CONFIDENTIAL
SUBJECT TO ATTORNEY-CLIENT PRIVILEGE AND EXECUTIVE PRIVILEGE

MEMORANDUM

TO: Governor Kelly Ayotte

FROM: NH Department of Justice

RE: Purchase of Nashua, NH Property by Nongfu Spring

DATE October 3, 2025

This memo responds to your request that this office examine the facts and circumstances related to the purchase of industrial property in Nashua earlier this year by a U.S. subsidiary of Nongfu Spring, a large beverage and bottling company based in the People's Republic of China. Nongfu Spring is owned by Zhong Shanshan, who is understood to have close connections with China's Communist Party.

In addition, this memo supplies answers to questions raised by Councilors Kenney, Stephen, and Wheeler about the involvement in the transaction by the Department of Business and Economic Affairs (BEA).

For the purposes of gathering facts relevant to this matter, including the role of state and local government agencies, the Department of Justice interviewed employees at the Department of Business and Economic Affairs (BEA), the City of Nashua, and the Pennichuck Corporation (Nashua's water utility). We also examined pertinent public records and available email correspondence.

I. TIMELINE OF EVENTS

We have developed the following timeline of events based on our review:

March 2024 – San Francisco and Boston-based representatives of Cushman & Wakefield (C&W), an international commercial real estate firm, engaged a BEA business development manager for the purposes of learning more about New Hampshire-based properties suitable for a large, anticipated investment by a bottling company. The BEA business development manager, who is employed within BEA's Division of Economic Development (DED) and has served in his position since 1997, responded by undertaking the normal business-facilitation services that BEA offers to enterprises seeking to expand or relocate to New Hampshire.

May-June 2024 – The BEA business development manager learned from Tom Farrelly, an executive managing director at C&W, that it represented STAG Industrial, the owner of a 375,000+ square-foot industrial property at 80 Northwest Boulevard. C&W hoped to introduce the property to the broker for the bottling company, Chicago-based Jones Lang LaSalle, Inc. (JLL). Independently, Mr. Farrelly contacted the City of Nashua's administrative services director, Tim Cummings (who previously served as the City's economic development director) to discuss the property. Early in June, the BEA business development manager, Mr. Cummings, Mr. Farrelly, Brian Morrissy of JLL, and Matt LeBlanc of Nashua's Department of Public Works (DPW) visited the property for an "early-stage vetting opportunity," as described by Mr. Cummings. They found the large structure mostly empty, except for the small remaining presence of its previous occupant, a packager and distributor of educational materials, which was, at the time, winding down.

June 17, 2024 – Representatives of a company later identified as Nongfu Spring (and later described as "the Coca-Cola of China") toured the facility. Prior to the tour, the BEA business development manager worked to convene various local experts and authorities, including the City-owned Pennichuck Corporation and other utilities, to accompany the visitors and help answer their questions. Included in the visiting company's party was the Chairman of Nongfu Spring, Zhong Shanshan, along with his translator and representatives of an affiliated, New York-based investment firm. The BEA business development manager later connected via LinkedIn with Mr. Zhong, who acknowledged and responded to his outreach.

November 4, 2024 – After several months of "radio silence," JLL's representative, Mr. Farrelly, again reached out to the BEA business development manager. He asked the BEA business development manager for help planning an in-depth technical examination of the property, to be attended by both company and local government and utility representatives. Nongfu Spring (based in China) reached out directly to the BEA business development manager for help verifying the overseas travel of its employees to attend business meetings in Nashua. The BEA business development manager provided a short letter of confirmation.

November 14, 2024 – A large meeting convened at the Pennichuck headquarters in Nashua for the purposes of discussing the company's growing interest in launching operations as a bottler of tea and other beverages at 80 Northwest Boulevard. At the time, it was understood that Nongfu Spring was choosing between the Nashua facility and a property in Maryland. The meeting was again attended by Mr. Zhong, as well as an advisor to the Chairman, Hermann Lieu (also associated with the Boston Consulting Group); Katherine Wu, Nongfu Spring's CFO; at least three China-based engineers; Jennifer Platt, Esq., real estate counsel at Anderson Krieger (Boston); the BEA business development manager; and representatives of the City of Nashua (including Matt Sullivan, Community Development Division Director and DPW's Matt Lablanc), Pennichuck, Eversource, and Liberty Gas. The discussion covered a range of topics, with an emphasis on how the property could be modified or upgraded for the purposes of brewing, bottling and distributing tea and other beverages.

