Harbourside Place Municipal Project is the key project designated by Florida State Government for the next five years.”
- g. “In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- h. “In order to cope with the large number of people expected to be attracted to this future municipal center, the government has added up to 18 million US dollars to expand the road around the Project, and has planned to build a bridge directly to the municipal center, which reflects the government's high recognition and attention to the Project.”

- i. “The State government purposely picked Palm Beach County on the east coast of Florida as the Project location.”
- j. “Total Project Investment is 144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Youlun Zhang received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Youlun Zhang before Plaintiff Youlun Zhang decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Youlun Zhang, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at CITS in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer’s property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from CITS in China; and

- d. the project would sell out if Plaintiff Youlun Zhang did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Youlun Zhang:

- a. The General Partner had hired CITS in China and was paying a “finder’s fee” to them;
- b. The representatives from CITS were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from CITS who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Youlun Zhang.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to

disclose with the intention of inducing Plaintiff Youlun Zhang to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Youlun Zhang justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Youlun Zhang suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## **ADDENDUM A-26**

### **ZHUOXIONG YU**

1. In or about February 2012, representatives from Renhe Overseas Investment Service (“Renhe”), Shanghai, China distributed Promotional Materials relating to the Harbourside project to Plaintiff Zhuoxiong Yu. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-1 and F-2 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Renhe with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Zhuoxiong Yu, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Renhe in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Zhuoxiong Yu, and that these Chinese investors would rely upon those representations.

4. Plaintiff Zhuoxiong Yu relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”
- b. “Investment immigration applicants will enjoy first-lien priority:”

- c. “Investors will have a first-tier real lien; the value of just the real estate collateral is more than twice the amount of EB-5 loans, and the security of the funds is fully guaranteed.”
- d. “The value of the real estate collateral exceeds the loan amount by more than 2 times, and has a first-tier lien”
- e. “The Project uses real estate assets as a mortgage. According to the 2011 appraisal report by Callaway & Price Inc., a national certified professional appraisal institute, the land and properties posted as loan collateral were valued at US\$ 170 million (rental income is not included); while the amount of the loan in this Project is \$ 80 million. The value of the collateral more than doubles the total amount of the loan. The appraisal report has been certified by the Florida state government and the Chinese Embassy (www.callawayandprice.com)”
- f. First lien means that if and when an unexpected event occurs in the Project, investors will hold first position in the repayment order. In all projects with bank loans or mutual funds participation, EB-5 investors will always lose their important first-lien position, and the safety guarantees to their investment will be lost; therefore, the first lien is important to ensure the safety of EB-5 funds. In this Project, there are no bank loans and no mutual funds participation. Therefore, EB-5 investors have a true first lien.
- g. “First-layer guarantee: the investment term is 5 years. Ackman-Ziff, Manhattan’s largest real estate finance company, will provide a loan up to

\$100 million to the Project in the fourth year, far exceeding the total EB-5 investment by \$20 million;”

- h. The term of the loan in the Project is only four years, with a reliable exit mechanism: the Project has received a contract signed by Ackman-Ziff, the largest real estate finance firm in New York, to provide a refinance loan . . . after the Project is completed and put into operation; EB-5 investors will be able to recover 50% of their investment funds immediately after their families obtain permanent green cards; and the entire investment will be safely recovered when the loan matures in four years.
- i. “The Project is a four-year bridge loan with a safe and reliable exit mechanism; Ackman-Ziff, the largest real estate finance company in New York, has signed a contract to provide a \$100 million refinancing loan after the Project is completed and put into operation. Investors will recover 50% of their funds immediately after receiving their permanent green card, and the full amount of investment will be safely recovered in the fourth year.
- j. “Second-layer guarantee: The Project is located in one of the most affluent areas of the United States, and its potential commercial real estate value is unlimited. The estimated Project value, which has been double-certified by a third-party institute and Chinese Embassy, will be up to \$170 million, which is 200% of what is required to repay in full the 80 million U.S. dollars total investments. Investors can be repaid with the proceeds from the sale of the Project; this provides an additional guarantee that the borrower to repay the principal.”

