

November 9, 2021

Joint Technical Corrections Committee

Re: Written Testimony in Support of H.B. 1512.

Dear Members of the Joint Technical Corrections Committee:

My name is Luke Heck, and I am a resident of Fargo, ND. I submit this written testimony in support of H.B. 1512. Simply put, this proposed amendment to N.D.C.C. § 21-10-11 is necessary in order to make in-state investing through the Legacy Fund happen. Currently, there is no real plan, guidelines, or procedures in place to address the newly implemented law. Rather, the same issue persists that H.B. 1425 was meant to address: a lack of investing in-state, and increased investments out-of-state and out-of-country. The bill was intended to provide opportunity to individuals and businesses to invest within our state, for the benefit of our state.

Yet here we are, with nothing but roadblocks that continue to be put up by out-of-state investment firms that persist in their apparent belief that we, North Dakotans, are too stupid to invest our money wisely. In order to be able to invest in-state under N.D.C.C. § 21-10-11, the current policy *requires* you to be a venture capital firm. I would encourage you to see if you can identify how many venture capital firms are currently in North Dakota.

Moreover, the first “in-state investment” made by 50 South Capital is in a *Missouri* venture capital firm. It’s important to keep in mind here that 50 South is a wholly owned subsidiary of Northern Trust. The State Investment Board actually chose Northern Trust, a favorite of the San Francisco-based consultant Callan, when they signed off on 50 South Capital. It is unclear whether the SIB was aware that Northern Trust had paid their dues to Callan at the time they chose them. It is also unclear whether SIB was advised of, or looked into, the *\$75 million in federal financial offenses* and out-of-court settlements Northern Trust has had to pay, mostly in the last five years alone, let alone the fact that employees of Northern Trust recently sued their own company for mismanaging their pension plan.

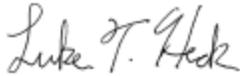
More specifically, the recent investment that has been approved by 50 South/Northern Trust was into Lewis & Clark AgriFood, a “venture capital firm with a specialized expertise in a core industry in North Dakota,” according to their press release. But we don’t get to see what that “specialized expertise” in North Dakota is because they won’t turn over the list. And we don’t get to see how much of our money they invested in this St. Louis firm because, based on their recent statements, they don’t believe North Dakotans have a right to know where their tax dollars are going.

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Multiple investment opportunities from within this state, or from companies who have a presence in this state, have been waiting for the opportunity to be given a chance to make their case for in-state investment funds, but are instead scratching their heads trying to figure out how to navigate these frankly absurd requirements. But rather than make things workable, these inquiries fall on deaf ears, all while the out-of-state investment managers continue to invest more of our money out-of-country, doubling down on foreign investments such as Tencent, Alibaba, and the Chinese government-owned oil company despite criticisms of such investments during last legislative session.

H.B. 1512 would bring some structure to the law, and more importantly some guardrails to ensure our state's legacy fund dollars are being used as they were intended under H.B. 1425. It's unfortunate this discussion even has to occur, but the harsh reality is that we need North Dakotans to have meaningful control of this program. We cannot continue to allow the wool to be pulled over our eyes on how our money is being invested by entities that, by their actions, seem to clearly not care about what North Dakotans want, or what our legislature wanted when the bill was passed. I respectfully request you recommend a "do pass" on this proposed amendment.

Very truly yours,



Luke T. Heck

LTH
Attachments