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**Agency of Commerce and Community Development**

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November 7, 2014

Mark Scribner  
Primmer Piper Eggleston & Cramer PC  
150 S. Champlain Street  
P.O. Box 1489  
Burlington, VT 05402-1489

Re: AnC BIO VT

Dear Mark:

We have received a preliminary report from Edwards Wildman Palmer (EWP) and I write to summarize issues they have identified to date regarding the PPM for AnC BIO VT, a.k.a. the Jay Peak Biomedical Research Park, LLC. (the Issuer).

At the outset, please understand that the EWP report is not the equivalent of the typical diligence that would be performed by underwriter's counsel with respect to a transaction of this scale and complexity. Satisfying that level of due diligence would require much more detailed review and analysis. Nevertheless, preliminary review of the revised PPM and the accompanying exhibits that were included yielded a number of insightful observations, on which we base the following requests for follow up by the Issuer:

1. Significant changes have been made to the PPM, as evidenced by the extensive redlining in the updated version. Much of the information appears to be material and does not necessarily simply reflect more recent developments, but may call into question the accuracy and completeness of earlier documents.
  - a. Describe the risks relating to potential liabilities on account of prior sales, including the nature and consequences of prior misstatements being corrected and the status of SEC investigation and potential consequences.
  - b. Describe the Issuer's plans to provide this information to existing investors.
  - c. Explain whether or not existing investors will be offered rescission rights.
2. The PPM needs more clarity on the current status of the project. Describe how the funds already raised (apparently \$69.5 million, plus administrative fees from 139 investors of \$6.95 million) have been applied, including amounts paid to interested or related parties, the amount of remaining funds and expected timing and use of such funds. Include



discussion of the adequacy of the remaining funds and additional amounts to be raised to complete the project and the associated risks if sufficient capital is not raised, both from the perspective of compliance with the EB-5 immigration requirements as well as the potential impact on any financial return on the investment.

3. Without limiting the generality of the foregoing, the PPM needs to address all aspects of the project, including:
  - a. total sources and uses of funds to date,
  - b. all intended future uses of funds,
  - c. a current GAAP balance sheet for the Issuer,
  - d. status of design of project and expected construction schedule,
  - e. status of permits and approvals needed for construction of the facility,
  - f. status of and intentions regarding all rights pertaining to intellectual property, including
    - i. the source and nature of the intellectual property rights,
    - ii. how such rights have been valued for purposes of the various related party transactions that have occurred or are planned, and
    - iii. the steps taken to protect that property.
  - g. status of the Business Operation and Properties Transfer Agreement between AnC Bio, Inc, and AnC BioPharm:
    - i. The price to be paid is stated to be determined at a later date. Provide that date if it has been determined and, if so, what the price will be and on what basis.
    - ii. Explain whether the project is responsible in any way for paying that amount and, if not, how might that affect rights to the intellectual property purportedly transferred or licensed to AnC Bio VT LLC.
  - h. separate descriptions for each FDA and other regulatory approvals necessary to market the expected products and status of such approvals.
4. Describe in one place all the interested party transactions, including expected future transactions, if any, showing total amounts paid and payable to such parties and the relationships among such parties.

5. Describe clearly the rights of holders of limited partnership interests and limitations on those rights, with specific references to the Limited Partnership Agreement.
6. Describe more clearly how the entity in which investors will have an interest will derive income and sources of value, including without limitation:
  - a. the nature, expected operations, and anticipated financial results of the Joint Venture,
  - b. the Issuer's contributions to and interest in the Joint Venture, and
  - c. the contributions to be made to the Joint Venture by ANC Bio USA, LLC (and how they will be valued if not in cash).
7. Describe clearly the management and control of the Joint Venture and the resulting position of the Issuer and its investors.

Beyond the above, we foresee making additional requests based on completion of EWP's report. However, EWP's efforts to date have exhausted the initial \$20,000 installment you provided and we understand as much as \$20,000 would likely be necessary to complete the review of the PPM and deliver a final report to ACCD. Therefore, we ask that AnC BIO provide a second payment in that amount to enable ACCD to obtain the balance of the analysis and report from EWP. If the report is completed and funds remain, ACCD will promptly return the balance to you.

Until we have received the final report from EWP and AnC Bio has adequately addressed the concerns and requests of the Vermont Regional Center, we take this opportunity to reiterate with emphasis the importance of the suspension of all marketing of the AnC Bio VT EB-5 project. We were disappointed to discover the full-page advertisement for AnC Bio VT in the IIUSA Program Guide for the EB-5 Exchange in San Francisco two weeks ago. The EB-5 Exchange was a major event with 550 registered participants and the AnC BIO VT project and the advertisement violated the Vermont Regional Center's directive. Please advise ANC BIO VT to employ every means possible to prevent any marketing of the AnC Bio VT EB-5 project until the Vermont Regional Center removes the hold on such activities.


We understand that suspending marketing presents a significant challenge to achieving the timelines desired for funding and developing AnC BIO VT. ACCD as administrator of the Vermont Regional Center is keenly aware of those interests, but must also honor and abide by the representations made to USCIS as well as the principles set forth in the MOU with AnC Bio. We are committed to achieving the expeditious completion of EWP's analysis and report and providing that guidance to you as soon as possible. Accordingly, we are advancing preliminary concerns and requests to allow AnC BIO VT to begin addressing areas we believe to be inadequate.

Mark Scribner  
November 7, 2014

Lastly, we had asked Bill Stenger over two years ago to provide the Regional Center with an independent audit of Jay Peak's EB-5 projects. Bill initially verbally agreed to pursue that with a mutually agreed upon firm, but then explained to ACCD that the cost was too great and withdrew his support for that approach. Instead, Bill advised that Jay Peak's finances undergo an annual review that is much more affordable. In light of the Tram Haus Lodge investor controversy and our concerns with the AnC BIO offering, we renew that request for an independent audit of all Jay Peak EB-5 projects. As before, we would support the outside firm being one mutually agreed to by Jay Peak and ACCD.

Thank you for your assistance to AnC Bio VT as it responds to our concerns with its revised PPM. Please feel free to call if you have questions regarding the request for an independent audit, suspension of marketing, completion of EWP's analysis and report, or payment for the same.

Sincerely,



John W. Kessler  
General Counsel

cc: Pat Moulton  
Brent Raymond