November 20, 2024 and **December 6, 2024** – Additional technical meetings and site visits took place in Nashua, including discussions about engineering and natural gas requirements, fire preparedness, local permitting requirements, sewer design, and building design. The BEA business development manager attended these meetings. Notably, during the November 20th technical meeting, Attorney Lawrence Ward, a Partner at Dorsey & Whitney, LLP (Seattle), appeared by Zoom and briefly reported that his firm was handling the U.S. Committee on Foreign Investment (CFIUS) aspect of the transaction.

Also in **November-December 2024,** Nongfu Spring formed three Delaware-based companies: (1) NF North America OF LLC (for real estate); (2) Streamfill Packers LLC (for beverage manufacturing and sales); and (3) NH North America Inc. (for broad commercial purposes, including beverage production, marketing, sales, and distribution).

January 21, 2025 – Nongfu Spring registered NF North America OF LLC with the New Hampshire Secretary of State.

February 2, 2025 – STAG Industrial sold the Nashua property for $67 million to NF North America OP LLC. The property most recently changed hands in 2014 at a selling price of $11.7 million and, as of 2025, its current tax assessment is approximately $15 million. According to a number of individuals interviewed for this report, the selling price is not widely regarded as exceeding market-value. In fact, the property was reportedly one of the few structures of its size in New England available at the time that was capable of meeting the bottling company's structural and technical requirements.

February-April 2025 – Nongfu Spring registered Streamfill Packers and NH North America Inc. with the New Hampshire Secretary of State. In April, Streamfill Packers filed for trademark protections with the U.S. Patent and Trademark Office. Its trademark applications are still pending. Streamfill Packers also appears to own an "sfpackers.com" domain name. While contact between BEA and Nongfu Spring was limited during this time period, the business development manager did communicate with the company regarding marketing opportunities and other similar matters.

April-May 2025 – NH North America filed an application with Nashua's planning department – its only one to date – seeking permission to extend the width of its driveway from 45 to 86 feet. (This is not a process for which a public hearing is required or likely to occur.) On May 27, a consultant for the company withdrew the application on NH North America's behalf. In his e-mail to the planning department, the consultant said, "Due to evolving global trade and investment conditions, our client is conducting a broader reassessment of project feasibility and associated costs. As part of this review, they have decided to pause all entitlements and permitting activities. Accordingly, we respectfully request that the current application be withdrawn from consideration … We remain committed to working cooperatively with the City of Nashua should we return with revised plans at a later date."

May 2025-present – Since Nongfu Spring's purchase of 80 Northwest Boulevard began generating public interest and complaints, there has been minimal contact between company representatives and state or local actors. On July 22, 2025, Shami Usmani, the Executive Vice President/Operations Officer, North America of Streamfill Packers LLC, reached out to the BEA business development manager; neither the BEA business development manager nor anyone else at BEA has since replied. Also around that time, Brian Morrissey of JLL and a NF North America representative (possibly Mr. Usmani) reached out to Mr. Cummings and Mr. Sullivan in Nashua, expressing frustration over both the negative press their plans to launch the bottling company had encountered and the state's apparent unwillingness to champion their investment. They repeated that counsel for their side of the transaction had received CFIUS "approval" for the transaction. Mr. Cummings encouraged the callers to enlist their own public relations firm to communicate any message they wished to advance in public.

II. INFORMATION FROM CITY OF NASHUA AND PENNICHUCK WATERWORKS

The above timeline incorporates information derived from interviews with representatives of BEA; the CEO of Pennichuck, John Boisvert; and the City of Nashua (Mr. Cummings; Mr. Sullivan; and Steven A. Bolton, Corporation Counsel).

