

# THE VANCOUVER SUN

## Vancouver firm finds niche in financing immigrant investors



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So it is interesting to hear how RCI Capital Group -- a relatively unknown, privately held Vancouver firm -- has been outpacing heftier competitors -- Desjardins, HSBC, BMO, Scotiabank and National Bank -- in the game of financing immigrant investors from mainland China.

And it will now be doing so with some backing from the Bank of China, one of that country's top four banks, and certainly its highest-profile financial institution.

In a new deal, the BOC will distribute RCI's products and services to its vetted list of high-net-worth clients. More specifically, the BOC will work with RCI to finance the emigration of these businessmen to Canada with a revolving credit facility.

The federal and Quebec provincial governments run so-called immigrant investor programs, where applicants, often via financing, pay \$400,000 to gain permanent resident status for themselves plus a few dependents.

"Investor immigration has a pretty bad smell," said Fred Eden, a Beijing-based director of RCI's China office. "There are a lot of false documents and fraud. ... We are looking for a better source of these investors, and the BOC is exactly that."

On the flip side, he emphasized that "many of the investors in China have no confidence in the [existing] system of agents. They have been cheated, lied to, and seen seminar after seminar with bad info," said Eden. "But, they trust the brand behind the BOC."

In Canada, there is no shortage of views when it comes to these investor immigrant programs. Critics condemn them as cash grab for visas. Indeed, the money is earmarked, somewhat vaguely, for general economic development. Some gets invested. Some is doled out in grants to smaller, up-and-coming businesses.

Proponents argue that the accompanying hope is that immigrating businessmen will spark investment and activity in Canada.

"The reality is that not many do. Maybe between seven and 15 per cent do," said Eden. He emphasizes, however, that "their children are usually pretty young and when they finish school here, they end up fitting in much better. They grow up Canadian, and they have the capital of their parents and end up doing a lot of business in Canada."

Either way, there is business generated for RCI and the banks that compete to finance the cost of those \$400,000 payments. Most investor immigrants typically don't put up the entire amount, said Jeffrey Lowe, a Vancouver-based immigration lawyer. They usually make a down payment of \$120,000, and then take a \$280,000 loan at about 7.4 per cent.

At the same time, the governments pay a commission, around seven per cent or \$28,000, that gets split between the financiers and the agents who bring them potential clients. After five years, the government returns the \$400,000. So, for the banks and RCI, it's a relatively low-risk bet.

"Historically, about 60 per cent of RCI's immigrant investor clients have originated from China," and most are self-made entrepreneurs or senior officials in their prime, said John Park, Vancouver-based president and managing director of RCI. The company estimates that it commands about 30 per cent of the market for financing investor immigrants from China.

By many accounts, what has put RCI ahead of its Canadian counterparts is a closer understanding of the Chinese market. Several of its original founders were Vancouver-based businessmen who immigrated to Canada from Hong Kong, Taiwan and mainland China.

Agents say that, going back to the company's early days in the mid-1990s, RCI has always been more aggressive in expanding the market, paying them higher commissions, and offering them more flexible terms and more attentive service than the major banks.

Another key is Eden's spouse, Linan Eden. She is also a RCI director who was born and grew up in China. In notes nominating RCI for a Canada-China Business Council award, Vancouver-based lawyer Peter Fairey describes her as "a modest but very well-known Canada-China powerbroker in her own right."

Eden himself credits Linan's introduction to one of the BOC's 12 main directors for getting the ball rolling. He wrote in an e-mail: "We had *guangxi* [a Chinese term that refers to door-opening connections], but we faced a mountain of obstacles to overcome before getting a signed contract. The biggest of these was the fact that we were a 'relative' small business trying to partner up with a very big business."

He explained: "This is a tiny deal for the Bank of China. It has more to do with their wanting to offer their clients a service that other banks [in China] don't. They are interested in really moving into foreign markets. And they think of our company as being Canadian experts and being able to assist them with advice on where to invest money in Canada."

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