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Memorandum

From: Michael Goldberg
To: Jay Peak Investors
CC: www.jaypeakreceivership.com
Date: June 2, 2016
Subject: Preliminary Status of Receivership Entities

As you are aware, I was appointed receiver over Jay Peak and its related entities on April 13, 2016. I was also appointed receiver over the QBurke Hotel (now the "Burke" hotel) on April 22, 2016. Since my appointment, I have visited Vermont five times and plan to go back up there next week. I have spoken with many investors and fully understand that in general you have two primary concerns: (i) maintaining your visa status to eventually receive your unconditional green card; and (ii) receiving your investment back after you obtain your green card. With these objectives in mind, I am attempting to formulate the best possible plan. Please note that my preliminary goal to date is to secure and stabilize the assets in order to attempt to preserve their value. The following provides a preliminary status of each partnership and what my initial plans are with respect to each partnership. A more detailed report will be prepared and filed with the Court in the next sixty days.

EB-5 Reporting

We continue to process the information needed by USCIS in order for it to consider both I-526 and I-829 petitions. To that end, we are working with both our economist to prepare the necessary paperwork to evidence job creation and accountant to prepare K-1s and other required information. We are tracking each investor's petition status and we are prepared to meet the required deadlines. We have had several meetings and numerous correspondences with the Vermont Regional Center and we are working jointly to propose the best possible plan to USCIS in order to attempt to alleviate the effect of the receivership on the investors' immigration status. I can assure you that the Vermont Regional Center and I are devoting all available resources to attempt to best remedy this situation and we have formulated certain proposals designed to deal

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with the lack of job creation in the Stateside and AnC Biomedical projects. A copy of our letter to USCIS is posted on my website at www.jaypeakreceivership.com. The Vermont Regional Center and I are fully committed to do our best to work with USCIS to attempt to achieve a positive outcome for all investors with respect to their immigration status.

The following is a status of each of the partnerships:

Jay Peak Hotel Suites L.P.

This project consists of a 57 suite hotel with an occupancy capacity of 228 guests located at the base of the Jay Peak Mountain in Jay, Vermont. There are 35 investors in this partnership and it raised \$17.5 million. All 35 investors have had their I-526 petitions approved and 34 of the 35 investors have had their I-829 petitions approved. In 2014, the investors in this project were converted from equity holders to debt holders. This conversion was the subject of significant dispute and will be reviewed in due time by the Court. The hotel is operating and it is expected that the hotel will continue to operate until the best course of disposition is determined.

Jay Peak Hotel Suites Phase II L.P.

This project consists of a 120 suite hotel with the capacity of 480 guests located at the base of the Jay Peak Mountain in Jay, Vermont. This project also contains the Ice Arena and the Golf Clubhouse which contains three suites, a restaurant, a locker room area and a retail shop. The project also contains a 50,000 square foot waterpark, a 10,000 square foot conference center, multiple restaurants and a 3,000 square foot arcade. This project has 150 investors in this partnership and it raised \$75 million. 145 of the 150 investors have had their I-526 petitions approved and 139 investors have had their I-829 petitions approved. Seven investors abandoned their immigration petition, one is not yet eligible to file his I-829, 2 have had their I-526 petitions denied and one has a pending I-829 petition. The hotel is operating and it is expected that this hotel will continue to operate until the best course of disposition is determined with the goal of each investor achieving their unconditional green card.

Jay Peak Penthouse Suites L.P.

This project consists of a 56 suite hotel with the capacity of 224 guests located at the base of the Jay Peak Mountain in Jay, Vermont. This project also consists of The Mountain Learning Center located near Stateside—a facility where children learn to ski and snowboard. There are 65 investors in this partnership and it raised \$32.5 million. All 65 investors have had their I-526 petitions approved and 58 of the 65 investors have had their I-829 petitions approved. One investor abandoned his immigration petition, two investors are not yet eligible to file their I-829 and 4 investors have a pending 829 petition. The hotel is operating and it is expected that this hotel will continue to operate until the best course of disposition is determined with the goal of each investor achieving their unconditional green card.

Jay Peak Golf & Mountain Suites L.P.

This project consists of a 100 suite hotel able to accommodate 500 guests located at the base of the Jay Peak Mountain in Jay, Vermont. This project also includes the Mountain Top Restaurant and the Provisions General Store. There are 90 investors in this partnership and it raised \$45 million. Each of the investors has had their I-526 petitions approved and 69 of the 90 investors have had their I-829 petitions approved. Three investors are not yet eligible to file their I-829 and 18 investors have a pending 829 petition. The hotel is operating and it is expected that this hotel will continue to operate until the best course of disposition is determined with the goal of each investor achieving their unconditional green card.

Jay Peak Lodge & Townhouses L.P.

This project consists of a 110 suites hotel which can accommodate 550 guests located at the base of the Jay Peak Mountain in Jay, Vermont. In addition, this project includes the Stateside Day Lodge, which includes a cafeteria, bar, retail shops and ski rental facilities. Additionally, this project includes an amphitheater that can accommodate up to 3,500 guests and a 480 car parking garage. There are 90 investors in this partnership and it raised \$45 million. 88 of the 90 investors have had their I-526 petitions approved and one investor had his I-526 petition denied. 31 investors have had their I-829 petitions approved. Three investors abandoned their immigration petitions, two investors are not yet eligible to file their I-829 and 50 investors have a pending I-829 petition. The hotel is operating and it is expected that this hotel will continue to operate until the best course of disposition is determined with the goal of each investor achieving their unconditional green card.

