

ATTACHMENT A

STATE OF SOUTH DAKOTA



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November 21, 2013

Governor Dennis Daugaard
Office of the Governor
500 E. Capitol
Pierre, SD 57501

Dear Governor Daugaard,

Pursuant to your request of April 8, 2013, the Attorney General's Office has investigated allegations of individual financial misconduct involving reimbursement vouchers in the Governor's Office of Economic Development. This investigation was conducted pursuant to SDCL 1-11-1(2) and (9).

The Attorney General's investigation of the travel vouchers revealed evidence of double billing and double recovery on two sets of documents. First, vouchers dated December 14, 2009, and March 11, 2010, revealed double billing and payment for:

November 1, 2009	NWA ticket to China EB-5	\$ 982.90
December 8, 2009	NWA ticket to China EB-5	\$3,740.60

Second, vouchers dated March 11, 2010, and April 16, 2010, revealed double billing and payment for:

January 11, 2010	NWA ticket to Las Vegas Shot Show	\$836.30
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Because the individual who submitted the vouchers is deceased, there will be no further action by the Attorney General's Office on the voucher matter.

The Attorney General's review further disclosed financial concerns related to a one million dollar Future Fund Grant to assist Northern Beef LP. On September 28, 2005, Northern Beef LP was formed to develop and construct a

large beef processing plant on land near Aberdeen. Ownership of Northern Beef was transferred to a new group of federal EB-5 investors on or about January 8, 2008, eventually including South Korean investors.

On or about December 8, 2010, the South Dakota Department of Tourism agreed to issue payments on a reimbursement basis for construction or equipment costs not to exceed one million dollars to Northern Beef Packers LP. In late January of 2011, State check #99697504 in the amount of one million dollars was issued and delivered to Northern Beef Packers LP. However, \$550,000 of said one million dollars was redirected from its intended purpose and purportedly used to pre-pay EB-5 loan monitoring fees for the South Dakota Regional Center, Inc. (SDRC). SDRC utilizes the services of the California and South Korea based law firm Hanul Professional Law Corporation to identify and recruit potential federal EB-5 investors to process the required U.S. Citizenship and Immigration Services documentation.

Because the EB-5 Program is a federal immigration program run and controlled by federal immigration authorities, the United States Attorney and the Department of Justice have primary authority over federal immigration law and the EB-5 Program. I will naturally continue to assist federal authorities regarding these concerns including the impropriety of the payment of the \$550,000 loan monitoring fees toward a federally EB-5 funded project.

To the extent any of these matters are disclosed, it is important to remember that no charges have been filed by state or federal authorities. Thus, the safeguards and protections of the criminal process – including the presumption of innocence and the requirement that the government prove each and every element of a crime beyond a reasonable doubt – are implicated.

Governor, to the extent you have any questions or desire any further review consistent with SDCL 1-11-1, please don't hesitate to contact me.

Sincerely,



Marty J. Jackley
ATTORNEY GENERAL

MJJ/lde

cc: Paul Bachand, GOED Counsel
Brendan Johnson, US Attorney
Jim Seward, Governor's General Counsel