

STATE OF MINNESOTA
 COUNTY OF RAMSEY

DISTRICT COURT
 SECOND JUDICIAL DISTRICT

Case Type: Other Civil
 (Consumer Protection)

Court File No. _____

In the Matter of Dragon Door Publications,
 Inc.

**ASSURANCE OF
 DISCONTINUANCE**

WHEREAS, this Assurance of Discontinuance (“Assurance”) is entered into pursuant to Minn. Stat. § 8.31, subd. 2b, between the State of Minnesota, through its Attorney General, Keith Ellison, and Dragon Door Publications, Inc. (“Dragon Door”);

WHEREAS, on March 20, 2020, as a result of the COVID-19 pandemic, Minnesota Governor Tim Walz issued Executive Order 20-10, which prohibits price-gouging for essential consumer goods or services beginning at 5:00 p.m. on March 21, 2020 and continuing for the duration of the peacetime emergency declared in Executive Order 20-01 on March 13, 2020. A true and correct copy of Executive Order 20-10 is attached hereto as “**Exhibit A.**”

WHEREAS, beginning at 5:00 p.m. on March 21, 2020, Executive Order 20-10 prohibits persons from selling, offering to sell, or causing to sell in Minnesota any essential consumer goods or services for an amount that represents an unconscionably excessive price. Executive Order 20-10 further vests the Attorney General with enforcement authority, including obtaining a civil penalty of up to \$10,000 per sale or transaction, as well as any other relief available in accordance with Minnesota Statutes section 8.31. Pursuant to Minn. Stat. § 12.32, “[o]rders and rules promulgated by the governor under authority of section 12.21, subdivision 3, clause (1),

when approved by the Executive Council and filed in the Office of the Secretary of State, have, during a . . . peacetime emergency . . . the full force and effect of law.”

WHEREAS, on March 23, 2020, as a result of the COVID-19 pandemic, Minnesota Governor Tim Walz issued Executive Order 20-16, which requires Minnesota entities in possession of vital medical equipment, including personal protective equipment (“PPE”) such as N95 face masks, to provide an inventory of those supplies to the State, refrain from using such equipment except for critical health care services or other essential services, and donate the equipment or prepare to be asked to sell or donate it “for use by critical health care workers.” A true and correct copy of Executive Order 20-16 is attached hereto as “**Exhibit B.**”

WHEREAS, it is alleged that, on or after 5:00 p.m. on March 21, 2020, Dragon Door sold, offered to sell, or caused to sell essential consumer goods or services in Minnesota for an unconscionably excessive price in violation of Executive Order 20-10;

WHEREAS, it is alleged that Dragon Door sold, offered to sell, or caused to sell N95 face masks, making Dragon Door subject to the provisions of Executive Order 20-16;

WHEREAS, the Attorney General and Dragon Door (collectively, the “Parties”) desire to resolve fully this matter by Assurance;

NOW THEREFORE, the Attorney General and Dragon Door hereby agree to entry of an order with the following terms and conditions:

FACTUAL ALLEGATIONS

1. The Attorney General alleges that on or after 5:00 p.m. on March 21, 2020, Dragon Door sold, offered to sell, or caused to sell essential goods or services in Little Canada, Minnesota for an amount that represents an unconscionably excessive price in violation of Executive Order 20-10.

2. Specifically, the Attorney General alleges that Dragon Door offered to sell and sold N95 face masks to online purchasers for \$4.99 per mask, plus shipping costs. Dragon Door also offered to sell or sold N95 face masks by offering to provide or donate 50 N95 face masks in connection with each sale of its ISOCHAIN program, an exercise fitness program with a list price of \$499.

3. Dragon Door informed the AGO that, prior to the COVID-19 peacetime emergency, Dragon Door did not sell N95 face masks in its usual course of business. The Attorney General alleges that Dragon Door does not require and will not use the N95 face masks for the provision of critical health care services or essential services requiring use of such equipment, and did not produce the N95 face masks for the purpose of sale.

4. N95 face masks constitute essential consumer goods or services pursuant to Executive Order 20-10, because they are health care goods, medical supplies, and personal hygiene, sanitation, and cleaning goods that are vital and necessary for the health, safety, and welfare of the public. N95 face masks also constitute PPE and respirators pursuant to Executive Order 20-16 that are vital to protecting patients and medical staff and preventing the spread of COVID-19.

