

State of Vermont
Department of Financial Regulation
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July 13, 2015

William J. Kelly
VIA EMAIL ONLY

RE: QBurke EB-5 Project – PPM

Dear Mr. Kelly,

Please accept this letter which reflects the conversation we had earlier today regarding QBurke's amended PPM and the conditions attached to the use of that document. I indicated that QBurke may now solicit new investors subject to the following conditions:

1. All new funds raised for QBurke shall be placed in a new escrow account for the project and not be available except:
 - a. upon completion of the Department of Financial Regulation's financial review; or
 - b. on an investor-by-investor basis, upon I-526 petition approval by USCIS in order to put the funds "at risk"; or
 - c. to pay specific expenses only for the construction of the hotel and conference center, architect fees, state permits and fixtures/furnishings. Funds shall be released to pay such expenses only upon approval by DFR through its third party construction project consultant.
2. Provide DFR with evidence that the resubscription letter to existing QBurke investors has been sent (or indicate when it will be sent) and indicate how many investors have/have not resubscribed.

As we previously discussed, the main purpose of the imposition of additional third party oversight for the QBurke project is to provide the State of Vermont with assurances that new investor money is properly accounted for and used, since this project is already substantially under construction even though a financial review is not complete. This approach supports the goal of paying bona fide expenses only for the construction of the hotel and conference center, architect fees, permits, and fixtures/furnishings. These costs were identified by you as critical to the project's progress. This additional oversight requirement is separate and distinct from the



financial examination our accountants are going to conduct and is an expense that will be billed to the project.

I believe that DFR has created a workable solution that would provide investor protection while allowing the project to continue. I would appreciate it if you would counter-sign this letter and return it to me so DFR can notify its vendor to contact you to set up the oversight program.

Sincerely,



Susan L. Donegan
Commissioner

cc Secretary Patricia Moulton

Approved: On behalf of the QBurke Developers and General Partners

_____ Date _____
William J. Kelly



7.15.2015