- k. Each investor will contribute \$500,000 to form a limited partnership, and will hold the appropriate equity. The partnership will provide the Project Company with a “bridge loan”, and obtain a first lien valued as US\$ 170 million. 50% of the EB-5 investment will be repaid in each of the third and fourth years after investment is made, which means that the investors will fully recover all investment and release the lien in four years.”
- l. “The ownership structure of this project is clear and simple: the government and developer invest equity capitals, EB-5 funds will be a bridge loan; the Project has no bank loans, no mutual funds participation, EB-5 investors have the real first lien.”
- m. “Investment structure and funding needs: The Project’s equity is US\$ 64 million, of which the government invested US\$ 29.115 million and the developer invested US \$ 38.85 million. These funds are all in place and have been spent on the Project. The Florida government has invested an additional \$17.75 million in infrastructure.”
- n. “This is also one of the rare development projects on the EB-5 market jointly operated by government equity investment and private companies;”
- o. “In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- p. The Project includes infrastructure investment from State government and equity investment from City government. The government will supervise the project’s finances and progress throughout the whole process. The insurance company will also participate in the supervision. This dual

supervision mechanism will minimize the risk to EB-5 funds; the Project will have stable rental incomes and healthy cash flow in two years . . . .”

q. “What investments does the government have in the Project? The government usually invests only in infrastructure. For this Project, in addition to the 17.75 million US dollars infrastructure investment by the State government, 29.115 million US dollars were also received in direct government investment . . . . As we know, the U.S. government budget is regulated by Congress and rarely involves direct investment in EB-5 projects. Government support fully proves the importance of the Project for local economic development.”

r. “Why is the Project receiving financial support from the government? . . . Palm Beach County is not only known for its beautiful beaches and as the new home of research giant Scripps Research Institute, the Max Planck Florida Institute, and many other biotechnology companies; it has also become the largest cluster of biotech industries in the United States and an important world center for biotechnology research, development and production. The Project is adjacent to these two major research institutes and will not only meets the urgent demands of academic activities and business meetings, but also create a large number of jobs and promote economic development. **This is the reason why it has received financial support from the government.**”

- s. “Total Project Investment is 144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- t. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- u. “Investors will have first lien position on the whole \$170 million Harbourside Place Project, including land and improvements.”
- v. “First Lien Position – The investment structure in Harbourside Project has minimized the risk for EB-5 investors. The collateral is sufficient, the investors have first-lien position on the whole project, including the land and all building, marinas, and associated facilities, with a value more than double total EB-5 investment.
- w. “The [Harbourside Project] appraisal has been certified by The State of Florida and the Chinese embassy.”
- x. “Developer and Regional Center held discussions with Ackmann-Ziff, the largest real estate financing company in Manhattan, and decided that [REDACTED] will purchase the loan from the underwriting investors on the 3rd and 4th years after investors funds are paid in, pay off the EB-5 loan, and return their funds to the investors.”
- y. “The government invests directly in the project and directly oversees its progress.”

- z. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.
- aa. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- bb. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- cc. “Our project has substantial government funding as well as developer investment (non EB-5 investment funds). These funds are 100% in place.”
- dd. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- ee. “Part of the funds has already been invested in project construction. By itself, this portion of funds would create enough jobs . . . .”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Zhuoxiong Yu received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Zhuoxiong Yu before Zhuoxiong Yu decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Zhuoxiong Yu, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Renhe in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Renhe in China; and
- d. the project would sell out if Plaintiff Zhuoxiong Yu did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Zhuoxiong Yu:

- a. The General Partner had hired Renhe in China and was paying a "finder's fee" to them;
- b. The representatives from Renhe were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a "finder's fee" to the representatives from Renhe who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and

e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Zhuoxiong Yu.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Zhuoxiong Yu to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Zhuoxiong Yu justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Zhuoxiong Yu suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

## ADDENDUM A-27

### FANG WANG

1. In or about December 2012, representatives from the Qiao Wai Group, Shenzhen office in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Fang Wang. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibits F-4 and F-5 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to the Qiao Wai Group, Shenzhen office with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Fang Wang, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from the Qiao Wai Group, Shenzhen office in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Fang Wang, and that these Chinese investors would rely upon those representations.

4. Plaintiff Fang Wang relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “The project does not have any external debt and investors hold first-lien position on the project’s land and all buildings valued at \$170 million.”
- b. “The total value of the project is \$170 million, more than twice the amount of EB-5 creditor’s rights.”

