

**Nancy Weinstein
CEO, Founder
Nancy's Lifestyles LLC**

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HOUSE COMMITTEE on FOREIGN AFFAIRS

Subcommittee on Terrorism, Nonproliferation and Trade

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Thank You.

I am Nancy Weinstein, CEO and Founder of Nancy's Lifestyles. I am a professional interior designer. I have been traveling to China for business for the last 14 years and the past 4 years, my total focus and passion has been to open Nancy's Lifestyles stores in China.

In 2005, I rented a 12,000 sq ft. building which I thought was going to be the perfect first store for Nancy's Lifestyles. Instead, it became the worst nightmare of my life. The landlord and his mafia style actions did everything possible to stop my company from opening. It took 18 months to get the electric installed. He would never turn on the heat or air and it was over 100 degrees inside the building in the summer. I continued to pay the monthly rent on the advice of our lawyer. I had paid the landlord over \$ 1,100,000 in rent.

Just 3 days before we were to open, he threatened my life and told our lawyer, "If Nancy doesn't pay him \$35,000 in two days, Nancy and her friends could get seriously hurt at her opening party". I paid him the money. I hired two security guards and a bodyguard. My store opened in March 2007 and after 6 months of more constant problems caused by the landlord, I had decided we had to close. He sent 12 thugs to my showroom and they told my workers that if they worked for me, they would beat them and hurt them. They would not allow my workers to move out the furniture to the waiting trucks. They held my workers hostage for 7 hours. We called the local Ji Nan district police and they would not do anything to help us. I have been told by so many people in Shanghai that the landlord pays off people to get things done his way.

Several weeks later the landlord broke into my showroom and stole all of our \$500,000 in inventory and fixtures, and everything from my office which all belonged to our U.S. Company. Everything is gone. My lawyer and the former Director of the Shanghai Foreign Investment office went to report the crime to the Ji Nan district police. The police said yes, they knew that my landlord had taken everything. The Police actually allowed this guy to steal my entire store. He stole my entire business. He has not been arrested.

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Now he is suing our Shanghai company for \$100,000 saying that we didn't pay him enough rent. That is of course not true. It's so easy for him to make false claims with the power and connections he has. The judge in the case has actually met with the landlord's attorney privately, outside of court. The judge has not done anything to him regarding his stealing the inventory that belonged to our U.S. Company. Now the furniture is dirty, damaged and broken. They threw in the trash \$25,000 in hundreds of our logo items. He also stole our company files, so we don't have all of our papers to defend our company.

In the last 7 months I have repeatedly asked the Shanghai Foreign Investment office in Shanghai for help. After all, the U.S. allows them to bring Chinese Delegations to the U.S. and invite U.S. business people to invest in China. I did invest in China. They say they can't do anything to help me. I have brought it to the attention of the Chinese Consulate in Los Angeles and also the Director of the Shanghai Foreign Investment office in Los Angeles and he told me he is in LA and can't do anything about what happens in Shanghai. I never received any help from any of these offices about this matter.

I had notified the US Consulate in Shanghai immediately when this all happened. They had a gentleman from the Commercial section contact me. I was told there really wasn't anything they could do.

I received no help from anyone until Congressman Royce started looking into what has been happening and this hearing date was set. Then the action started happening. The Shanghai Foreign Investment office called me. They were looking for the U.S. Consulate to file a claim against the land lord. The gentleman at the U.S. Commercial section said they could not do anything without permission from Washington.

Mr. Huang who is the Director of the Shanghai Foreign Affairs had asked that I call him. Mr. Huang said it was "NOTHING", that my workers got pushed and shoved and threats put on their lives that they would be beaten.

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The U.S. Consulate had a meeting with Mr. Huang. He said that he wanted to make a deal and he did not want me to testify. He said he could get a deal for me to pay the landlord \$14,000 and he would forget the case. Mr. Huang said he asked the landlord if he stole the furniture and he said no. And Mr. Huang said he believed him. The furniture is in the landlord's warehouse and his own lawyer told the judge he took it all. There was no help on the part of the local Shanghai Government.

I hope that this will be a good lesson for other American Business people who are considering going to China. My story is one of thousands of cases that have happened to other American business people in China. I personally feel it has become a dangerous place to do business. There are so many greedy, well connected Chinese business guys in China that pay off the right people and get what they want and we have no recourse. You can see by my story how bad it can get.

I think that if the U.S. Consulate was able to respond immediately back in December when this happened and filed a complaint it would have been helpful. Waiting until 7 months later lost its impact.

I want to thank Congressman Royce and the other members of this committee for taking the time to hold this hearing and I hope that any American thinking of making an investment there will think twice. They are on their own in an unethical environment of payoffs and power where even the toughest of American business men and women have problems.