

SYNOPSIS OF YPSILANTI CHINA INVESTIGATION

The investigation by our firm included the review of over 1,500 pages of documents, emails, text messages and photographs as well as approximately 20 hours of sworn testimony from Mayor Edmonds, Beth Ernat, Chief DeGiusti, City Mgr. McClary, Amy Foster, Shanrong Chou (owner of Youngs Travel) and 2 Chinese students who reluctantly responded to subpoenas, Peifeng Li and Bingwen Wang. Mayor Pro-Tem, Nicole Brown, was not interviewed because the documents and testimony indicated she had little involvement with the arrangements for the China trip and little or no communication with Amy Foster. Ms. Brown was only provided information as needed by Beth Ernat. Bank records were also subpoenaed from the Michigan First Credit Union (for the WSU CSSA) and Huntington Bank (for Amy Foster and her LLCs). In addition, we were able to obtain surveillance photos from the credit union of the individuals making the deposit of \$16,800 (in cash) and obtaining the cashier's check for \$16,800 payable to Youngs Travel. Jingming Liang, a neighbor and friend of Amy Foster, who also does work for her, was present and in the photos for both the cash deposit and obtaining the cashier's check. Both Jingming Liang and Amy Foster tried to prevent or at least discourage our investigation by telling witnesses that they did not need to cooperate with us or provide interviews.

Most of the events transpiring between January and September, when the China Trip occurred, are well known to the city officials and the City Attorney, so this synopsis will only focus on facts believed to be previously unknown or unconfirmed. A detailed 26-page summary and timeline is being provided for a more thorough review of the events.

Each of the four public officials interviewed knew, before receiving the memo from the City Attorney, that it would be improper to accept a gift from anyone doing business with the city. All recall receiving a copy of Mr. Barr's memorandum stating it would be illegal and unethical to accept a gift or trip from a developer.

Beth Ernat admits receiving a jade bracelet from Amy Foster just before the May 23rd Council meeting which is still in her office. Amy Foster did not specifically recall giving Ms. Ernat the bracelet but said she has gifted jade bracelets to over 100 Chinese and American friends. Darwin McClary testified he had instructed Beth Ernat to turn it over to the City Attorney, but Ms. Ernat does not recall receiving this instruction and she never turned it over. Mr. McClary also stated that Ms. Ernat told him the Chinese take offense if gifts they offer are not accepted.

Amy Foster contends that, even before the May 23rd City Council meeting, she had advised city officials in meetings (on the International Village project) that funds were available to pay for them to travel to China. The funds would be provided by regional Chinese governments or Chinese business associations.

Mayor Edmonds first learned of the International Village project in April 2017 but did not understand the specifics of the project until the May 23rd Council meeting. She admits she knew of the association between Amy Foster and Global Capital early-on and concedes that she received emails from Amy Foster with a signature block showing Global Capital, such as the email from Amy Foster dated May 24th forwarded to her from Beth Ernat. Ms. Ernat was also aware in May that Amy Foster represented both International Village and Global Capital Group.

None of the four city officials, who went on the China Trip, had concerns about Amy Foster being the one making the travel arrangements and obtaining the visas because they all understood they would need a sponsor for the trip and Amy Foster was to be their sponsor and set up meetings in China with the appropriate people.

Mr. McClary advised Beth Ernat, in writing, to make it clear to Amy Foster that the city and officials cannot accept any gifts or offers of trips from her. There is no record to show that this was ever done by Ms. Ernat. Amy Foster initially testified that she was unaware of the City Manager's concern and the City Attorney's memo, but subsequently stated she recalled Beth Ernat explaining that she could not pay for the China trip because of the City Manager's concerns. Amy Foster then suggested a donation to the city instead but Ms. Ernat responded that would also be improper. This issue seemed to perplex Foster who testified she and her son had been involved with many cultural exchanges for Michigan and Chinese government officials. She would front the money for these exchanges and would later be reimbursed by a private group or a Chinese government.

On August 4, 2017, Amy Foster transferred \$20,000 from the International Bank Account to the Global Capital Group. On this same day, she wrote to Beth Ernat that she "got 4 visa with passport today, Monday will get one more." Around August 21-23, Mayor Edmonds and Beth Ernat exchanged several text messages regarding the Mayor's passport and the dates the Mayor was able to travel. At this time the Mayor also exchanged text messages with Amy Foster discussing the delay of receipt of the Mayor's passport and visa. These exchanges were all, of course, before anyone had come forward with an offer to pay for the trip.

