

STATE OF MINNESOTA
COUNTY OF HENNEPIN

DISTRICT COURT
FOURTH JUDICIAL DISTRICT

Case Type: Other Civil
(Charitable/Nonprofit Violations)

Court File No. _____

In the Matter of Youth Leadership Academy
dba Gar Gaar Family Services

**PETITION FOR ORDER
APPROVING ASSURANCE OF
DISCONTINUANCE**

The State of Minnesota, by its Attorney General, Keith Ellison, hereby petitions the Court, pursuant to Minn. Stat. §§ 8.31, subd. 2b, for an Order approving the attached, fully executed Assurance of Discontinuance between the State of Minnesota, through its Attorney General, Keith Ellison, and Youth Leadership Academy dba Gar Gaar Family Services, a Minnesota Nonprofit Corporation.

Dated: December 3, 2024

Respectfully submitted,

KEITH ELLISON
Attorney General
State of Minnesota

/s/ Rick Linsk _____
RICK LINSK
Assistant Attorney General
Atty. Reg. No. 0388827

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St. Paul, Minnesota 55101-2131
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ATTORNEYS FOR PLAINTIFF STATE OF
MINNESOTA

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**ASSURANCE OF
DISCONTINUANCE**

WHEREAS, this Assurance of Discontinuance (“Assurance”) is entered into pursuant to Minnesota Statutes section 8.31, subdivision 2b, between the State of Minnesota, through its Attorney General, Keith Ellison (“State” or “AGO”) and Youth Leadership Academy dba Gar Gaar Family Services (“Gar Gaar”);

WHEREAS, the AGO has authority to enforce Minnesota’s laws relating to charitable organizations, charitable trusts, and nonprofit corporations under state statutes and common law, including as *parens patriae*, see, e.g., Minn. Stat. §§ 8.31, 309.57, 317A.813, 501B.34, and 501B.40;

WHEREAS, Gar Gaar is a Minnesota nonprofit corporation organized under the Minnesota Nonprofit Corporation Act (“Act”), Minnesota Statutes chapter 317A; a soliciting charitable organization under the Minnesota Charitable Solicitation Act, Minnesota Statutes sections 309.50–309.61; and a Minnesota charitable trust under the Supervision of Charitable Trust and Trustees Act, Minnesota Statutes section 501B, with its registered office address at 651 Taft Street Northeast, Minneapolis MN 55413;

WHEREAS, the AGO and Gar Gaar desire to fully resolve the AGO's concerns regarding the lawfulness of Gar Gaar's actions;

WHEREAS, this Assurance does not release any individual officer or director or other person from liability, including but not limited to Khadija Ali and Priya Morioka;

NOW THEREFORE, Gar Gaar hereby agrees to entry of an Assurance of Discontinuance with the following terms and conditions:

ALLEGATIONS

1. The AGO states and alleges as follows:
2. Although the AGO's allegations relate to conduct alleged by the Minnesota Department of Education ("MDE") and the U.S. Department of Justice, the AGO's allegations are established by its own independent investigation.
3. The Minnesota Department of Education ("MDE") denied Gar Gaar's application for sponsorship in the fall 2021 Child and Adult Food Program. Upholding MDE's decision, the Minnesota Court of Appeals found that "Gar Gaar lacked financial viability and financial management."
4. Gar Gaar's audit for the year ending December 31, 2021 also found several significant deficiencies in internal controls and questioned costs.
5. Gar Gaar reported purchasing food from vendors later charged in the Feeding Our Future scandal. For example, roughly \$1.3 million was paid by Gar Gaar to Haji's Kitchen, a purported food vendor. Haji Salad, the principal of Haji's Kitchen, pleaded guilty in federal court to defrauding the Federal Child Nutrition Program.
6. Yet another \$2.1 million in Gar Gaar funds were paid to S&S Catering, another purported food vendor whose owners pleaded guilty in federal court to defrauding the food program.

7. Gar Gaar contracted with and paid approximately \$168,955 to Global Language Connections, LLC—a company owned by Gar Gaar officers Khadija Ali and Priya Morioka—without obtaining the Gar Gaar board’s approval or otherwise satisfying the requirements for a conflicted transaction required by Minn. Stat. § 317A.255.

8. Gar Gaar in its 2021 federal tax filing reported only having two board members, Ms. Ali and Ms. Morioka. Minnesota law requires that nonprofit corporations be governed by at least three adult board members. *See* Minn. Stat. § 317A.203.

