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Asian funds sought for redevelopment

Pabst Brewing site owner seeks Chinese funding for international trade center

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Posted: March 27, 2008

The Pabst Brewing Co. complex, perhaps the most conspicuous symbol of Milwaukee's urban decay, is reaching out for redevelopment funding from an unexpected source: the Chinese.

The redevelopment of the 21-acre site is one of three projects in southeast Wisconsin soliciting international investments under an obscure federal program that was approved for the region less than a year ago. The program offers U.S. residency rights to qualified foreign investors who invest at least \$500,000 and create at least 10 jobs in rural or distressed areas within a designated "EB-5 Immigrant Investment Zone."

Pabst Brewing, which was founded in 1844 in Milwaukee, closed its brewery 11 years ago and outsourced the production of its Blue Ribbon brand. Since then, the hulking remains of the Milwaukee brewery have become an urban development headache.

But the site's current owner, real estate magnate Joe Zilber, wants to create a Milwaukee International Trade Center as one of the first steps toward breathing new life into the abandoned buildings. It would lease exhibition space to foreign firms that want an import-export presence in the U.S., making it a miniature version of Chicago's once-bustling Merchandise Mart.

The proposed trade center is still in the planning stages, but Zilber is "guardedly optimistic" that it will attract Chinese investors, said Mike Mervis, vice president of Zilber's Brewery Project LLC.

A second EB-5 Zone proposal could also result in investment at the Pabst site. Milwaukee entrepreneur Robert Kraft, who is launching a private-equity fund that will invest in companies and real estate projects in the zone, is in talks with Zilber's brewery project to help finance the trade center. Kraft's fund is meant to give foreign investors a place to park their dollars in return for residency rights in a way that fulfills the EB-5 Zone criteria.

"If Bob Kraft is successful with his fund, it could have a huge impact on Milwaukee's economy," Mervis said.

Kraft has made repeated trips to Shanghai, Beijing and Hong Kong to line up agents who will represent his First Path Citizenship Investment Fund. He will inaugurate the fund in May.

Of the three EB-5 projects, the one that's furthest along in terms of finding prospective investors is a proposed hotel-and-entertainment complex in a rural part of Walworth County. It has attracted five petitions for citizenship from China and South Korea, said Peter Beitzel, vice president of the Metropolitan Milwaukee Association of Commerce. Beitzel declined to name the person who is organizing the Walworth County project until it receives its first federal approval.

If any or all of those five applicants are approved by the U.S. Citizenship and Immigration Services - approval could come within weeks - each will get a temporary green card, and metro Milwaukee will have won its first EB-5 Zone investment.

"This is one way to revitalize the greater Milwaukee area," said Stephen W. Yale-Loehr, who teaches immigration law at Cornell University and is an authority on the sort of foreign-investment zone that metro Milwaukee has created.

Green card incentive

Green cards are no small incentive at a time when the backlog for many U.S. visa classifications extends for years, and many are never granted at all under caps that Washington has imposed on immigrants. Citing U.S. Department of State data, Yale-Loehr said a visa applicant from India who holds a four-year college degree faces a waiting list of at least six years before getting a visa - even if an American employer is willing to hire him or her immediately.

At the same time, business leaders embrace foreign funding as never before, as American banks scale back their lending in reaction to the national mortgage crisis.

Qualified investors from almost any part of the world can apply for residency under an EB-5 Immigrant Investment Zone, so named because it hinges on a class of visa called the EB-5. But much of Milwaukee's efforts currently are centered on luring well-heeled Chinese. The Metropolitan Milwaukee Association of Commerce took the initiative to create an EB-5 Zone earlier in the decade when China's economic ascent was leading to factory shutdowns across the Midwest.

Congress authorized the creation of EB-5 zones in 1992, but it took a decade before the concept found adherents, not least because Washington tinkered with the provision for visa allocation for years, creating shifting bureaucracy and confusion.

The United States has 17 active EB-5 zones. In the Midwest, the closest are in Iowa and South Dakota, and both of those are meant for rural and agricultural investment. None in the Midwest is in urban industrial areas outside Milwaukee, said Yale-Loehr, who chaired an EB-5 investors committee of the American Immigration Lawyers Association.

Those 17 all compete with each other for foreign investment, vowing on multilingual Web sites to shepherd

each applicant through the maze of federal bureaucracy. The Association to Invest in USA, a trade association of EB-5 zones, estimates that the 17 zones could bring in a total of \$1 billion in foreign investment this year.

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From the March 28, 2008 editions of the Milwaukee Journal Sentinel
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