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 Virginia Gov. Terry McAuliffe is pictured. | AP

The suit is yet another headache for Virginia Gov. Terry McAuliffe as he mulls a potential presidential bid in 2020. | Cliff Owen/AP

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 [Morris and Lona Cohen, also known as Peter and Helen Kroger, are seen in 1969.](#)

The Unbelievable Story of How the CIA Helped Foil a Russian Spy Ring in London

By CALDER WALTON

The suit is the latest headache for the Virginia governor as he mulls a presidential bid.

By **JOSH GERSTEIN**

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Virginia Governor Terry McAuliffe and former Democratic presidential candidate Hillary Clinton's brother Anthony Rodham are facing a \$17 million fraud lawsuit from Chinese investors in Greentech Automotive, an electric car company that appears to be struggling to survive.

A group of 32 Chinese citizens filed the suit last

week in Fairfax County, Virginia court, claiming that they were swindled out of about \$560,000 apiece as a result of misrepresentations made by McAuliffe and Rodham—two of the most prominent and politically connected proponents of the venture aimed at manufacturing electric cars in the U.S.

The suit is yet another headache for McAuliffe as he mulls a potential presidential bid in 2020, buoyed in part by Democrats' strong showing in the state in the election earlier this month. McAuliffe confirmed last year that his business dealings

with foreign nationals
were under investigation

by the FBI and federal prosecutors. It's unclear whether that probe involved Greentech or whether the inquiry is still ongoing.

The Chinese investors plowed their money into Greentech with the promise of winning permanent residency in the U.S. under a program that awards green cards to foreign-funded ventures that generate U.S. jobs.

However, the suit contends that the investors now face the threat of deportation from the U.S. because the Department of Homeland Security has determined that Greentech did not generate the number of

jobs required to sustain
the number of visas

issued through the so-called EB-5 program.

"Plaintiffs now face the prospect of having to uproot their families once again, with the expense and stress of deportation to China looming before them," [the suit](#) says, accusing McAuliffe, Rodham, Greentech founder Charles Xiaolin Wang and others of running a "scam."

McAuliffe and Rodham did [several tours through China to seek investments](#) in the electric car startup, the suit says. As brother-in-law of President Bill Clinton and as brother of the then-secretary of state—Rodham appeared

to serve as a means of
attracting Chinese

interest in the project.

The suit contends that Rodham's involvement conveyed that the electric-car firm was politically-connected and likely to prosper.

"Defendants milked these connections in marketing materials," the suit says.

"Defendants exploited those relationships to assure investors of both the success of the company and their ability to obtain U.S. Citizenship and Immigration Services ("USCIS") approval of the visa applications."

A spokeswoman for McAuliffe, Crystal Carson, disputed the claims and noted that

the governor gave up his
role in the firm years
ago.

"We strongly reject this
baseless suit which has
no merit whatsoever.

The claims, which
regurgitate old political
attacks regarding a
company that Governor
McAuliffe left five years
ago, were brought by a
lawyer with conservative
ties," Carson said. "We
are confident it will be
dismissed."

One of the attorneys who
drafted the suit, Scott
Abeles of Los Angeles-
based Gerard Fox law,
disputed any political
motivation.

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the afternoon in Washington.

"I represented the Chamber of Commerce once or twice...I'm not a conservative dude," he said in an interview Tuesday.

As McAuliffe prepared to run for Virginia governor, Greentech was a bright spot on his resume, combining entrepreneurial spirit with environmentalism and an effort to bring jobs to an impoverished area of Mississippi. A 2012 ribbon-cutting for the Mississippi factory drew former President Bill Clinton and Mississippi Governor Haley Barbour generated [glowing press coverage](#).

However, the firm soon ran into trouble finding

its footing. Production was repeatedly delayed. Hiring for the assembly line fell well short of the 350 jobs promised.

McAuliffe was once the largest individual investor in the company but stepped down as chairman in 2012 and sold his shares as he prepared to be sworn in as governor in 2014.

Once McAuliffe took office, bad publicity for the firm kept coming. It emerged that the Securities and Exchange Commission had an investigation into the company, although no charges were ever brought.

A Department of
Homeland Security

inspector general

report issued in 2015

said USCIS Director

Alejandro Mayorkas

created "an appearance
of favoritism and special
access" by responding to

entreaties from

McAuliffe and Rodham

to speed up action on

applications related to

the project. The report

did not accuse McAuliffe

or Rodham of

wrongdoing.

The Mississippi factory

apparently closed in

January. In July, the

state's auditor said

Greentech's employment

in the state peaked at 143

and the firm now owes

the state \$6.4 million for

failing to live up to

promises it made to get a

\$5 million financing

package from the
government there.

Earlier this month
Attorney General Jim
Hood (D-Miss.) filed a
lawsuit against the firm
seeking about \$3 million
in damages, plus
forfeiture of land used
for the factory in Tunica.

Senate
Majority
Leader
Mitch
McConnell
is pictured. |
Getty
Images

Senate GOP

By SEUNG MIN KIM, BE

Abeles said the Chinese
involved in his suit
approached his firm as a
group, although the
group grew somewhat
before the case was filed.

"We had done one or two
of these EB-5 cases out
there in California," he
said. "This group came
to us."

A key challenge for the investors' suit will be

proving that McAuliffe, Rodham or Wang should be individually liable for any losses. Typically, use of a corporation to solicit investments makes it difficult to recover against the people involved, but Abeles said the companies are little more than paper structures.

"As we see it, these people invested in Terry McAuliffe. They invested in Anthony Rodham. They invested in Charlie Wang," Abeles said.

"More than the typical case, the individuals drove the bus here."

Greentech did not respond to messages seeking comment for this story. Wang and

Rodham could not be
reached for comment.