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Newcastle woman charged with fraud in immigrant-investor visas

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Authorities on Tuesday arrested a Newcastle woman on charges she and her former husband fraudulently obtained EB-5 immigrant-investor visas to enter the United States and laundered money from China to buy a home on the Eastside.

By Sanjay Bhatt
Seattle Times business reporter

Authorities on Tuesday arrested a Newcastle woman on charges she and her former husband fraudulently obtained EB-5 immigrant-investor visas to enter the United States and laundered money from China to buy a home on the Eastside.

Shilan Zhao, 51, and her ex-husband Jianjun Qiao, 51, knowingly made false statements to get visas through the federal program, according to a federal indictment unsealed Tuesday.

When the divorced couple applied for the investor visas, officials allege, they falsely claimed they were married and declared that the $500,000 they invested through EB-5 was obtained lawfully. Officials allege that Qiao embezzled the money from a Chinese grain warehouse he directed in Henan province.

Zhao appeared in federal court in Seattle on Tuesday and was held without bond, officials said. Qiao, also known as Feng Li, is being sought by U.S. authorities. If convicted, they could be sentenced to federal prison.

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The criminal case was investigated by a U.S. Internal Revenue Service unit in Los Angeles and an Immigration and Customs Enforcement unit in Seattle, said Assistant U.S. Attorney Ronald Cheng in Los Angeles.

The Chinese government, which assisted in the case, has targeted corrupt officials since President Xi Jinping came to power in 2012.

According to the indictment, the trail of illicit money transfers began after Zhao applied for an EB-5 visa in 2008:

Qiao for a decade had directed a grain storehouse in Zhoukou, a city with about 9 million residents. His marriage to Zhao had ended in 2001.

The EB-5 job-creation program requires immigrants to commit at least $1 million, unless they're investing in a project in a targeted employment area, which drops the minimum to $500,000. Investor-immigrants from China make up the vast majority of participants in the program.

To combat money laundering, the EB-5 program requires all immigrant investors to document the source of their funds in their application.

Approved investors, their spouses and children receive a "conditional" permanent-residency visa, also known as a green card, that allows them to stay in the United States for two years. If they can prove their investment created at least 10 U.S. jobs, they can live and work in the United States permanently.

When she applied for her EB-5 visa, Zhao listed Qiao as her husband.

She also said her investment funds were cash advances from two Chinese flour companies that she partly owned. Later, Qiao filed paperwork with the U.S. immigration agency in which he said he was married to Zhao.

In 2009, the two received visas as a couple, and they came to the United States that October. In mid-2011, Zhao applied to have her green card made permanent.

By early 2012, the pair had about $2.2 million in laundered funds deposited in a Canadian bank account.

Using a portion of those funds, that August they bought a four-bedroom house in Newcastle for $525,000 under the name S&O Investments LLC.

Officials say legal papers indicate Zhao owned 98 percent of the company and her son owned 2 percent.

Assistant U.S. Attorney Cheng said the federal government could ask a court to allow the Newcastle house to be seized to help pay the Chinese government for its losses.

The case is rare, he said. In 2008 he prosecuted another visa-fraud case in Las Vegas involving three former China bank managers who fled to the United States.

“This is the only other one I’m aware of that’s gotten this far to a criminal charge,” he said.

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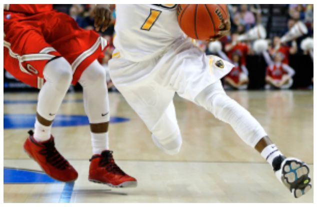

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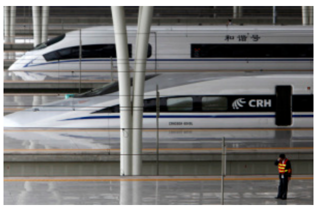

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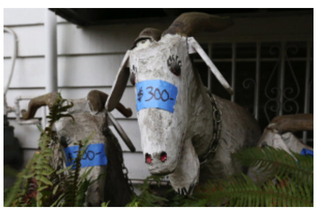

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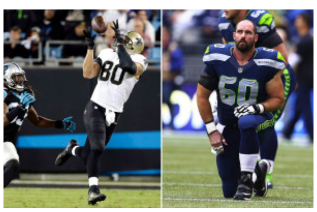

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