- c. “The project has received a commitment letter from Ackman-Ziff, a professional financial institution with over 100 years of history in New York. It is willing to refinance the project for \$100 million 4 years after the Project is completed.”
- d. “The project exit mechanism has been determined. Ackerman-Ziff, the largest commercial real estate financing institution in New York, is committed to refinance the project four years after its completion.”
- e. The Total Project Investment would be \$144 million with \$30.91 million coming from “Government Investment.”
- f. The Town of Jupiter “has committed \$30 million to the creation of [the Harbourside Project]”.
- g. “The project was personally recommended by US Congress member and Chair of Democratic Party.”
- h. USIF even described itself in 2012 as “an agent of the EB-5 Regional Center project approved by the [REDACTED] in 1990.”
- i. USIF materials showed pictures of President Obama and members of Congress and implied that they strongly supported and/or recommended investment in the Harbourside project.
- j. The Developer was investing \$33.09 million in the project.
- k. “Spaces are Limited!”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Fang Wang received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Fang Wang before Plaintiff Fang Wang decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Fang Wang, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at the Qiao Wai Group, Shenzhen office in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from the Qiao Wai Group, Shenzhen office in China; and
- d. the project would sell out if Plaintiff Fang Wang did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Fang Wang:

- a. The General Partner had hired the Qiao Wai Group, Shenzhen office in China and was paying a "finder's fee" to them;

- b. The representatives from the Qiao Wai Group, Shenzhen office were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from the Qiao Wai Group, Shenzhen office who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Fang Wang.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Fang Wang to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Fang Wang justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Fang Wang suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-28

### WEI CHEN

1. In or about November 2011, representatives from Hua Mei Immigration Consultants Co. Ltd. (“Huamei”) in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Wei Chen. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibit F-3 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to Huamei with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Wei Chen, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from Huamei in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Wei Chen, and that these Chinese investors would rely upon those representations.

4. Plaintiff Wei Chen relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “Investment immigration applicants will enjoy first-lien priority.”
- b. “The Project offers its \$170 million assets as collateral guarantee. At the same time, the Project does not have any bank debt. Investors do not have to worry that someday the Project may be foreclosed by the bank.”

- c. The “EB-5 Investor Loan” will have “First-Lien priority rights” with a total value of collateral to EB-5 investors of \$170 million USD.
- d. “Investors will get first-lien position priority on the entire \$170 million Harbourside Place Project, including the land and improvements.”
- e. “First Lien Position Priority – The investment structure in Harbourside Project has minimized the risk of EB-5 investors. Collateral includes the land and all the buildings, marina, and associated facilities. EB-5 investors will have first-lien position for repayment. The total value of collateral is up to \$170 million, more than twice the total amount of EB-5 investment.
- f. The “Harbourside Project Value” was certified by the State of Florida and the Chinese embassy.
- g. “The developer and Regional Center have had conversations with Ackmann-Ziff, the largest real estate financing company in Manhattan. It has been decided that Ackmann-Ziff will provide \$100 million to purchase the loan from the underwriting investors on the fourth years after the investors’ funds are paid into the project, which will repay the EB-5 loan back to investors.”
- h. “The government directly invests in the project and directly oversees the progress of the project”
- i. Misrepresentations that President Obama “vigorously supported” the Harbourside Project, and includes photographs of President Obama to further support this misrepresentation.

- j. “U.S. Congressman Ron Klein vigorously supports Florida Regional Center and Harbourside Project.”
- k. “U.S. Congresswoman Debbie Wasserman Schultz fully supports Florida Regional Center.”
- l. “The Project . . . is funded by a combination of government grants, bond issues, and corporate investment.”
- m. “Our project has a large amount of government funding and investments from the developer (non EB-5 investment funds). These funds are 100% in place.”
- n. The Jupiter Harbourside Place Municipal Center is the key project designated by Florida State Government for the next five years. In order to support the Project, state and local governments have approved a US\$ 30.91 million investment for project construction.”
- o. “The total investment of the project is \$144 million U.S. dollars. The Florida government invested \$30.91 million U.S. dollars and the developer invested 33 million U.S. dollars . . .”
- p. The Harbourside Place project cost would be \$144,000,000 with “Government Investment” of \$30,910,000 and “Developer Investment” of \$33,090,000.
- q. “Part of the funds has already been invested in Project construction. Just this portion of funding would create enough jobs.”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Wei Chen received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Wei Chen before Plaintiff Wei Chen decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Wei Chen, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at Huamei in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer's property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from Huamei in China; and
- d. the project would sell out if Plaintiff Wei Chen did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following materials facts to Plaintiff Wei Chen:

- a. The General Partner had hired Huamei in China and was paying a "finder's fee" to them;

- b. The representatives from Huamei were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from Huamei who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Wei Chen.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to disclose with the intention of inducing Plaintiff Wei Chen to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Wei Chen justifiably relied on these Mastroianni Defendants’ false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Wei Chen suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants’ false statements and omissions when the Developer

converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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## ADDENDUM A-29

### SHILAI JIANG

1. In or about August 2012, representatives from USA Advisors in China distributed Promotional Materials relating to the Harbourside project to Plaintiff Shilai Jiang. The Promotional Materials, which were in Mandarin, were substantively identical to the materials attached as Exhibit F-6 attached hereto.

