

EB-5 Immigrant Investor Visa Program

- **Significant changes to the EB-5 rule published: Minimum targeted employment area investment increases to \$900,000.**
 - **What this means:** The Department of Homeland Security (“DHS”) on July 24th published a final rule that will bring significant regulatory changes to the popular EB-5 Immigrant Investor Visa Program wherein the minimum investment in a Targeted Employment Area (“TEA”) will be raised from \$500,000 to \$900,000 and \$1,800,000 outside of a TEA.
 - **What’s the impact:** States will no longer be able to designate certain geographic and political subdivisions as high unemployment areas. Instead the DHS will make designations directly. These changes will likely result in some developments moving from wealthy hubs into more rural and distressed areas, according to experts. These new rules are not retroactive. Those who have already invested and filed the I-526 petition are not affected by these rules. People can still file EB-5 applications at \$500,000 level until November 21st of this year. The higher amount of investment is likely to reduce the investor pool, mainly from countries like China, India and Vietnam.

Justine Tobin, the Managing Director of Tobin & Company IBGrp, visited 6th Annual Cannabis World Congress & Business Expo in New York on 30th & 31st May 2019. The event was held at Jacob Javits Center in NYC with approximately 175 exhibitors and umpteen networking events. There were seminars focused on banking, investing, policy compliance and business opportunities relating to the Cannabis industry, giving some insight into details of industry-related Investments.

Investment Banking Terminology:

Tax Affecting – Tax affecting takes a variable in an S corporation valuation, like net earnings, and fictitiously reduces its value by C corporation taxes. This could have the effect of reducing the overall valuation by 35% or more. Often, a premium is then added to account for S corporation advantages (like savings on dividend taxes).

Market Snapshot for July 2019

As of July	July	YTD% Δ	LTM % Δ
S&P 500	\$2,980.38	18.97%	5.45%
NASDAQ	\$8,175.42	23.21%	6.07%
2 Yr. T-Note	1.886%	(61.8)Bps	(78.7)Bps
10 Yr. T-Note	2.029%	(65.5)Bps	(92.7)Bps

Exceptionally Promising Year for Cannabis

- In the chart below, 2019 first half statistics hint at a promising year in cannabis industry dealmaking, especially for M&A, which will make up most transactions this year.
- As of now, there are approximately 88 M&A deals underway in 2019. The median deal size in 2019 thus far is \$15.1mm, which shows a significant increase from last year where the total median deal size was \$6.6mm.
- The total deal count in the cannabis industry in the North America is 1230 transactions to date for 2019.



“In investing, what is comfortable is rarely profitable” - Robert Arnott

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