5. The Attorney General alleges that the price at which Dragon Door offered to sell or sold individual N95 face masks is unconscionably excessive in violation of Executive Order 20-10, because:

- a. The amount charged by Dragon Door for N95 face masks is more than twenty percent (20%) greater than their price in the usual course of business during the thirty-day period from February 12, 2020 through March 13, 2020.

- b. There is a gross disparity between the amount Dragon Door charged for these products and their price in the usual course of business during the thirty-day period from February 12, 2020 through March 13, 2020; and
- c. The amount charged by Dragon Door for these products grossly exceeds the price at which the same or similar products are readily obtainable by other purchasers in the trade area.

6. The Attorney General alleges that Dragon Door has failed to demonstrate that the excessive prices at which it has offered to sell or sold N95 face masks is substantially attributable to significant additional costs outside the control of Dragon Door.

7. The Attorney General alleges that the above-described alleged conduct violates Executive Orders 20-10.

INJUNCTIVE RELIEF

8. Dragon Door, including its principals, officers, directors, employees, agents, independent contractors, affiliates, subsidiaries, and successors, as well as other persons in active concert or participation with Dragon Door who receive actual notice of this order, shall comply with the following injunctive terms and provisions for the duration of the peacetime emergency declared in Executive Order 20-01 or until Executive Orders 20-10 and 20-16 are rescinded:

9. By Friday, March 27, 2020, or as soon as Dragon Door receives any incoming shipment(s) of N95 face masks, Dragon Door shall donate all face masks in its possession, custody, or control to an appropriate local coordinating entity in accordance with Executive Order 20-16. Within five (5) business days after the donation is completed, Dragon Door shall provide written certification to the AGO of the name of the local coordinating entity to whom it made the donation and the number of face masks it donated.

10. Within five (5) business days of the date the Court approves this Assurance of Discontinuance, Dragon Door shall void all transactions, issue full refund checks, or otherwise take action to provide full refunds to every person who purchased N95 face masks through its website. Within fifteen (15) business days of the date the Court approves this Assurance of Discontinuance, Dragon Door shall provide written certification to the AGO documenting the identities and amounts of each person to whom it provided a full refund.

11. Dragon Door shall not sell face masks, offer to sell face masks, or cause face masks to be sold.

12. Dragon Door shall comply with Executive Order 20-10 in setting prices for all essential consumer goods and services it sells, offers to sell, or causes to be sold.

13. Dragon Door shall fulfill the terms of this Assurance, and all of its parents, subsidiaries, and successors shall be bound by this Assurance as if they had signed this Assurance, so as to accomplish the full relief contemplated by this Assurance. Dragon Door shall not effect any change in its form of doing business, organizational identity, organizational structure, affiliations, ownership, or management composition as a method or means of attempting to avoid the requirements of this Assurance.

STAYED CIVIL PENALTY

14. Dragon Door shall pay a stayed civil penalty of \$50,000 to the Attorney General upon application to the Court and a showing by the Attorney General that Dragon Door has violated any of the terms of this Assurance and Order. The Court shall decide whether the stayed civil penalty shall be imposed and may hold an evidentiary hearing, if it deems such hearing necessary. The release in Paragraph 16 does not prevent the Attorney General from moving for, or collecting, the stayed civil penalty described in this Paragraph.

GENERAL TERMS

15. Nothing in this Assurance shall relieve Dragon Door of its obligation to comply with all applicable Minnesota and federal laws and regulations.

16. In consideration of the stipulated relief and contingent upon the Court's entry of this Assurance, the Attorney General, by execution of this Assurance, hereby fully and completely releases Dragon Door of any and all claims of the Attorney General under Executive Orders 20-10, connected with or arising out of the allegations contained in this Assurance, up to and including the date of this Assurance. The Attorney General through this Assurance does not settle, release, or resolve any claim against Dragon Door 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 Minn. Stat. § 8.31. This release does not apply in any way to claims of any other Minnesota state agency, department, official, or division.

17. This Assurance is neither an admission nor denial of liability by Dragon Door.

18. 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.

19. The person signing this Assurance for Dragon Door warrants that Dragon Door has authorized the person to execute this Assurance, and that he or she executes this Assurance in an official capacity that binds Dragon Door and its successors.

20. This Assurance constitutes the full and complete terms of the agreement entered into by Dragon Door and the Attorney General.