In addition to the facts as shared above, Mr. Boisvert addressed Pennichuck's role in serving as a resource during the early efforts to determine whether 80 Northwest Boulevard was an appropriate site for using up to 2 million gallons of city water each day. According to Mr. Boisvert, Pennichuck regarded Nongfu Spring as a potential customer and treated the company as it would all other customers. When he and his staff learned of the anticipated water requirements at 80 Northwest Boulevard, they informed the company that it would have to make and pay for upgrades to Nashua's "snow station," which would allow increased amounts of water to flow through the watermain. Pennichuck is accustomed to managing water requests of commercial and industrial customers, who are typically required to pay "up front" for the work that Pennichuck sends out to bid on their behalf.

Pennichuck also is mindful of how industrial customers may inadvertently (or intentionally) contaminate the water systems it manages. The corporation has a number of mechanisms in place for preventing, mitigating, and remedying contaminations in may encounter. Detections of contaminants other than chlorine or ones that shift the water pH are especially challenging.

Pennichuck is included in regional training managed by the FBI's regional office and the state's homeland security division, including with respect to cybersecurity training and other homeland security matters. Pennichuck has informed parties concerned about the Nongfu Spring investment that its treatment facility has the capacity to serve the demand for the proposed use of the property, within existing withdrawal limits from Pennichuck Brook and the Merrimack River and treatment plant capacity. Finally, Pennichuck – because it has not been involved before in matters of an investor's country of origin – would require a more "in the weeds discussion" of how it should undertake additional scrutiny of the needs of certain consumers of the water it provides.

For its part, the City of Nashua's representatives did not see the proposed development of 80 Northwest Boulevard as an unusual or unexpected request. Its representatives observed that Nashua is home to many foreign investors. They even expressed appreciation for BEA's capable facilitation of meetings between potential investors and local utilities and actors. Still, whether this investment would necessarily include a public hearing is not a given, according to Mr. Cummings and Mr. Sullivan. Unless NF North America seeks a substantial change to either its site or the traffic around the site, a public hearing would be unlikely to be part of the permitting process. Acquisition of a wastewater permit similarly likely would not normally require a public hearing.

III. APPLICABLE STATE/FEDERAL LAWS AND REGULATIONS

On July 1, 2025, relevant portions of House Bill 2 went into effect (Laws 2025, 141:36), making it a felony for an entity from a foreign country of concern, including China, to acquire property in

New Hampshire. The law is not retroactive, and therefore has no impact on the real estate purchase by Nongfu Spring that is the subject of this memo.

On August 5, 2025, U.S. Rep. Maggie Goodlander requested that the U.S. Department of Treasury and/or the federal Committee on Foreign Investment (CFIUS) retroactively review the transaction pursuant the authorities provided to CFIUS by Congress, including under the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA).

In addition, it is our understanding that the FBI and other relevant federal agencies are aware of this transaction and considering what steps they may take. We do not anticipate that we will be able to get status updates from the relevant federal agencies, though we will certainly attempt to do so. It is likely that any updates we do get will have to remain confidential and not be made public.

A CFIUS short-form declaration is mandatory for investment projects that implicate critical technology or critical infrastructure; it is unlikely that the Nongfu Spring investment would have qualified as such. A long-form notice requires more information about the investment but can result in a "safe harbor" letter concerning the transaction. Notably, counsel enlisted by Nongfu Spring indicated as early as November 2024 that the company either sought or received CFIUS "approval." This Office has not been able to independently verify this assertion.

On December 9, 2024, the Department of Treasury's Office of Investment Security published a final rule that expanded CFIUS's ability to review certain real estate transactions by foreign persons (*see* 2024 257773, 89 FR 88128). CFIUS review of the Nongfu Spring transaction thus would have been advisable in the context of the Nashua property's proximity to Joint Base Cape Cod, which is listed as 87 miles from the purchase site. Moreover, in today's climate, and at the level of Nongfu Spring's investment (including not only the price of the real property, but also a projected $200 million in improvements and employment of 200 people), a CFIUS analysis as a matter of course should have been conducted and documented prior to the completion of the transaction.

