

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Other Civil

State of Minnesota, by its
Attorney General, Keith Ellison,

Court File No. 62-CV-26-2438

Plaintiff,

vs.

Les Jolies Petites School of Dance d/b/a Les
Jolies Petites School of Dance Gymnastics;**MEMORANDUM IN SUPPORT OF THE
STATE'S *EX PARTE* MOTION FOR
TEMPORARY RESTRAINING ORDER
AND TEMPORARY INJUNCTION**Real Believers Faith Center d/b/a Poppy
Construction R-B-F-C Builders d/b/a RBFC
5000 Men's Ministries d/b/a RBFC Cultivators
Ministries d/b/a Cookhouse Fullgospel
Ministries d/b/a RBFC Lion's Den Africa d/b/a
RBFC Music Group Real Roudy Righteous
Reloaded Kingdom Kings & Mad Love d/b/a
Power Generation; andSharon Cook, Larry Cook, Danyale Potts,
Emily Neuhaus, Risheka Remus, Makada
Williams, and Sunsearay Washington,
individually,

Defendants.

The defendants will not hesitate to divert or conceal significant charitable assets the moment they learn of this litigation. Without the Court's immediate intervention, Sharon Cook, Larry Cook, and other officers and board members will almost certainly transfer or hide significant nonprofit assets, placing these assets beyond the reach of both the Court and the public they were intended to serve.

This is not speculation. Defendants have repeatedly demonstrated a willingness to obstruct oversight and misappropriate charitable assets. They dissolved a nonprofit without statutory

notice, transferred nonprofit assets without authorization, and engaged in suspect financial transactions designed to enrich themselves at the expense of Minnesota donors. If the Court does not act now, Defendants will do so again.

The State of Minnesota, by its Attorney General Keith Ellison, brings this motion pursuant to Minnesota Rules of Civil Procedure 6.04, 7.02(a), 65.01, and 65.02, and Minnesota Statutes section 8.31, subdivision 3, seeking an *Ex Parte* Temporary Restraining Order and Temporary Injunction against Defendants Les Jolies Petites School of Dance d/b/a Les Jolies Petites School of Dance Gymnastics (“Les Jolies”), Real Believers Faith Center d/b/a Poppy Construction R-B-F-C Builders d/b/a RBFC 5000 Men’s Ministries d/b/a RBFC Cultivators Ministries d/b/a Cookhouse Fullgospel Ministries d/b/a RBFC Lion’s Den Africa d/b/a RBFC Music Group Real Roudy Righteous Reloaded Kingdom Kings & Mad Love d/b/a Power Generation (“Real Believers”), Sharon Cook, Larry Cook, Danyale Potts (“Potts”), Emily Neuhaus (“Neuhaus”), Risheka Remus (“Remus”), Makada Williams (“Williams”), and Sunsearay Washington (“Washington”), individually (hereinafter, “Motion”).

INTRODUCTION

The AGO has both statutory and common-law authority to protect charitable assets and ensure they are used for their intended purpose. Minnesota law requires nonprofit corporations to safeguard funds for charitable purposes—not to treat these funds as personal bank accounts. Yet Defendants have done precisely that.

Evidence from the AGO’s investigation reveals more than \$2 million in past, egregious misuse of charitable funds and clearly demonstrates the ongoing risk of further, future diversion of charitable assets without Court intervention. Defendants transferred charitable assets to personally benefit themselves individually, their families, and others, in complete opposition to the charitable mission of these organizations. Defendants commingled nonprofit funds with for-

profit business accounts and sold nonprofit assets for personal gain. What is more, Defendants obstructed the AGO's investigation time and time again, by ignoring civil investigative demands ("CIDs"), withholding information, and invoking the Fifth Amendment continuously throughout depositions. During the AGO's investigation, Les Jolies attempted to evade oversight by filing dissolution paperwork without the required statutory notice. During that same period, Real Believers sold its church property and entered a contract for deed to re-purchase the church property from the purchaser, raising additional concerns about asset dissipation.

The pattern is clear: Defendants will continue to exploit charitable assets unless restrained. Accordingly, the State respectfully requests a temporary restraining order and temporary injunction to prevent Defendants' further misuse of charitable assets and preserve these assets pending an accounting and further order(s) of the Court.

The State seeks a temporary restraining order and temporary injunction to prevent the dissolution of Real Believers, prevent the sale or transfer of Real Believers' and Les Jolies' nonprofit assets, and to bar Defendants, as signatories on accounts holding nonprofit funds, from transferring or using those funds for any purpose that does not serve the non-profits' mission.