Shanrong Chou, owner of Young's Travel, testified that Amy Foster paid for the visas for the trip. Foster initially testified she was "really busy" at the time and she could not recall who paid for the visa's. Upon being told Ms. Chou testified that Amy Foster paid for them, Foster stated, "If she said I paid for it, then I paid for it. To me, that's not something significant. Not important." According to Ms. Chou, the visas cost \$180 per person.

Because Foster did not want the visas to get lost in the mail, she picked them up from Youngs Travel and personally delivered them to Ms. Ernat, with the exception of the Mayor's which was delayed.

According to Beth Ernat, around August 28, 2017, she was contacted by Jinpeng Xue of the WSU CSSA asking her how many people were going to China and what the cost would be. Ernat claims Xue also asked for help in preparing the CSSA scholarship letter at this time. Approximately this same time, Beth Ernat was also contacted by the Chinese American Business Association of Detroit and the Local Development Finance Authority, who likewise offered to provide funding for the trip. Ernat considered the communication from the Business Association suspect because Amy Foster was known to be a former member of the group.

On September 6, Ernat sent an email to Foster and Hal Edwards, attaching a form scholarship award letter, *which she drafted*, to be used by whichever student group was ultimately going to fund this trip to China. Notably, Ernat did *not* produce this email or her draft scholarship letter to us or the City Council as a part of this investigation. However, this September 6th email and form letter from Ernat seriously calls into question Ernat's testimony that she was working with Jinpeng Xue of the CSSA to draft this letter because Ernat's draft letter nowhere mentions the WSU CSSA and was not sent to Jinpeng Xue, but only to Amy Foster and Hal Edwards. It also seems to contradict Ernat's sworn testimony that she could not explain why she would have received the WSU CSSA's scholarship letter through Foster and Wayne Hofmann, rather than directly and only from the CSSA.

On September 6th, Ernat also sent a text message to the Mayor to let her know that a "U of M student union" was going to give the city scholarships for the trip. The Mayor responded, asking how much and "where does that \$\$ come from?" Again, this written statement by Ernat calls into question Ernat's testimony that she worked with Jinpeng Xue of the WSU CSSA to draft their offer letter beginning in August. As of this date, September 6th, Ernat apparently believed that the funds were coming from a University of Michigan group rather than the WSU CSSA.

Also, on September 6th, International Village, LLC issued a check to Youngs Travel for \$16,800. The check states that it is to "hold air tickets". According to Shanrong Chou of Youngs Travel, Amy Foster asked the travel agent not to deposit this September 6th check and to wait for another check to reimburse the travel agency for these flights.

According to the travel agent, Shanrong Chou, the \$16,800 amount covered the flights for 7 individuals to fly to Beijing but did not cover any lodging or other expenses for the trip. Foster would not admit paying for the lodging directly, saying "My son paid, not I." However, she later conceded that International Village is a "family run" business although she claims her son does not get paid for his work.

On September 7, 2017, Mayor Edmonds received an email from Beth Ernat attaching the scholarship letter from WSU's CSSA. Notably, Ernat received the scholarship letter *through Wayne Hofmann of Spence Brothers, via an email that explained he received it from Amy Foster*. It would seem that this should have alerted both Mayor Edmonds and Beth Ernat to an issue as to the origin of the funding. Ernat explained that the CSSA

was aware of Amy Foster's involvement with this trip and was in communication with her to understand the "cultural nature of the trip." Ernat testified she now sees how this email from Hoffman and Foster attaching the letter from the CSSA *should* have been a "red flag". However, Ernat's entire explanation of this issue is questionable as she failed to mention that she drafted the scholarship letter during either of her sworn interviews or her testimony before the City Council.

On September 8, 2017, Beth Ernat received a text message from the CSSA with a copy of the cashier's check for the trip. Ernat does not know where the funds came from for the cashier's check, does not know who Bingwen Wang is (although her name appears on the check) and did not question the fact that the check was a cashier's check and not from a WSU CSSA account.

Also, on September 8th, two Chinese males deposited a total of \$16,800 *in cash* into the CSSA's checking account shortly before 2:00 p.m. One of the individuals who performed this deposit is Jingming Liang, Amy Foster's associate and friend. The second male is unidentified.

About 3:30 p.m. on September 8th (an hour and a half after the deposit) one male and one female withdrew \$16,803 from the CSSA's account to obtain a cashier's check in the amount of \$16,800 payable to Youngs Travel. The male has been identified as Jingming Liang, Foster's associate, and the female is Bingwen Wang whose name is on the check.

