

1 Joop Bollen, Director
2 SOUTH DAKOTA INTERNATIONAL BUSINESS INSTITUTE.
3 1200 South Jay Street
4 Aberdeen, South Dakota 57401-7198
Telephone (605) 626-3149
Facsimile (605) 626-3004

5 SOUTH DAKOTA INTERNATIONAL
6 BUSINESS INSTITUTE
7 In Pro Per

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9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

11 Darley International, LLC, a Delaware
12 corporation,

13 Petitioner,

14 vs.

15 South Dakota International Business Institute, a
16 non-profit organization;

17 Respondent.
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CASE NO.: CV08-05034 DDP PLAx

DECLARATION OF JOOP BOLLEN IN
RESPONSE TO PETITION FOR ORDER
COMPELLING ARBITRATION

Hearing Date: September 8, 2008
Time: 10:00 a.m.
Court Room:

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DECLARATION OF JOOP BOLLEN

EXHIBIT

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DECLARATION OF JOOP BOLLEN

I, JOOP BOLLEN, hereby declare and state as follows:

1. I am the Director of the South Dakota International Business Institute (hereinafter "SDIBI"). I have personal knowledge of each of the facts stated herein and can testify competently thereto, except as to matters stated under information and belief, and to such matters as I believe them to be true.

2. SDIBI, on an annual renewable cost recovery contract with the South Dakota Governor's Office of Economic Development (GOED), has conducted export promotion and foreign direct investment activities for GOED since 1995.

3. SDIBI is part of the School of Business at the Northern State University, a public state university, located in Aberdeen, South Dakota.

4. In 2001, SDIBI initiated recruitment of European dairy farmers to South Dakota to construct and manage large state-of-the-art dairy farms in the eastern portion of the state. SDIBI was successful in recruiting 15 such projects whose owners all legally entered the United States of America to settle in South Dakota on E-2 non-immigrant visas.

5. The Regional Center Program is an investment visa program designated as EB-5 which grants legal permanent residency to foreign nationals who create 10 direct or indirect full-time jobs by investing at least \$500,000.00 in an area with a low population or a high unemployment rate. Such areas are designated as "regional centers."

6. In 2003 SDIBI applied for regional center status, which was approved by United States Citizens and Immigration Services (USCIS) in April of 2004.

7. SDIBI obtained regional center status in order to provide more security to the European investors that had settled in South Dakota and to provide South Dakota with a competitive advantage

1 over other states which were also recruiting European dairy investors, but were not able to offer
2 permanent residency as they did not have regional center status.

3 8. Regional center status resulted in many inquiries from Asian countries, including South
4 Korea. Interested parties wanted to invest in dairy projects in order to obtain permanent residency.
5 This interest meant that additional Asian capital could now be available to South Dakota dairy farmers
6 wishing to construct larger dairy farms and thus benefit the economy of South Dakota.

7 9. SDIBI does not charge nor receive any financial rewards for utilization of the regional
8 center nor does it claim that the projects offered are economically sustainable.

9 10. The due diligence associated with the projects is the responsibility of the investors with
10 the help of their service providers. SDIBI merely provides access to a regional center for the benefit of
11 South Dakota's economy.

12 11. At this time, Hanul Professional Law Corporation (hereinafter "Hanul") contacted
13 SDIBI with Korean investors willing to invest in the State of South Dakota's dairy farms under the
14 EB-5 investor visa program to receive permanent residency.

15 12. SDIBI's Regional Center with Hanul recruiting resulted in 12 successful dairy projects
16 with pooled South Dakota/South Korean investors.

17 13. SDIBI's role was to locate and forward prospective projects to Hanul and Hanul would
18 locate South Korean and Asian investors and complete all paper work related to recruitment and green
19 card petitions.

20 14. Because of trust gained by Hanul with their successful recruiting efforts of the South
21 Korean investors, all inquiries SDIBI received related to recruiting South Korean and Asian investors
22 subsequently were forwarded to Hanul including the one from Robert Stratmore, President of Darley
23 International LLC (hereinafter "Darley").
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1 15. In 2007, it became clear that the increasingly competitive EB-5 market required SDIBI
2 to source larger projects with a loan structure as opposed to the equity structure. An USCIS approved
3 amendment allowed SDIBI to expand to include loan structure based meat packing & processing
4 projects.
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6 16. One meat processing center, Tilapia, was selected as a first project to test the market
7 with this new loan structure.

