SDRC Alleges Defamation, Lost Revenue In EB-5 Suit

BY JAMES NORD Associated Press

PAGE 14

SIOUX FALLS — A private firm that previously managed South Dakota's investment-for-visa program says the state defamed the company, caused it to lose revenue and interfered with its business relationships.

SDRC Inc., which oversaw the EB-5 visa program in South Dakota until 2013, filed a response last week to a state lawsuit, asked that the government's claims be denied and requested damages for the company. The state's October suit seeks records from SDRC

and recovery of state costs, among other requirements.

The complicated EB-5 scandal has included state and federal investigations and an inquiry into the suicide of a former government official accused of contributing to its mismanagement.

The litigation comes as the governor's economic development office is defending its ability to administer the program to a federal immigration agency. U.S. Citizenship and Immigration Services notified the state in late September that it intended to end South Dakota's participation, and Gov. Dennis Daugaard recently said

his administration wants to spare investors who might be harmed if it is terminated.

Administration of the program went to the state after South Dakota ended its contract with SDRC in 2013.

The Governor's Office of Economic Development cited terminating SDRC's contract and lawsuits against the firm as part of efforts to better manage South Dakota's regional center in its request to maintain participation in the program. The suit would compel SDRC to turn over all documentation about its management of the program for recruiting wealthy foreign investors for projects in exchange for green cards. In SDRC's response to the lawsuit,

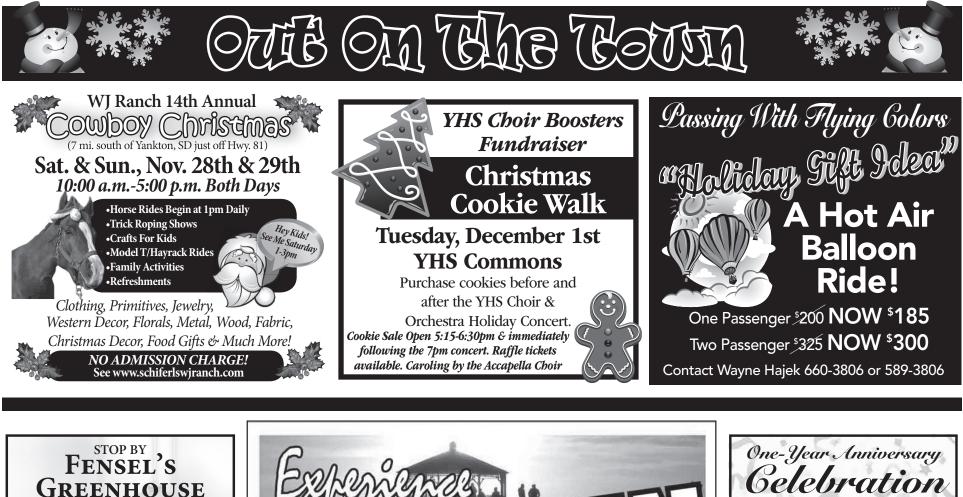
the firm says it has turned over all required records to the state and says the state has improperly managed the regional center since taking over from the company. The state has said that problems flagged by the federal government stem from SDRC.

SDRC also argues that the state wrongfully terminated the company's management contract without explanation.

The contract termination in one instance cost SDRC more than \$1.5 million in revenue to promote a pork plant project, according to the court document.

SDRC argues the termination also caused revenue losses for other projects and says the state disrupted its business relationships, including with the Dakota Natural Meats LLC pork project.

The state is seeking to require SDRC to make payments into a fund to protect the state from costs such as legal fees. It also wants to make SDRC approve an agreement that would prevent the firm from taking money out of a second fund without the state's permission





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