The records received from Huntington Bank regarding the accounts for International Village LLC and Global Capital Group LLC demonstrate that the \$16,800 cash deposited into the CSSA's account on September 8, 2017 came directly from International Village LLC. Amy Foster withdrew \$1,500 from the International Village account on September 7, 2017. Then, on September 8, 2017, Amy Foster wrote the following checks from the account:

1. One check for \$8,888 made out to "Cash" with the notation "cover check # 8001 WSU-CSSA". *Exhibit HH.*
2. One check for \$6,200 made out to Jingming Liang with the notation "cover check #8001 WSU-CSSA". *Exhibit II.*

In addition to these clear references to the WSU CSSA on these checks, these transfers (\$1500, \$8888, and \$6200) total \$16,588. Therefore, there can be little question that the funds for the cash deposited into the CSSA's bank account on September 8, 2017, originated from Amy Foster and her International Village LLC.

Peifeng Li, of the CSSA, was the one who first contacted Bingwen Wang about using the CSSA's account to fund the trip to China, although Bingwen Wang claims she did not know what the check was for until she was contacted by our law firm as a part of this investigation. After this initial call from Peifeng Li, Jinpeng Xue (the current CSSA president) contacted her asking for a favor and to set up a time when they could go to

the bank (credit union) together. She assumed she would meet Jinpeng Xue or Peifeng Li at the bank around 4 p.m. on Friday, September 8th, 2017. However, neither Xue nor Li showed up, and she was instead contacted by a male named Jingming Liang (associate of Amy Foster). Bingwen does not have any contact information for Jinpeng Xue or Jingming Liang.

Bingwen's first communication with Jingming Liang was on September 8, 2017, the same day she met him at the Michigan First Credit Union. Jingming Liang was the one who talked to the bank to request the check. All he told Bingwen while they were at the bank together was that he needs a favor and just needs her to sign and show her driver's license to obtain this check. She did not take anything home with her from the bank that day; *she left everything, including the cashier's check for \$16,800, with Jingming Liang.*

On September 9, 2017, Beth Ernat emailed the City Manager explaining that she contacted a number of state and local agencies about funding for the trip, but that the WSU student group contacted her first, rather than city personnel reaching out to them. This fact should have raised suspicions as to how the CSSA learned of the trip and the need for funding. Beth Ernat also forwarded an email from Spence Brothers to the City Manager that attached the WSU CSSA scholarship/invite letter. As she had in the past, *Ernat deleted the note that the email had originally come from Amy Foster before forwarding the message.*

On September 10, 2017, Mayor Edmonds sent an email and a LinkedIn message to the CSSA asking where the funds for the trip "scholarships" originated. Mayor Edmonds testified that she sent these emails not because she was concerned about where the funding had come from, but because she anticipated public scrutiny on the issue. On September 11, 2017, Beth Ernat sent an email to the City Council, explaining that the Wayne State CSSA was providing four full scholarships for the China trip.

On September 12, 2017, Peifeng Li, replied to Mayor Edmonds' LinkedIn message that *the funding for the trip came from Global Capital Group, LLC.* The mayor was aware of the connection between Foster and Global Capital Group well before this time. She testified she never saw Peifeng's response before she left for China because she was out of town, "was not on email much that week", and has five active email accounts. She testified that if she had seen the response from Peifeng before leaving for China, she would have looked up Global Capital Group, seen the connection to Amy Foster and alerted the City Manager and City Attorney.

Mayor Edmond's testimony is questionable because on September 13, 2017, she emailed Jennifer Healy, the city's FOIA coordinator, indicating that no response had yet been received from the CSSA or Peifeng. However, Mayor Edmonds should have been searching for the response from the CSSA when gathering the documents to respond to the FOIA request. In any event, Mayor Edmonds should have been expecting and looking for a response to this inquiry before leaving for China on September 21, 2017.

On September 18-20, 2017, the City's purchase agreement with International Village was approved and signed. Notably, the Mayor testified that, just before this City Council meeting, she learned from Amy Foster and either Hal Edwards or Allen Green that CSSA groups often receive funds from the Chinese consulate. The Mayor stated in her written response to the Council's questions that she "learned that they (the Chinese consulate) were funding the trip through (her) directly asking Amy Foster and Hal Edwards from International Village on September 19." However, Amy Foster has testified that the Chinese consulate did not provide any funding for this China trip.

According to emails produced by Amy Foster and Foster's testimony, Foster and Ernat met in February 2018 to discuss this investigation in preparation for a meeting with a Chinese investor who was coming into town.

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