

EB-5 Due Diligence

Inform your client, protect your practice

Current Capitalization Table:

- Current shares outstanding, and paid-in capital, diluted and non-diluted
- List of all stockholders with shareholdings, options, warrants, or notes
- Schedule of all options, warrants, rights, and any other potentially dilutive securities with exercise prices and vesting provisions
- Summary of all debt instruments/bank lines with key terms and conditions
- Off balance sheet liabilities

Governmental Regulations:

- Ensure compliance with TEA designation as mandated by USCIS
- Copies of all permits and licenses
- Copies of reports made to government agencies
- Detail of any inquiries made by any local, state or federal agencies

Litigation:

- Description of any current litigation including potential damages
- Description of any potential litigation including potential damages
- Settlement documentation
- Potential investor litigation and rescission of the offer if the issuer has lost their Reg. D or Reg S exemptions by violating SEC or the State's Uniform Securities Act fraud, marketing and solicitation laws and regulations

Research & Development (Contracts and licensing agreements):

- Detail all research and development in progress
- Commercial analysis of R&D efforts
- Documentation policies including examples
- Key intellectual property licensed from 3rd parties
- Partnership agreements for key partners
- Samples of 3-5 customer agreements
- End-user agreements (if applicable)
- Patent numbers or copies of patents (provisional and issued)

Property & Equipment:

- An appraisal of all equipment and fixed assets
- List of all real property owned by the company
- Copies of titles, mortgages, and deeds of trust
- Detail of any easements or other encumbrances
- Leases and sub-leases
- Company space expansion plans
- Patents, trademarks and other intangible assets

Marketing:

- List of competitors and detail of market share
- List of major clients
- Analysis of pricing strategy
- Current brochures and marketing materials
- Sales commission structure
- Sales projections by product line
- Any pertinent marketing studies conducted by outside parties
- Industry research sources used in market sizing/identification
- Comparable exit case studies in your chosen industry
- Description of marketing programs and examples of recent marketing

Employment, Management & Personnel:

- Verify direct employees through E-Verify, I-9 documentation procedures
- Management organizational chart and bios of senior personnel
- Detail of any labor disputes
- Employee compensation plans including pension, options, profit sharing, deferred compensation and retirement
- Management incentive plans including pension, option, profit sharing, deferred compensation, retirement and any non-cash compensation
- Employee confidentiality Agreements
- Listing of any consulting Agreements
- Number of employees, turnover, absentee problems and hiring projections
- Employee HR, benefits, and insurance manuals
- List of and investigation report on all principals, managers, and directors
- Credit history report on all principals, managers, and directors
- Resume verification on all principals, managers, and directors
- Key-man insurance policies with company as named beneficiary

Products and Services:

- Detail of product offering including market share by product line
- Market position and related strengths and weaknesses as perceived in the market place
- Basis of competition (e.g., price, service, technology, distribution)
- Inventory analysis including turnover, obsolescence and valuation policies
- Backlog analysis by product line including analysis of seasonal issues
- List of all major suppliers including dollar amount purchased per year

Immigration:

- I-526 approval, exemplar
- I-526 approvals, investors
- Regional Center I-829 approvals

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