Lansing — Michigan Attorney General Bill Schuette used state staffers in his taxpayer-funded office as signed witnesses and notaries on at least four private real estate transactions in the Virgin Islands, including deed transfers on two separate properties sold for $1.8 million each.

Some of Schuette’s island property sales first came to light Thursday during a gubernatorial forum, where Lt. Gov. Brian Calley accused his Republican rival of violating his pledge to put assets into a blind trust to avoid conflicts of interest while serving as attorney general.

Schuette initially told The Detroit News he had “no idea” what Calley was talking about, but his campaign later said the property was inherited by Schuette and his sisters, was not part of the blind trust and does not represent a conflict.

Documents obtained Friday by The Detroit News show longtime Schuette aide Rusty Hills and executive assistant Lori Gay served as witnesses on separate $1.8 million deed transfers Schuette signed on Feb. 20, 2013. Both transfers were notarized by Nancy O’Shea, who at one time worked as head secretary in the attorney general’s alcohol and gambling enforcement division before retiring in August 2015.

Schuette’s Midland-based Vircom LLC sold 2.41-acre and 2.06-acre parcels to Pelican Reef LLC and Kestral Perch LLC, both set up in the Virgin Islands with mailing addresses in New York, according to the records.

Attorney general staffers Barb Teszlewicz and Dulce Cardenas signed as witnesses for Schuette on a quit deed claim in 2017, while Cardenas and Schuette spokeswoman Andrea Bitely signed a grant easement document in 2016. Both were notarized by Gay, the executive assistant.

Bitely said she signed as a witness after waiting to talk to Schuette while Gay notarized the document.

“If my memory serves, it was less than two minutes of our day,” she said.

Bitely confirmed Schuette was in his Lansing state offices on the day he and staffers signed the private real estate document.

Asked about the other documents signed by staffers, Bitely said the attorney general’s office has people on staff who are notaries and have provided notarization services for their co-workers and colleagues on documents.

“As anyone who has a busy schedule knows, it can be a challenge to find a notary that is available when you are available and you have witnesses available,” she said. “Nancy (O’Shea) provided a 30-second or less service on a document that required a notary to sign.”

‘Abusing taxpayer resources’

Schuette’s gubernatorial campaign did not immediately respond to a voicemail seeking comment.

Calley campaign spokesman Mike Schrmpf said Schuette has a “disturbing pattern of abusing taxpayer-funded resources for his personal and political gain.”

“Despite millions of dollars of offshore transactions benefiting himself, Bill Schuette is treating taxpayers like his own personal piggy bank.”

Calley’s campaign released separate real estate documents Thursday showing that Schuette had signed real estate transfers for property worth more than $3.6 million. The Portland Republican argued his Midland rival violated his 2011 pledge to put all his assets into a blind trust, which he alleged he used as an “excuse” to decline a Bridge Magazine request for voluntarily personal asset disclosure.
Schuette’s campaign said his home in Midland, cottage in Northern Michigan, and family-owned properties in the Virgin Islands and Colorado were never put in the blind trust because they represent no conflict of interest.

“Bill Schuette has not violated the spirit of the blind trust that he VOLUNTARILY created to avoid potential conflicts of interest as attorney general,” said a memo circulated Thursday by senior campaign strategist John Sellek.

Schuette announced the blind trust in April 2011, saying an independent trustee would oversee his “personal financial assets.”

Andrei Simonov, a finance department professor at Michigan State University, said blind trusts are typically used to manage personal financial assets or private equities. It’s more rare to place personal property in a blind trust, he said.

Selling undeveloped parcels in the Virgin Islands, as Schuette and his siblings have done, “is a gray area” because “it is highly unlikely that this would benefit from his official position,” Simonov said. “I think I would be much more concerned if this was commercial real estate in Michigan.”

Real estate holdings are sometimes included in blind trusts, said Sudip Datta, chairman of the Department of Finance at Wayne State University. While he was not familiar with Schuette’s transactions or blind trust, he noted that property can present a potential conflict of interest.

Someone could buy property at an elevated, above-market price from a person of power just to “curry favor,” Datta said. “If some lobbyist wants to buy my property I bought for $100,000 and wants to pay $1 million, that excess $900,000 can be a conflict of interest,” he said.

Snyder’s real estate deals

Michigan Gov. Rick Snyder, who has endorsed Calley as his chosen successor, also established a blind trust shortly before taking office in 2011.

Records show Snyder, who has endorsed Calley as his chosen successor, personally signed a deed transfer document in 2015 when he sold his former home on the outskirts of Ann Arbor for $1.775 million and moved into a downtown condominium.

Allison Scott, a longtime Snyder aide currently serving as his executive director, notarized the deed transfer in Washtenaw County. Scott also notarized the transfer of the condominium deed from a third party to Sue Snyder, the governor’s wife.

“The blind trust is for investments,” Snyder spokeswoman Anna Heaton said Friday. “It did not cover the governor and Sue’s condo in Ann Arbor, nor the family home in Gun Lake — those are properties of residence here in the state.

“Allison has been a longtime executive assistant to the governor, since well before he took office. The deed signing was not processed on state time nor state property.”

Pro-Schuette super PAC Executive Director Stu Sandler said Calley is attacking Schuette for doing the “same thing” Snyder did by not putting family property in his blind trust. Calley’s “clown car operation went off half-cocked ... before even checking to see that Gov. Snyder had done the same thing.”

But the Calley campaign said there are clear differences between the Snyder and Schuette transactions.

“Homes aren’t in blind trusts,” Schrimpff said. “There is a massive difference between selling your home and lying about having a $40 million offshore real estate development empire with transactions that were implemented by staff in the Attorney General’s Office.”

Properties linked to Schuette’s Vircom LLC and companies tied to his siblings appear to be part of a larger Ditleff Point development on St. John in the U.S. Virgin Islands. A company website describes it as an “exceptional gated community” on a 47-acre peninsula that is “the ultimate in Caribbean living.”

Ditleff Group B and Group S LLC companies linked to the family are trying to sell multiple undeveloped properties on St. John island, according to online real estate listings.

One of the properties, described as a “crème de la crème” 0.94-acre beachfront parcel, is listed at $2.5 million. Online records from the U.S. Virgin Islands Recorder of Deeds list both Vircom and Ditleff Point Lots — Group S as parties to the property.