IV. PROCESS IMPROVEMENTS

As the state agency that provides facilitation services to enterprises seeking to invest in or relocate to New Hampshire, BEA made clear that it is mindful of the escalating public concern over efforts by global adversaries to take advantage of New Hampshire's welcoming economy. Today, BEA's Division of Economic Development (DED) facilitates private-sector development in several ways, including by: (a) assisting New Hampshire-based companies to expand within the state; seek and win government contracts; and/or engage in international trade; and (b) helping out-of-state and international businesses expand in or relocate to New Hampshire, including through facilitation of site selection, information about licensing and permitting requirements, navigating workforce issues, and more. BEA stated that it has long been unequivocal that New Hampshire "sells itself" as an exceptional place to live and work, and that, unlike other locations, the state does not promote or facilitate relocation through direct fiscal incentives. For the purposes of its relocation-facilitation function, BEA employs three business development managers. These managers report to DED's Deputy Director, who in turn reports to DED's Director, who reports to BEA's Commissioner.

Following on the recent transaction in Nashua, as well as new state statutes, BEA stated that it is expanding its risk preparedness and continuing to update its systems to track foreign investment. BEA has implemented the following process updates:

1. Any approach to BEA by a third-party requesting assistance on behalf of a confidential client must affirm in writing that the client does not originate from any nation under federal Executive Order 13873 (Securing the Information and Communications Technology and Services Supply Chain) or NH RSA 477:22-b (concerning conveyances of realty).
2. For all inbound business inquiries, a Foreign Entity Screening Checklist must be completed. If the results of the checklist indicate any foreign relationship to any identified adversary or country of concern, staff is required to immediately notify their supervisor in writing so that appropriate steps can be taken, including any necessary referrals to state or federal law enforcement or regulatory authorities.

BEA states that it has directed its staff to review their respective current customer/prospect list for compliance and any red flags and notify their supervisor if there are any red flags.

V. RESPONSES TO QUESTIONS FROM EXECUTIVE COUNCILORS

As noted, relative to this matter, three members of the Executive Council asked that the Commissioner of BEA answer a set of questions that reflect concerns expressed by their constituents. As part of this review, we include answers to those questions in Appendix A to this memo.

VI. DOJ CONCLUSIONS

Based on the facts developed during our review and the applicable law, we have reached the following conclusions regarding the purchase of the subject property by Nongfu Spring and the involvement of State agencies or officials:

1. Based on the facts developed during this review and as far as we are aware, other than BEA, no other state agency or official was aware of the purchase of the subject property by Nongfu Spring until after the transaction closed in February 2025.
2. While BEA did not actively recruit Nongfu Spring to establish operations in New Hampshire, the BEA business development manager actively helped to facilitate the purchase of the subject property by Nongfu Spring beginning in March 2024 and continuing through December 2024. The business development manager continued in this endeavor even after learning of the identity of the potential purchaser and the purchaser's Chinese ownership in June 2024.
3. The BEA business development manager did not notify his supervisors at BEA of the potential transaction until December 2024, and did not notify his supervisors at BEA that the purchaser was Chinese owned until January 2025.
4. The BEA business development manager did not violate any existing BEA or State policies or protocols through his actions in helping to facilitate the purchase of the subject property or in failing to notify his supervisors of the transaction and the

purchaser's Chinese ownership until late 2024/early 2025. Further, the BEA business development manager did not violate any federal or state law, regulation or policy though his actions. In particular, it should be noted that the BEA business development manager, in the course of meetings he attended, received representations that Nongfu Spring was taking steps to obtain necessary federal approvals.

5. BEA should institute process improvements to ensure that any business which BEA may assist is not covered by a federal or state law, regulation, or policy that seeks to prevent the purchase of property (or other business activity) in New Hampshire by an entity that would be prohibited based on affiliation with a foreign government. BEA has already instituted such process improvements, as noted in this memo.
6. Across both State and local government, certain employees require greater awareness of emerging avenues for malign influence by foreign actors. Regular training on spotting red flags, particularly as they may emerge from the private sector, is warranted. Training could occur through seminar-like trainings or through written materials. The Division of Homeland Security and Emergency Management should be consulted if this recommendation is pursued.