Jay Peak Hotel Suites Stateside L.P.

This project was intended to consist of a hotel, 84 cottages, a recreational center and a medical center. To date, the hotel, which consists of 85 rooms that can accommodate 336 guests has been completed. There is a full service bar and restaurant in the hotel. To date, 35 of the 86 cottages are in some form of completion. Additionally, 24 of the cottages were being bought from a modular home builder and based on preliminary information a large part of the purchase price of these 24 modular homes has been paid. Construction on the recreational center and the medical center has not yet been commenced. Preliminary analysis indicates that it will cost an additional \$11 to \$12 million to complete the cottages, \$4.1 million to complete the recreational center and \$1.4 million to complete the medical center. However, this partnership only appears to have \$55,000 in cash left from the money raised from investors.

There are 134 investors in this partnership and it raised \$67 million. 132 of the 134 investors have had their I-526 petitions approved and 2 have had their I-526 petitions denied. One investor abandoned his immigration petition, 10 investors are not yet eligible to file their I-829 and 121 investors have a pending I-829 petition.

We are currently exploring the possibility of completing this project. To raise the necessary funds to complete the project, we will consider selling the General Partner's interest in the project to a new owner who will agree to construct and operate the project in accordance with the federal EB-5 program requirements so that the investors in this project may obtain their unconditional green card. Alternatively, if a suitable buyer cannot be located, we will consider obtaining a mortgage on the property to obtain the necessary funds, to the extent possible. Finally, we are hopeful that we will recover funds wrongfully diverted from this partnership and/or recover damages from third parties who may have acted wrongfully in connection with their dealings with the partnership in order to utilize such funds to complete the project as intended.

Jay Peak Biomedical Research Park L.P.

Currently, the AnC Bio project consists of a 7 acre parcel of land in Newport, Vermont with a warehouse built upon it. Below ground improvements to the land have been made to accommodate the medical buildings that were intended to be built, but as of yet there has been no other visible construction on the property. The costs of the construction to date is estimated to be approximately \$2.8 million. Additionally, the partnership currently has approximately \$17.8 million in a restricted account that is designated to pay construction costs. Finally, we have been informed that some of AnC Bio's money was used to purchase patents from entities located in South Korea. As of yet, we have not verified the amount of funds allegedly used to purchase these patents and what, if any, patents were purchased.

The partnership is not fully subscribed as it was permitted to have 220 investors and to raise \$110 million. As of the date of the receivership, the project has 169 investors and raised \$84.5 million. To date, 83 of the 169 investors have had their I-526 petitions approved. A large amount of the AnC Bio Partnership's funds were diverted to uses that were neither disclosed nor permitted under the partnership agreement. We are currently performing forensic accounting work to determine exactly where these funds went. However, we believe that a substantial portion of the funds were diverted by Quiros for his own personal use and to other Jay Peak related EB-5 projects.

The Vermont Regional Center and I are in communication with USCIS in order to discuss the situation in detail and attempt to obtain some relief for the investors. One possible idea is to "transfer" investors to other projects that may have created excess jobs. I think this is a fair approach based on the fact that investors' money appears to have been diverted to other projects. Furthermore, we will explore altering the AnC Bio partnership agreement to the extent permitted by USCIS to provide relief to the AnC Bio investors. Please review the Vermont Regional Center and my letter to USCIS posted at www.jaypeakreceivership.com for more information. We will also seek to recover the funds wrongfully diverted from this partnership and/or recover damages from third parties who may have acted wrongfully in connection with their dealings with the partnership.

Again, it is very early in the process and my professionals and I have simply have not finished analyzing the facts necessary to design a plan that best accomplishes the investors' goals. One thing I want to stress is that all of the AnC Bio investors are partners and it is my intent to treat you equally.

Q Burke Mountain Resort, Hotel and Conference Center L.P.

This project consists of a brand new 180,000 square foot facility located at the base of the Burke Mountain in East Burke, Vermont. The hotel consists of 116 suites which can accommodate approximately 480 guests. The hotel also has a 5,000 square foot conference center, two restaurants, a coffee shop, retail shops, an arcade and a gym. The hotel has yet opened, but we plan to open it this Fall in order to be fully open and operational for the upcoming ski season. It was also intended that an aquatic center be built on this property, however, it has not yet been built. There are 121 investors in this partnership and it raised \$60.5 million. It is not fully subscribed as it was permitted to have 196 investors and to raise \$98 million. To date, 47 of the 121 investors have had their I-526 petitions approved.

Although the following is subject to change, we are currently considering a potential plan whereby we would seek to sell the General Partner's interest in this partnership to a third party who would be required to continue to operate the hotel in compliance with the federal EB-5 program to insure that all investors in this project are able to meet the necessary requirements of the EB-5 program. The purchase price of the General Partner's interest would be based upon the current market value of the property, as determined by a reputable appraiser and a competitive sales process designed to achieve true market value. The proceeds of the sale of the General Partner's interest in this partnership would be used to satisfy the claims of the contractors who built the hotel. This amount is currently estimated to be approximately \$3.5 million. Moreover, the purchaser would also be granted the option to purchase each investors' limited partnership interest once all investors in the project have had their I-829 petitions approved. The purchase price of each limited partners' interest would also be based on the current market value of the property. Again, this plan is in the preliminary stages and is subject to change and will require discussion with the USCIS and the Court's approval prior to implementation.

Please continue to check the website for similar updates and the latest court filings at www.jaypeakreceivership.com.