

Rounds, Daugaard used foreign-investor visa system to fund SD projects

By Bob Mercer
State Capitol Bureau

Use of the federal EB-5 visa program for attracting foreign investors to South Dakota was done by the current administration of Gov. Dennis Daugaard as well as the previous administration of Gov. Mike Rounds.

The Daugaard administration approved four projects in the past two years for a recruiter to seek foreign EB-5 investors. The approval letters were released Monday. The most recent was dated July 23.

That latest approval came just two months before the Daugaard administration severed its contract with the long-time recruiter, South Dakota Regional Center at Aberdeen.

SDRC had been used for years by the Rounds and Daugaard administration for all EB-5 administration and marketing on behalf of state government.

The EB-5 program allows foreign investors who pay \$500,000 apiece to receive permanent visas to live in the United States if federal qualifications are met. A regional center for EB-5 purposes must receive federal approval.

Examples of South Dakota projects funded at least partially through EB-5 investments in the past decade include numerous dairies; the Northern Beef Packers plant at Aberdeen; the Dakota Provisions turkey processing plant at Huron; the Deadwood Mountain Grand hotel, casino and event center; the NextEra Energy Resources wind farm in Day County; the Deer Creek generation plant of Basin Electric Power

Cooperative in Brookings County; and the Iberdrola Resources wind farm known as Buffalo Ridge II in Brookings and Deuel counties.

The NextEra, Iberdrola and latest version of Dakota Provisions projects were approved in 2012 for recruitment of EB-5 investors. Dakota Provisions also received EB-5 investments during the Rounds administration.

The latest project to receive state approval was Dakota Natural Meats, a proposed pork-processing plant. Its location hasn't been announced. Incorporation papers show its organizers are three men from Flushing, New York.

The business arrangement between SDRC and state government took effect in December 2009 and was supposed to run through June 30, 2014.

A specific reason wasn't given publicly for the September termination of the SDRC contract.

Asked Monday about how approval for recruitment could be given for a project in July and the recruiting contract cut off two months later, Daugaard spokesman Tony Venhuizen said: "I cannot comment at this time."

SDRC president Joop Bollen of Aberdeen traveled the world promoting EB-5 investments in South Dakota.

The four project requests in 2012 and 2013 came from Bollen via SDRC and were approved by Pat Costello, state commissioner of economic development.

The contract required that SDRC receive state

approval before seeking EB-5 investments for a project. Costello cancelled the contract Sept. 19.

Bollen has been involved in international trade matters from Aberdeen since at least 1995, when he formed a non-profit corporation with Northern State University officials.

He formed SDRC in 2008 to serve as the EB-5 agent for South Dakota, after South Dakota received federal approvals for expanded uses of the EB-5 investments.

South Dakota's recruitment of EB-5 investors has received much more public attention in recent months, following the financial failure of the Northern Beef Packers project at Aberdeen and the gunshot death last month of Richard Benda.

Benda was secretary of tourism and state development from 2006 through 2010 in the Rounds administration.

Benda was heavily involved in expansion of the use of the EB-5 program in South Dakota and in the beef plant. He signed the contract with Bollen for SDRC to run the EB-5 program for state government.

Benda and Bollen sometimes traveled

together on recruiting trips. Benda wasn't retained by Daugaard after he became governor in 2011.

Daugaard disclosed last week that state and federal investigations have been underway regarding misconduct involving the state development office prior to his administration.

Daugaard ordered an internal review as well. He was lieutenant governor under Rounds.

Authorities haven't revealed any specifics about the investigations.

Details haven't been released yet regarding the investigation into Benda's death.

His body was found Oct. 22 at the farm of his sister and her husband near Lake Andes, where he was said to have been pheasant hunting while they were away during the weekend.

Bollen and a group of Chinese investors recruited through a Chinese agent for the Northern Beef project engaged in a lawsuit against each other in 2011 and settled in 2012. The Chinese investors were the second wave recruited for the project. The recruiter claimed to be owed as much as \$10 million by Bollen. The first group were Korean investors.

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