The above is not meant to be an exhaustive list of take-aways from our review, but rather represents what we believe to be key take-aways based on the facts developed and the applicable law.

Please feel free to contact us with any further questions.

Appendix A

Responses to questions from Executive Councilors

1. **BEA Involvement and Recruitment**

- **Did the BEA actively recruit this company to relocate or establish operations in New Hampshire? If so, when did these efforts begin, and who initiated contact?**

BEA did not actively recruit Nongfu Spring to establish operations in New Hampshire. Through its business development office, BEA helped Nongfu Spring and its representatives learn more about the suitability of 80 Northwest Boulevard for transformation into a beverage production, bottling and distribution plant. BEA's facilitation services centered on connecting the company to providers of water, sewer services, natural gas, and power. Requests for assistance were initiated by the property's real estate agent, Cushman & Wakefield and followed by requests from Jones Lang LaSalle, Inc. (JLL), a Chicago-based broker for Nongfu Spring. BEA's facilitation assistance began in/around late May 2024.

- **Was the BEA notified or consulted about the acquisition prior to its public announcement? If so, when and by whom?**

The BEA business development manager who supplied facilitation services was aware of various planning and technical assessment activities for several months prior to the sale of 80 Northwest Boulevard to Nongfu Spring's U.S. subsidiary. Although the business development manager was aware in late January 2025 of the imminence of the sale, he was never directly notified or consulted about it.

- **Who within the state government, including the BEA, was aware of the company's interest in the Nashua site, and at what point in the process?**

The BEA business development manager became aware of an investor's interest in the Nashua site as early as May 2024 and was made aware in mid-June 2024 that the company was Nongfu Spring. In December 2024, the business development manager advised his supervisors, including the Director and Deputy Director of BEA's Division of Economic Development, of a bottling company's likely investment in Nashua. In early January 2025, the business development manager informed his supervisors that the company was Chinese-owned. Although the business development manager considered contacting New Hampshire's Department of Environmental Services as part of his facilitation efforts, the needs of the company never led him to do so.

As far as this Office is aware, BEA was the only state agency to engage directly with Nongfu Spring regarding the transaction. Beginning in January 2025, two limited liability corporations and one foreign property corporation associated with Nongfu Spring registered with the N.H. Secretary of State: (1) NF North America OP LLC, formed in Delaware/Foreign (PRC) on November 8, 2024, and created as a N.H. business on January 21, 2025 (principal purpose: real estate); (2) Streamfill Packers LLC, formed in Delaware/Foreign (PRC) on December 12, 2024, and created as a N.H. business on February 19, 2025 (principal purpose: Beverage manufacturing and sales); and (3) NF North America, Inc., formed in Delaware/Foreign (PRC) on November 8, 2024, and created as a N.H. business on March 13, 2025 (principal purpose: Production, Sales, warehousing, distribution, import and export of food, bottled water, beverages, advertising and marketing business; real estate; holding).

2. **Oversight and Due Diligence**

- **Did the state conduct a foreign ownership risk assessment prior to the transaction?**

The state did not conduct a foreign ownership risk assessment. However, Nongfu Spring enlisted domestic counsel (Dorsey & Whitney, LLP (Seattle)) for the purposes of managing the expectations and requirements pertaining to its anticipated investment in Nashua.

- **Was the deal referred to the Committee on Foreign Investment in the United States (CFIUS) or any other federal agency for a national security review? If so, when was this referral made?**

BEA did not make any referrals to any federal agencies. However, as noted above, Nongfu Spring itself represented that it had secured counsel for the purposes of CFIUS review. Counsel in fact attended at least one project meeting (November 20, 2024) and reported that it would handle the CFIUS review. This Office has not been able to independently verify this assertion.