21. The Parties agree that this Assurance, including any issues related to interpretation or enforcement, shall be governed by the laws of the State of Minnesota.

22. The Ramsey County District Court shall retain jurisdiction of this matter for purposes of enforcing this Assurance. The Attorney General may make such application as appropriate to enforce or interpret the provisions of this Assurance or, in the alternative, maintain any action within his legal authority for such other and further relief as he determines is proper and necessary for the enforcement of this Assurance. The parties agree that, in any action brought by the Attorney General to enforce the terms of this Assurance, the Court shall have the authority to award equitable relief, including specific performance.

23. 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.

24. Nothing in this Assurance shall be construed to limit the power or authority of the State of Minnesota or the Attorney General except as expressly set forth herein.

25. Dragon Door understands that if a Court of competent jurisdiction holds that Dragon Door has committed a violation of this Assurance, that such violation may subject Dragon Door to sanctions for contempt pursuant to Minn. Stat. § 8.31, subdivision 2b, and that the Attorney General may thereafter, in his sole discretion, initiate legal proceedings against Dragon Door for any and all violations of this Assurance.

26. Each party shall perform such further acts and execute and deliver such further documents as may reasonably be necessary to carry out this Assurance.

27. Dragon Door shall not state or imply, directly or indirectly, that the State of Minnesota or the Attorney General have approved of, condoned, or agree with any conduct or actions by Dragon Door.

28. Dragon Door agrees that the Attorney General, without further notice to Dragon Door, may file this Assurance with the Ramsey County District Court on an *ex parte* basis, and that the Court may issue the Order below without further proceedings.


29. Service of notices required by this Assurance shall be served on the following persons, or any person subsequently designated by the parties to receive such notices:

Eric J. Maloney, Assistant Attorney General
Office of the Minnesota Attorney General
445 Minnesota Street, Suite 1200
St. Paul, Minnesota 55101

Dragon Door Publications, Inc.
2999 Yorkton Boulevard, Unit 2
Little Canada, MN 55117

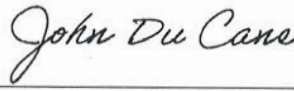
KEITH ELLISON
Attorney General
State of Minnesota

Date: 3-26-2020

By: 
Eric J. Maloney
Assistant Attorney General

Dragon Door Publications, Inc.

Date: March 26th, 2020

By: 
John Du Cane
Dragon Door Publications, Inc.

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

THERE BEING NO CAUSE FOR FURTHER DELAY, LET JUDGMENT BE ENTERED IMMEDIATELY.

STATE OF MINNESOTA

Executive Department



Governor Tim Walz

Emergency Executive Order 20-10

Combatting Price Gouging During the COVID-19 Peacetime Emergency

I, Tim Walz, Governor of the State of Minnesota, by the authority vested in me by the Constitution and applicable statutes, issue the following Executive Order:

The COVID-19 pandemic presents an unprecedented challenge to our State. Minnesota has taken proactive steps to ensure that we are ahead of the curve on COVID-19 prevention and response. On March 13, 2020, I issued Executive Order 20-01 and declared a peacetime emergency because this pandemic, an act of nature, threatens the lives of Minnesotans, and local resources are inadequate to address the threat. In Executive Order 20-01, I directed all state agencies to submit proposed orders and rules to protect and preserve public health and safety.

Pursuant to Minnesota Statutes 2019, section 12.21, subdivision 3(1), the Governor may “make, amend, and rescind the necessary orders and rules to carry out the provisions” of Minnesota Statutes, Chapter 12. When approved by the Executive Council and filed in the Office of the Secretary of State, such orders and rules have the force and effect of law during the pendency of a peacetime emergency. Any inconsistent rules or ordinances of any agency or political subdivision of the state are suspended during the pendency of the emergency. Under Minnesota Statutes 2019, section 12.45, this Executive Order may specifically prescribe the penalty or punishment for violation of this Executive Order.

Minnesotans have responded to the call of public health officials and experts to prepare for and defend against the challenges confronting all of us. As Minnesotans have prepared to protect themselves and their families from this pandemic and to support loved ones and neighbors in need, we have heard reports of excessive and opportunistic pricing of basic necessities needed for public health and security. The Minnesota Attorney General’s Office has received numerous reports of price gouging from consumers throughout the State. These reports have included concerns about excessive pricing on hygiene supplies, cleaning products, personal protective equipment, food, and other essential consumer goods and services.