2. The Mastroianni Defendants prepared and created these Promotional Materials and provided them to USA Advisors with the understanding and intent that they would relay these materials to prospective EB-5 investors in China, including Plaintiff Shilai Jiang, and that these Chinese investors would rely upon the representations in these Promotional Materials in deciding to invest in the Harbourside Project.

3. The Mastroianni Defendants, at the direction of Nicholas Mastroianni, trained representatives from USA Advisors in China and made representations to them about the Harbourside Project with the understanding and intent that they would relay these representations to prospective EB-5 investors in China, including Plaintiff Shilai Jiang, and that these Chinese investors would rely upon those representations.

4. Plaintiff Shilai Jiang relied upon the representations contained in the Promotional Materials in deciding to invest in the Harbourside Project, including but not limited to (translated to English):

- a. “Clear Exit Strategy 1: Manhattan’s largest Commercial Real Estate Finance Group Ackman-Ziff has provided financing terms for the project at year 4 to repay investors.”

- b. “Clear Exit Strategy 2: “Project has been appraised by government licensed appraiser for \$170 million – EB-5 investors enjoys first-position mortgage.”
- c. “Sales value = 200% more than EB5 [creditor’s rights].”
- d. The construction time and quality is bonded and guaranteed by the internationally known Travelers Casualty and Surety Company of America. The General Contractor is bondable up to \$750m USD in coverage. This reduces operational risk for construction & also ensures the project is completed “on-time”.
- e. “8 [months] Construction”
- f. “The project will create 2049 jobs . . . 50% Surplus – each investors gets credit for 15 jobs!”
- g. “Construction & 50% buffer Jobs secure your Permanent Green Card”
- h. “Construction guarantee 50% extra jobs make the project safe”
- i. “The total cost of the project would be \$144 million with \$30.91 million coming from “Government Funding.”
- j. “Florida State has approved and begun its biggest public and private cooperation ever in the history since 2000, 9.6 acre.”
- k. “The Riverwalk project includes residential and commercial real estate developments financed by government grants, public bonds and private investment.”
- l. Government Funding \$30,910,000
- m. “Strong Government Support” along with seals for the Unites States Congress, Palm Beach County, Florida, and Town of Jupiter.

- n. “Highly supported by State and Local government”
- o. The Developer was investing \$33.09 million in the project.
- p. “No more 20 left”

5. The representations in these Promotional Materials were false, and the Mastroianni Defendants knew that these representations were false.

6. Plaintiff Shilai Jiang received the Promotional Materials before deciding to invest in the Partnership. At the direction of Nicholas Mastroianni, the agents in China, acting on behalf of the Mastroianni Defendants, made material misrepresentations of fact to Plaintiff Shilai Jiang before Plaintiff Shilai Jiang decided to invest in the Partnership.

7. Having undertaken to disclose material information to Plaintiff Shilai Jiang, the Mastroianni Defendants and their agents had a duty to disclose that information fully.

8. Through their agents at USA Advisors in China, the Mastroianni Defendants also intentionally made the following false statements of material fact:

- a. the investment being offered was guaranteed, sponsored, recommended, or approved by the state or any agency or officer of the state or by the United States or any agency or officer of the United States;
- b. the investment would always have a first-priority lien on Developer’s property;
- c. the English offering materials and agreement were consistent with the Chinese Promotional Materials and factual representations made by the representatives from USA Advisors in China; and

- d. the project would sell out if Plaintiff Shilai Jiang did not invest immediately, when in fact the Mastroianni Defendants never intended to sell all 200 available units.

9. Additionally, the Mastroianni Defendants intentionally failed to disclose the following material facts to Plaintiff Shilai Jiang:

- a. The General Partner had hired USA Advisors in China and was paying a “finder’s fee” to them;
- b. The representatives from USA Advisors were acting under the direction and control of the Mastroianni Defendants;
- c. The Mastroianni Defendants were violating Florida law by paying a “finder’s fee” to the representatives from USA Advisors who were not licensed to sell the investment property in Florida;
- d. The General Partner never intended to sell 200 units; and
- e. Mastroianni, on behalf of the Developer, had previously agreed to provide Putnam with a first-priority security interest on all EB-5 funds held in escrow accounted by the Partnership.

10. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, knew the above representations in the Promotional Materials and the statements of their agents were false and that they intentionally omitted material facts that they had a duty to disclose to Plaintiff Shilai Jiang.

11. Mastroianni, through the Regional Center, USIF, the Developer, and the General Partner, made these false statements of fact and omitted material facts that they had a duty to

disclose with the intention of inducing Plaintiff Shilai Jiang to invest in the Project and enter into the Partnership Agreement and the Subscription Agreement.

12. Plaintiff Shilai Jiang justifiably relied on these Mastroianni Defendants' false statements and/or omissions of material fact in deciding to make an investment into the Harbourside Project and, thus, enter into the Partnership Agreement and Subscription Agreement.

13. Plaintiff Shilai Jiang suffered harm in an amount to be proved at trial as a result of their reliance on the Mastroianni Defendants' false statements and omissions when the Developer converted the Limited Partnership's investments to "preferred equity" rather than returning the investment plus interest as represented.

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**EXHIBIT 4**

**Third-party Expenses and Cost**

<b>No.</b>	<b>Invoice Date</b>	<b>Description</b>	<b>Amount</b>	<b>Vendor</b>
1	2020.01.27	Complaint filing fee	\$400.00	District Court of Southern Florida
2	2020.02.15	Pro hac vice admission for J Fazio	\$75.00	District Court of Southern Florida
3	2020.03.26	Service on Defendant Mastroianni	\$76.75	Orange Legal
4	2020.03.26	Service on Defendant Yellen	\$117.75	Orange Legal
5	2021.03.30	Transcript for Deposition of Plaintiff Lin Fu	\$578.65	Veritext, LLC
6	2021.03.30	Transcript for Deposition of Plaintiff Ting Peng	\$466.55	Veritext, LLC
7	2021.08.06	Mediation before Hon. Elizabeth D. Laporte	\$2,050.00	JAMS
8	2021.09.08	Transcript for Deposition of Defendant Mastroianni (Vol I)	\$2,128.16	LIT Litigation Services
9	2021.09.09	Service of Supboena Upon David Finkelstein	\$140.00	abclegal
10	2021.10.28	Translation of Class Action Notice from English to Korean	\$929.25	Ko & Martin - Korean Language Division
11	2021.10.29	Defendant Mastroianni (Vol II)	\$2,077.80	Reporting Company
12	2021.11.06	Flucas	\$120.00	24 Hour Process LLC
13	2021.11.08	Service of Supboena Upon Putnam Bridge Funding	\$86.00	Brandywine Process Servers, LTD
14	2021.11.23	Transcript for Deposition of Ashley Flucas	\$1,186.35	Milestone Reporting Company
15	2022.01.27	Mediation before Hon. Elizabeth D. Laporte	\$3,200.00	JAMS
16	2022.03.08	Service Provided By Class Administrator	\$4,865.85	Settlement Services, INC
17	2022.03.15	Pro hac vice admission for Y Yao	\$200.00	District Court of Southern Florida
18	2022.05.09	Translation of Attorney Letter to Class Members from English to Korean	\$394.25	Ko & Martin - Korean Language Division
19	2022.05.20	Car service for local counsel M. Fornaro to Fort Pierce for hearing	\$636.00	Matthew Fornaro P.C.
20	2022.05.27	Translation of Attorney Letter to Class Members from English to Korean	\$120.00	Ko & Martin - Korean Language Division
21	2022.05.27	Service of Supboena Upon Ashley Flucas	\$187.20	abclegal
22	2022.05.31	Translation of Selected Trial Exhibits from Chinese to English	\$1,528.52	Shilei Interpreting & Translation
23	2022.06.01	Service Provided By Class Administrator	\$475.10	Settlement Services, INC