8 17. In or about the middle of 2007, Robert Stratmore contacted SDIBI requesting a
9 relationship to recruit Chinese investors and was referred to Hanul. (See Declaration of Robert D.
10 Stratmore, ¶ 3, filed by the Petitioner)
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12 18. On or about October 18, 2007, Hanul and Darley agreed upon a recruitment contract
13 between the two parties and the said fact was made available to SDIBI.

14 19. SDIBI did answer questions related to the Tilapia project and any questions associated
15 with the regional center when asked by either of the parties to the contract. However, both parties were
16 made aware that SDIBI would not be in a position to formulate nor advise as to the contents of the
17 contract between Hanul and Darley. (Exhibit "1", ¶ 2)
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19 20. SDIBI, with both Hanul and Darley clearly understanding that no formal agreement
20 was in place with SDIBI, merely was providing information to the two parties with the hope that they
21 would quickly start recruiting investors for South Dakota's benefit. (Exhibit "1", ¶ 1)
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23 21. In or about December of 2007, two seminars were held in the People's Republic of
24 China (PRC) to promote the Tilapia project to potential investors. However, during the seminar, it
25 became very clear that the Tilapia project was very risky based on new information revealed by the
26 representative of the Tilapia project. Due to Tilapia's weak management and lack of equity, SDIBI
27 was forced to pull the project in order to protect the foreign investors and the integrity of the regional
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center. (Exhibit "1", ¶ 6)

22. Given the failure of the Tilapia project, it became increasingly clear that Hanul, Darley, or any other service providers were not able to perform the due diligence needed to protect the investors. A separate entity was needed to screen, qualify, and select all future projects in order to protect the integrity of the regional center. SDRC was created to meet these roles. SDRC, Inc. was established to select projects and enter into agreements with overseas recruiters. To date, SDRC, INC. has only entered into agreements with overseas agencies but is not active from a financial perspective as no fees are charged.

23. At or about this time, Darley initiated false accusations as well as unfounded blame towards SDIBI and Hanul stating that SDIBI had knowingly and willfully interfered with the recruitment process of Darley in PRC.

24. Hanul and Darley had been advised previously that their unproductive quarrels in regards to disputes arising out of their failed contract is holding the State of South Dakota hostage with respect to China's investors while other regional centers were taking full advantage of the EB-5 opportunities.

25. Darley's claim that the China seminars resulted in 30 interested parties and that SDIBI/Hanul's failure to cooperate properly resulted in loss of Darley's credibility with its Chinese sub-agents, interfere with its business relationship, and drastically affect its ability to recruit investors for SDIBI's Tilapia project is unfounded as shown by the Declaration signed by Frank Lin, whom Robert Startmore described as colleague, not sub-agent, and who claims to be solely responsible for Darley's activities in China. (Exhibit "2")

26. As is shown by Mr. Lin's Declaration, Darley did not have "definite and concrete" interest from 30 investors to invest in the Tilapia project nor did it have "sub-agents" in China to

1 recruit these potential investors.

2 27. In the interest of protecting potential investors purported to be recruited by Darley,
3 Tilapia's information could not be provided to Darley because the feasibility of the project came into
4 serious doubt and the investors would not have a sufficient justification to invest in the Tilapia project.
5 Therefore, Darley's accusation that SDIBI did not provide the information to hinder Darley's
6 recruitment process is unfounded. (Exhibit "1", ¶ 6)
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8 28. On or about March of 2008, Darley, through its attorney of record, Maxwell Blecher,
9 Esq., initiated the arbitration proceedings with JAMS ADR service in San Francisco, California
10 against Hanul for alleged Breach of Contract.
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12 29. Thereafter, Mr. Blecher demanded that SDIBI be joined in the arbitration process
13 between Hanul and Darley to which SDIBI has responded stating that SDIBI should not and cannot be
14 joined in an arbitration proceeding where SDIBI is not a signatory nor a willing participant in the
15 formation of the contract.
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17 30. Thereafter, on or about August 5, 2008, SDIBI was served with the subject Petition for
18 Order Compel Arbitration.
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20 I declare under penalty of perjury under the laws of the United States of America that the
21 foregoing is true and correct.
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23 Executed this 22nd day of August, 2008, at Aberdeen, South Dakota
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26 Joop Bollen
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