9. Gar Gaar failed to register with the AGO as required by Minnesota law. Gar Gaar was required to register with the AGO under Minn. Stat. ch. 309 because it had revenue of \$29,302,818 in 2021, \$879,464 in 2022, and \$30,500 in 2023.

10. Gar Gaar has not held a board meeting since January 2022. Minn. Stat. § 317A.231, subdiv. 1 requires the board to meet “at least once per year.”

11. Gar Gaar’s web site is no longer functioning. Gar Gaar has further indicated that it desires to dissolve.

12. The AGO alleges that the conduct generally described in this Assurance constitutes violations of, among other provisions, Minn. Stat. §§ 317A.203, 317A.231, 317A.251, 317A.255, 317A.361, 309.52, 309.55, and 501B.36, and provide grounds for equitable relief under Minn. Stat. §§ 317A.751, subd. 5(4), subd. 5(5), subd. 5(6), subd. 5(8), and subd. 5(12).

13. This Assurance shall not be considered an admission of a violation or violations for any purpose.

INJUNCTIVE RELIEF

14. Gar Gaar shall not hereinafter, whether directly, indirectly, individually, representatively, or in conjunction with or through any other person or entity, solicit or accept any contributions in Minnesota or from a Minnesota resident.

15. Within 60 days of the Court approving this Assurance, Gar Gaar (via the undersigned) shall begin the dissolution process pursuant to Minnesota Statutes section 317A.721, wind up any remaining affairs, and take all necessary and appropriate steps to liquidate its remaining assets in accordance with this Assurance and applicable law, including Minnesota Statutes sections 317A.701 through 317A.813, 501B.31, and chapter 309. All net proceeds from such liquidation shall be deposited into Gar Gaar's bank account and not used or accessed for any purpose except for those described in this Assurance.

16. At least 75 days prior to dissolving with the SOS, Gar Gaar shall submit a Notice of Intent to Dissolve to the AGO meeting the requirements of Minnesota Statutes section 317A.811 and following the form provided by the AGO on its website. This notice shall identify the intended recipient(s) of Gar Gaar's remaining assets, as well as provide all other information requested in the form and required by law. The recipient charitable organization(s) must be exempt under section 501(c)(3) of the Internal Revenue Code of 1986 with a similar charitable mission to Gar Gaar.

17. Following the completion of the above terms and other statutory requirements, as well as the expiration of the waiting period unless waived by the AGO, Gar Gaar's board of directors shall cause Gar Gaar to be dissolved, pursuant to Minnesota Statutes sections 317A.701 through 317A.813, within one-hundred-eighty (180) days of the Court approving this Assurance, unless the AGO, at its sole discretion, extends this deadline in writing.

18. Following dissolution, within 30 days after transferring or conveying Gar Gaar's charitable assets to the nonprofit recipient(s) designated by and listed in Gar Gaar's Notice of Intent to Dissolve pursuant to Paragraph 19 of this Assurance, Gar Gaar shall provide documentation to the State reflecting the transfer or conveyance of assets as required under Minnesota Statutes section 317A.811, subd. 4. Upon the written request of the State, Gar Gaar shall promptly provide any additional documentation that the State, in its sole discretion, deems reasonably necessary to verify the transfer or conveyance of assets.

19. Gar Gaar, through its officers and directors, shall have a duty to fully, completely, truthfully, and promptly cooperate with the State in its compliance monitoring or investigation of any suspected violations of this Assurance, including promptly providing information requested by the State.

GENERAL TERMS

20. Gar Gaar understands that, after the date of the approval of this Assurance by the Court, a violation of this Assurance may subject it to sanctions for contempt pursuant to Minnesota Statutes section 8.31, and the AGO may thereafter, in its sole discretion, initiate legal proceedings against Gar Gaar for any and all violations of this Assurance.

21. In consideration of the stipulated relief, the sufficiency of which is acknowledged, the AGO, upon approval of this Assurance by the Court, hereby fully and completely releases Gar Gaar from any and all claims of the AGO under Minnesota Statutes chapters 317A, 501B, and 309 arising out of the allegations contained in this Assurance, up to and including the date of this Assurance. The AGO through this Assurance does not settle, release, or resolve any claim against any individual, entity, or person other than Gar Gaar, including against any current or former board members, officers, employees, or other agents of Gar Gaar not a party to this Assurance. The AGO through this Assurance does not settle, release, or resolve any claim against Gar Gaar or any

other person or entity involving any private causes of action, claims, and remedies, including but not limited to private causes of action, claims, or remedies provided for under Minnesota Statutes section 8.31. This release does not apply in any way to claims of any other State of Minnesota agency, department, official, or division.