24	2022.06.07	Translation of Selected Trial Exhibits from Chinese to English	\$1,501.10	Ko & Martin - Korean Language Division
25	2022.06.07	In-Person Chinese Interpreter for Trial	\$1,351.88	Shilei Interpreting & Translation
26	2022.06.08	Production and Delivery of Trial Binder to Court	\$6,278.39	Lit & More
27	2022.06.14	In-Person Chinese Interpreter for Trial	\$1,690.70	Next4Growth LLC
28	2022.06.29	Pro hac vice admission for A. Bates	\$200.00	District Court of Southern Florida
29	2022.07.01	Class Members from English to Korean	\$1,639.56	Ko & Martin - Korean Language Division
30	2022.07.07	Service of Supboena Upon Ashley Flucas	\$300.00	Treasure Coast Process Servers
31	2022.07.06	Hotel Room at Hampton Inn & Suites for Counsel to Attend Trial	\$645.12	Hampton Inn & Suites - Fort Pierce
32	2022.07.10	Commute to Airport for Counsel to Attend Trial	\$38.98	Uber
33	2022.07.12	Car Rental for Counsel to Attend Trial	\$212.81	Enterprise
34	2022.07.12	Airfare for Counsel to Attend Trial (Round Trip)	\$1,281.97	Southwest Airlines
35	2022.07.12	Commute to Home from Airport for Counsel to Attend Trial	\$57.08	Uber
36	2022.07.13	Hotel Room at Hampton Inn & Suites for Counsel to Attend Trial	\$582.42	Hampton Inn & Suites - Fort Pierce
37	2022.07.14	Hotel Room at Hampton Inn & Suites for Counsel to Attend Trial	\$606.51	Hampton Inn & Suites - Fort Pierce
38	2022.06.25	Rental Car Toll in Florida for Counsel to Attend Trial	\$23.98	AVIS eToll
39	2022.07.10	Car Rental in Florida for Counsel to Attend Trial	\$688.24	The Hertz Corporation
40	2022.06.12	Car Rental in California for Counsel to Attend Trial	\$150.10	The Hertz Corporation
41	2022.06.24	Hotel Room at Hilton Los Angeles Airport for Counsel to Attend Trial	\$158.00	Hilton Los Angeles Airport
42	2022.06.19	Car Rental in Florida for Counsel to Attend Trial	\$359.00	AVIS
43	2022.07.10	Commute to Airport in California for Counsel to Attend Trial	\$141.07	Uber
44	2022.06.12	Commute to Airport in California for Counsel to Attend Trial	\$19.73	Uber
45	2022.06.15	Commute to Home from Airport for Counsel to Attend Trial	\$118.89	Uber
46	2022.07.15	In-Person Chinese Interpreter for Trial	\$3,340.67	Next4Growth LLC
47	2022.07.12	Commute to Courthouse for Trial	\$191.01	Uber

48	2022.07.12	Commute to Home from Courthouse	\$174.86	Uber
49	2022.03.19	Airfare from California to Florida for Counsel to Attend Pretrial Conference	\$249.01	American Airlines
50	2022.05.19	Commute to Airport for Counsel to Attend Pretrial Conference	\$27.13	Lyft
51	2022.06.12	Office Supplies for Counsel to Attend Trial	\$70.57	Walmart
52	2022.06.15	Gas for Commute in Florida for Counsel to Attend Trial	\$40.00	Pleasure Marathon
53	2022.07.12	Commute to Airport for Counsel to Attend Trial	\$38.67	Lyft
54	2022.03.19	Postage for Delivery of Trial Materials	\$166.47	American Airlines
55	2022.06.27	Car Rental and Toll in Florida for Counsel to Attend Trial	\$205.47	Hertz
56	2022.12.09	Airfare for Counsel to Attend Trial (Round Trip)	\$1,557.21	Alaska Airlines
57	2023.01.31	Hotel Room at Hyatt Place for Counsel to Attend Motion Hearing	\$422.56	Hyatt Place
58	2023.02.02	Car Rental in Florida for Counsel to Attend Motion Hearing	\$230.00	The Hertz Corporation
59	2023.02.03	Commute to Home from Airport for Counsel to Attend Motion Hearing	\$112.94	Lyft
60	2023.01.31	Commute to Airport in California for Counsel to Attend Motion Hearing	\$103.09	Uber
61	2022.09.20	Translation of Attorney Letter to Class Members from English to Korean	\$305.33	Ko & Martin - Korean Language Division
62	2022.12.21	Translation of Attorney Letter to Class Members from English to Korean	\$87.98	Ko & Martin - Korean Language Division
63	2023.01.12	Translation of Attorney Letter to Class Members from English to Korean	\$150.08	Ko & Martin - Korean Language Division
64	2023.02.28	Translation of Attorney Letter to Class Members from English to Korean	\$129.38	Ko & Martin - Korean Language Division

**Total amount:**

**\$47,687.14**