These concerns raise risks of immediate and irreparable injury, loss, or damage to consumers, and immediate risk to the public interest of ensuring that Minnesotans can prepare for and respond to this emergency situation. These matters implicate safety concerns and matters of public safety, personal safety, and economic security. As a result, immediate resolution of these

concerns (including but not limited to necessary and prompt court-intervention) is in the public interest and necessary to protect the public peace, health, and safety of Minnesotans during this peacetime emergency.

For these reasons, I order as follows:

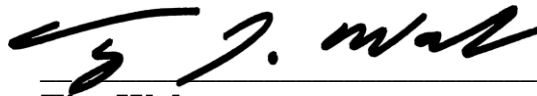
1. Beginning March 21, 2020 at 5:00 pm, and continuing for the duration of the peacetime emergency declared in Executive Order 20-01 or until this Executive Order is rescinded, all persons are prohibited from selling, offering to sell, or causing to sell in this state any essential consumer goods or services for an amount that represents an unconscionably excessive price.
2. For purposes of this Executive Order, the following terms are defined as specified below.
 - a. “Person” or “persons” has the meaning in Minnesota Statutes 2019, section 325F.68, subdivision 3.
 - b. “Essential consumer goods or services” means goods or services vital and necessary for the health, safety, and welfare of the public, including without limitation: food, water, fuel, gasoline, housing, shelter, transportation, health care goods and services, pharmaceuticals, medical supplies, and personal hygiene, sanitation, and cleaning goods.
 - c. “Unconscionably excessive” means:
 - i. The amount charged represents a gross disparity between the price of the good or service and the price of the same good or service that was sold or offered for sale in the usual course of business during the thirty (30) days immediately prior to the peacetime emergency declared by Executive Order 20-01 on March 13, 2020, unless the person demonstrates that the disparity is substantially attributable to significant additional costs outside the control of the person; or
 - ii. The amount charged for the good or service is more than twenty percent (20%) greater than the price of the same good or service that was sold or offered for sale in the usual course of business during the thirty (30) days immediately prior to the peacetime emergency declared by Executive Order 20-01 on March 13, 2020, unless the person demonstrates that the disparity is substantially attributable to significant additional costs outside the control of the person; or
 - iii. The amount charged grossly exceeds the price at which the same or similar good or service is readily obtainable by other purchasers in the trade area, unless the person demonstrates that the price increase is substantially attributable to significant additional costs outside the control of the person.

3. The Attorney General may investigate and bring an enforcement action to remediate and enjoin any alleged violation of this section. The authority of the Attorney General under this Executive Order includes but is not limited to the authority provided under Minnesota Statutes 2019, section 8.31.
4. Pursuant to Minnesota Statutes 2019, section 12.45, any person who is found to have violated this section is subject to a civil penalty of not more than \$10,000 per sale or transaction. The Attorney General may additionally seek any relief available pursuant to Minnesota Statutes 2019, section 8.31.

Pursuant to Minnesota Statutes 2019, section 4.035, subdivision 2, and section 12.32, this Executive Order is effective immediately upon approval by the Executive Council. It remains in effect until the peacetime emergency declared in Executive Order 20-01 is terminated or until it is rescinded by proper authority.

A determination that any provision of this Executive Order is invalid will not affect the enforceability of any other provision of this Executive Order. Rather, the invalid provision will be modified to the extent necessary so that it is enforceable.

Signed on March 20, 2020.



Tim Walz
Governor

Filed According to Law:



Steve Simon
Secretary of State

Approved by the Executive Council on March 20, 2020:



Alice Roberts-Davis
Secretary, Executive Council

STATE OF MINNESOTA

Executive Department



Governor Tim Walz

Emergency Executive Order 20-16

Directing Non-Hospital Entities to Inventory and Preserve Vital Medical Equipment During the COVID-19 Peacetime Emergency

I, Tim Walz, Governor of the State of Minnesota, by the authority vested in me by the Constitution and applicable statutes, issue the following Executive Order:

The COVID-19 pandemic presents an unprecedented challenge to our State. Minnesota has taken proactive steps to ensure that we are ahead of the curve on COVID-19 prevention and response. On March 13, 2020, I issued Executive Order 20-01 and declared a peacetime emergency because this pandemic, an act of nature, threatens the lives of Minnesotans, and local resources are inadequate to address the threat. In Executive Order 20-01, I directed all state agencies to submit proposed orders and rules to protect and preserve public health and safety.