In addition, it is our understanding that the FBI and other relevant federal agencies are aware of this transaction and considering what steps they may take. We do not anticipate that we will be able to get status updates from the relevant federal agencies, though we will certainly attempt to do so. It is likely that any updates we do get will have to remain confidential and not be made public.

Finally, on August 5, 2025, U.S. Rep. Maggie Goodlander requested that the Department of Treasury and/or CFIUS retroactively review the transaction pursuant the authorities provided to CFIUS by Congress, including under the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA).

- **Has this company or its affiliates previously operated in New Hampshire or received state assistance (e.g., grants, tax incentives)? If yes, what is their track record, and when was the BEA informed of their prior activities?**

Neither Nongfu Spring nor its affiliated companies previously operated in New Hampshire or received state assistance. As a rule, BEA does not offer fiscal incentives – such as capital investments, grants, or direct subsidies – to potential outside investors. The one tax credit that may be implicated by the Nongfu Spring transaction is New Hampshire's economic revitalization zone credit, which is available to businesses that create at least one net-new full-time job and make capital improvements and is applied against New Hampshire's Business Profits Tax (BPT) and/or the Business Enterprise Tax (BET). This credit has been repealed, effective January 1, 2028.

3. **Economic and Workforce Implications**

- **What commitments, if any, has the company made regarding job retention or creation in Nashua, and when were these commitments communicated to the BEA?**

During the run-up to the sale of the property, the company and/or its broker represented that the bottling plant that they envisioned would create 200-300 jobs.

- **Are there written agreements ensuring workforce retention, and if so, when were they established?**

No.

- **Are tax incentives, grants, or other state resources being provided to the company? If so, when were these incentives approved, and by whom?**

No, aside from the potential use of the economic revitalization zone credit, for which it is unclear if Nongfu Spring will be eligible.

4. **Technology and Security**

- **Does the Nashua facility produce or handle sensitive technologies or products with potential defense applications? If so, when was the BEA made aware of this?**

To date, the current occupiers of the facility have received no licenses or permits (such as with respect to building design, wastewater, fire safety, etc.) to launch its anticipated business. The company has not sought to produce or handle sensitive technologies or products with potential defense applications. The public concerns raised about the company have generally centered on its access to and use of water.

- **Has the BEA coordinated with federal agencies to address cybersecurity or intellectual property concerns related to this acquisition? If yes, when did this coordination begin?**

No.

5. **Community and Long-Term Impacts**

- **When did the BEA first learn of the company's long-term plans for operating in Nashua?**

At a meeting convened in Nashua on November 14, 2024, although its final decision was not announced, Nongfu Spring indicated a strong interest in transforming 80 Northwest Boulevard into a producer and bottler of tea and other beverages. BEA's business development manager attended the meeting, along with a number of City government representatives; representatives of Pennichuck, Eversource, and Liberty Gas; buyer and seller representatives; counsel for Nongfu Spring; and a number of Chinese engineers.

- **What steps has the BEA taken to assess the impact of this acquisition on local infrastructure and businesses, and when were these assessments conducted?**

No formal steps have been taken to assess the impact of the acquisition on local businesses. As for local infrastructure, Pennichuck advised the company that it would be required to complete offsite improvements to Pennichuck's water distribution system facilities if project water demand exceeds the capacity of the distribution system. The company was also advised that any other local or state infrastructure improvements necessary for it to conduct business would require pertinent licenses and permits and would take place at the company's expense.

- **Was there a process for public input or community engagement, and if so, when?**

To date there has been no process that involves public input or community engagement. Public input and community engagement may take place if the company seeks to make substantial changes to the site or the business will substantially impact traffic. Public input would also be sought if the company sought to use the property in a manner for which it is not zoned.

6. **Accountability and Transparency**

- **What mechanisms are in place to ensure the company meets its obligations, and when were these mechanisms established?**

The company is obliged to abide by all state and local laws and regulations.

- **Are there clawback provisions for any incentives if the company fails to meet job or investment promises? If so, when were these provisions drafted?**

No incentives were offered to the company.