22. Gar Gaar shall not state or imply, directly or indirectly, that the State of Minnesota or the AGO has approved of, condones, or agrees with any conduct, actions, or inactions by Gar Gaar.

23. Nothing in this Assurance shall relieve Gar Gaar of its obligations to comply with all applicable Minnesota and federal laws and regulations, and court or administrative orders and directives.

24. Gar Gaar, after having an opportunity to decide whether to and/or consult with counsel, knowingly, intelligently, and voluntarily waive its First Amendment rights to the extent, if at all, such rights are inconsistent with any of the terms of this Assurance.

25. If this Assurance is violated, Gar Gaar agrees that any statute of limitations, statute of repose, or other time-related defense applicable to the subject matters of the allegations in this Assurance, and any claims arising out of or relating thereto, are retroactively tolled from and after the date of this Assurance.

26. The person signing this Assurance for Gar Gaar warrants that such person is authorized to execute this Assurance, that such person executes this Assurance in an official capacity that binds Gar Gaar and its successors, and that Gar Gaar has been fully advised by its counsel or has voluntarily forgone such advisement before entering into the Assurance.

27. This Assurance may be executed in counterparts, each of which constitutes an original, and all of which shall constitute one and the same agreement. This Assurance may be executed by facsimile or electronic copy in any image format.

28. This Assurance constitutes the full and complete terms of the agreement entered into by Gar Gaar and the AGO.

29. Service of notices or other documents required or permitted by this Assurance shall be served on the following persons, or any person subsequently designated by the parties to receive such notices, by mail and email at the addresses identified below:

As to the AGO:

Rick Linsk, Assistant Attorney General
Office of the Minnesota Attorney General
445 Minnesota Street, Suite 1200
St. Paul, Minnesota 55101
Rick.linsk@ag.state.mn.us

As to Gar Gaar:

Scott Ruhsam
Jason Raether
Kennedy & Ruhsam Law Offices, P.A.
2600 Eagan Woods Drive, Suite 270
Eagan, MN 55121
scott.ruhsam@mpkennedylaw.com
Jason.raether@mpkennedylaw.com

30. The failure of a party to exercise any rights under this Assurance shall not be deemed to be a waiver of any right or any future rights.

31. This Assurance, including any issues relating to interpretation or enforcement, shall be governed by the laws of the State of Minnesota.

32. Nothing in this Assurance shall be construed to limit the jurisdiction, power, or authority of the State of Minnesota or the AGO, except as expressly set forth herein in with regard to Gar Gaar.

33. The AGO shall have all powers and remedies specified by Minn. Stat. §§ 8.31, 309.553, 309.57, 317A.813, 501B.40, 501B.41, and all other authority otherwise available to it for purposes of investigating and remedying any violations of this Assurance.

34. Each of the parties participated in the drafting of this Assurance and agree that the Assurance's terms may not be construed against or in favor of any of the parties by virtue of draftsmanship.

35. Each party shall perform such further acts and execute and deliver such further documents as may reasonably be necessary to carry out this Assurance, including that Gar Gaar shall promptly comply with any reasonable request from the AGO for information regarding verification of Gar Gaar's compliance with this Assurance.

36. The AGO may file this Assurance with the Court without further notice to Gar Gaar, and the Court may approve of and enter this Assurance *ex parte* and without further proceedings.

37. The Court shall retain jurisdiction of this matter for purposes of enforcing this Assurance, and all signatories hereto consent to the jurisdiction of the Court for the purposes of enforcing this Assurance.

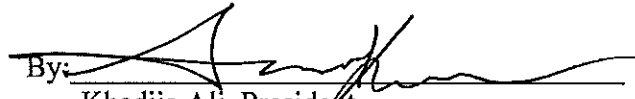
KEITH ELLISON
Attorney General
State of Minnesota

Dated: 11/22/2024

By: /s/ Rick Linsk
Rick Linsk
Assistant Attorney General

YOUTH LEADERSHIP ACADEMY DBA
GAR GAAR FAMILY SERVICES

Dated: 11/22/2024

By: 
Khadija Ali, President
On behalf of Youth Leadership Academy dba
Gar Gaar Family Services

ORDER

Having reviewed the terms of the foregoing Assurance of Discontinuance, which is incorporated herein by reference, and which the Court finds reasonable and appropriate, it is SO ORDERED.

Date: _____

Judge of District Court

LET JUDGMENT BE ENTERED ACCORDINGLY.