In Minnesota Statutes 2019, section 12.02, the Minnesota Legislature conferred upon the Governor emergency powers “in order to (1) ensure that preparations of this state will be adequate to deal with disasters, (2) generally protect the public peace, health, and safety, and (3) preserve the lives and property of the people of the state.” Pursuant to Minnesota Statutes 2019, section 12.21, subdivision 1, the Governor has general authority to control the state’s emergency management as well as carry out the provisions of Minnesota’s Emergency Management Act. Pursuant to subdivision 3 of that same section, the Governor may “make, amend, and rescind the necessary orders and rules to carry out the provisions” of Minnesota Statutes 2019, Chapter 12.

Confirmed cases of COVID-19 in Minnesota are rapidly increasing and risk overwhelming the healthcare system. On March 17, 2020, the Centers for Disease Control and Prevention recommended delaying elective inpatient and outpatient surgeries and procedures, which include dental procedures. On March 18, 2020, the Centers for Medicare and Medicaid Services (“CMS”) issued similar guidance. CMS recognized that conservation of critical resources such as personal protective equipment (“PPE”) is essential to aggressively address the COVID-19 pandemic. On March 19, 2020, I issued Executive Order 20-09 directing delay of elective surgery and procedural cases during the COVID-19 Peacetime Emergency in part to conserve critical PPE.

Medical professionals and epidemiological experts agree that adequate PPE and medical equipment, including respirators and ventilators, are critical to protecting patients and medical staff to prevent the spread of COVID-19. In this context, the Governors of Colorado and Oregon have recently issued executive orders instructing organizations in their states to identify PPE, respirators, ventilators, and other vital equipment.

We must take similar steps to identify and preserve the available PPE and other equipment in Minnesota to protect health care personnel while they treat individuals with COVID-19 and others receiving critical care. It is impossible to anticipate how many people will need hospital care in the coming weeks, but it is certain that there will be a strain on the existing supply of medical equipment and uncertainty about the suppliers' ability to quickly meet our needs.

Many Minnesotans have already generously donated PPE and other equipment to local coordinating entities for use in delivering critical health care services and they continue to do so in response to this pressing need.

To ensure that Minnesota healthcare facilities have the capacity to treat patients, it is critical to account for PPE and other vital medical equipment that exists in Minnesota outside of hospitals.

For these reasons, I order as follows:

1. Any Minnesota business, nonprofit, or non-hospital health care facility, whether veterinary, dental, construction, research, institution of higher learning, or other, in possession of PPE, ventilators, respirators, or anesthesia machines (including any consumable accessories to these devices) that are not required for the provision of critical health care services or essential services and were not produced by the organization for the purpose of sale, must undertake an inventory of such supplies no later than March 25, 2020.
2. Any Minnesota business, nonprofit, or non-hospital health care facility must submit this inventory using the form emailed to them for this purpose or available at: <https://mn.gov/ppe>
3. Any Minnesota business, nonprofit, or non-hospital health care facility must refrain from using any such consumable equipment other than for use in delivering critical health care services or essential services requiring such equipment, and must either donate it to a local coordinating entity or prepare for the possibility of being asked to donate or sell it for use by critical health care workers.
4. The following entities are not subject to this Executive Order:
 - a. Nursing homes.
 - b. Any facility that currently provides inventory information into the MnTrac system.

5. Notwithstanding any statute or rule to the contrary, information supplied under this Executive Order will be classified as nonpublic data and remain classified as such until the end of the peacetime emergency declared in Executive Order 20-01.
6. Individuals, businesses, and other entities wishing to offer services, supplies, or materials for potential COVID-19 emergency response activities are encouraged to follow the guidance available at: <https://mn.gov/ppe>

Pursuant to Minnesota Statutes 2019, section 4.035, subdivision 2, this Executive Order is effective immediately. It remains in effect until the peacetime emergency declared in Executive Order 20-01 is terminated or until it is rescinded by proper authority.

A determination that any provision of this Executive Order is invalid will not affect the enforceability of any other provision of this Executive Order. Rather, the invalid provision will be modified to the extent necessary so that it is enforceable.

Signed on March 23, 2020.



Tim Walz
Governor

Filed According to Law:



Steve Simon
Secretary of State

Filed March 23, 2020
Office of the Minnesota
Secretary of State,
Steve Simon