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May 11, 2011

VIA E-MAIL and FIRST CLASS MAIL

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Ms. Jennifer S. Elkayam
Blecher & Collins, P.C.
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Re: Darley International, L.L.C. v. Hanul Professional Law Corporation, et al. (JAMS
Case No. 1100054680)

Dear Ms. Elkayam:

Our firm represents South Dakota Regional Center, Inc. (SDRC, Inc.). We are responding to your letter of April 13, 2011 addressed to Mr. Joop Bollen. In that letter you indicate that SDRC, Inc. is the "successor entity" to South Dakota International Business Institute (SDIBI) and that SDRC, Inc. is subject to an October 2007 agreement entered into between Darley International, L.L.C. and Hanul Professional Law Corporation. Thus, you want SDRC, Inc. to submit to the pending arbitration proceedings in California.

SDRC, Inc. declines to submit to such arbitration. SDRC, Inc. is *not* a successor entity to SDIBI. These two entities have preserved their separate identities. SDIBI remains "in business" and after Mr. Bollen left his employment, it continued to work on EB-5 equity programs.

- SDIBI is a public entity, an arm of the State of South Dakota. It supports the South Dakota Department of Tourism and State Development and the Governor's Office of Economic Development through Northern State University. In contrast, SDRC, Inc. is a private corporation.
- SDIBI is primarily involved in export promotions and facilitating direct investment for the State of South Dakota. It involves many components, including seminars and workshops, export finance, international trade resources, assisting companies with the South Dakota Foreign Trade Zone, Trade Lead Generators, and South Dakota Exporter's Directory. See www.sd-exports.org/aboutsdibi.htm. It promotes economic development in South Dakota. EB-5 is just one component of the foreign direct investment activities offered by SDIBI. Under that EB-5 component, only equity projects are promoted. In

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contrast, SDRC, Inc. is completely different in its functions. It is not a facilitator in any equity programs. SDRC, Inc. does not promote economic development, but simply obtains funding through EB-5 and functions similar to a bank by lending those same funds to projects in South Dakota.

SDRC, Inc. was not involved in the October 2007 contract. SDRC, Inc. never expressly or impliedly agreed to assume SDIBI's liabilities. Those liabilities remain with SDIBI, which is a continuing and operating entity. There was nothing in the way of a consolidation or merger of SDIBI and SDRC, Inc. SDRC, Inc. is not a "mere continuation" of SDIBI nor was there a transfer of SDIBI's assets to SDRC, Inc. SDIBI is a nonprofit entity. SDRC, Inc. is a private for profit entity.

As set forth repeatedly throughout this letter, SDIBI remains a continuing and on-going entity. SDRC, Inc. did not absorb SDIBI or retain its name. SDRC, Inc. did not take SDIBI's assets without consideration. There is nothing to suggest that SDIBI is not sufficiently funded to meet the claims of any creditors. SDRC, Inc. did not continue the same enterprise as SDIBI.

Under the law, the relevant inquiry is whether the two entities have preserved their separate identities and whether recourse to SDIBI is available. Since they have preserved their separate identities and recourse to SDIBI is available, it cannot be found that SDRC, Inc. is a successor entity. As such, it is not subject to jurisdiction or the arbitration proceedings pending in California.

Very truly yours,



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