FACTUAL BACKGROUND

I. DEFENDANTS LES JOLIES AND REAL BELIEVERS ARE MINNESOTA-BASED NONPROFITS CREATED EXCLUSIVELY FOR CHARITABLE PURPOSES.

A. Les Jolies.

Defendant Les Jolies was a Minnesota nonprofit corporation incorporated under Minn. Stat. ch. 317A. (Karels Aff. ¶ 2, Ex. 1.) Its stated purpose was "to operate as a nonprofit [e]ducational organization under Section 501c3 of the internal revenue code." (Karels Aff. Ex. 2.) In 1999, Les Jolies registered as a soliciting charity with the AGO. (Breneman Aff. Ex. AA.) "Since 2007 Les Jolies has not filed an annual report nor any of the required documentation to

remain registered as a soliciting charity.” (Bregman Aff. ¶ 3.) “Since July 15, 2008, Les Jolies has not been registered as a charitable organization in the State of Minnesota and is not allowed to directly or indirectly request charitable contributions pursuant to Minn. Stat. § 309.52.” (*Id.*) Les Jolies also has failed to maintain its 501(c)(3) tax-exempt status under the Internal Revenue Code. In 2015, Les Jolies received 501(c)(3) tax-exempt status. (Karels Aff. Ex. 3.) In 2020, its tax-exempt status was automatically revoked for failure to file tax returns for three consecutive years. (Karels Aff. Ex. 4.)¹ In addition to the failures to maintain registration and 501(c)(3) tax-exempt status, Sharon Cook, answering for Les Jolies, stated Les Jolies has no documents relating to Les Jolies’ finances, including general ledgers, balance sheets, expense reports, and invoices. (Caulkins Aff. Ex. A at 18.)

Since 2019, Les Jolies’ officers have included President Sharon Cook, Treasurer Makada Williams, and Treasurer Sunsearay Washington; its directors have included Sharon Cook, Larry Cook, Risheka Remus, Sunsearay Washington, Danyale Potts, Emily Neuhaus, and Makada Williams. (Caulkins Aff. Ex. A at 3-4; Karels Aff. Ex. 8 at 12, Ex. 9 at 13.)

Les Jolies owns property at 1106 West Broadway, Minneapolis, MN 55411 (“Dance Studio”), where, according to its website, it continues to operate a dance studio. (Karels Aff. Exs. 11-12.) Since its inception, Les Jolies has applied for grant funds, solicited donations on its website, hosted fundraisers, and charged tuition and fees and, as a result, has received hundreds of thousands of dollars, all while representing that the funds would be used for a charitable purpose. (Caulkins Aff. Ex. A at 9; Karels Aff. Exs. 8-9, 11, 51-52.)

¹ The IRS website shows that Les Jolies only filed a return for tax year 2016, but two Forms 990 EZ were filed for that tax year. (Karels Aff. ¶ 8, Exs. 5-7.) Two different people signed the two Forms 990 EZ on two different dates. (*Id.*)

Just weeks after the AGO took the sworn testimony of Larry and Sharon Cook pursuant to Minn. Stat. § 8.31, seeking information related to Les Jolies' and Real Believers' governance and finances on March 25, 2025, Les Jolies filed dissolution paperwork with the Minnesota Secretary of State. (Karels Aff. Ex. 10.) The filing occurred during the AGO's investigation and without providing proper notice as required by Minn. Stat. § 317A.811. (Caulkins Aff. ¶ 6, Karels Aff. Ex. 10.)

B. Real Believers.

Larry Cook, who serves as president, incorporated Real Believers in 2002 as a 317A Minnesota nonprofit corporation. (Karels Aff. Exs. 13-14.) Its website identifies it as a church that offers weekly services and weekly bible study. (Karels Aff. ¶ 19, Exs. 18, 47.) Real Believers' leadership and board of directors overlap significantly with Les Jolies: Sharon Cook is co-pastor and director, Danyale Potts is executive team pastor and director, Sunsearay Washington is management team pastor and director, Emily Neuhaus is treasurer/director of finance and director, and Makada Cook is the Chief Financial Officer and director. (Karels Aff. ¶¶ 16-18, Exs. 15; 16 at 34-36; 17.)


Real Believers owned property at 2010 Fremont Avenue North in Minneapolis ("Church Building"), which it used as its church location. (Karels Aff. Exs. 18-19.) In or around June 2025, Real Believers sold the Church Building to AKY Group LLC ("AKY Group") and subsequently entered a contract for deed with AKY Group for the Church Building. (Karels Aff. Exs. 19, 68.) Real Believers also owns a house located at 1105 25th Avenue North in Minneapolis (the "Woods House"). (Karels Aff. Ex. 20.)


C. Sharon and Larry Cook Used Charitable Assets for Their and Their Family's Personal Benefit.

Exploiting their nearly exclusive control of Les Jolies' and Real Believers' finances, Larry and Sharon Cook used charitable assets to benefit themselves, their family members and friends, and for-profit companies they created.

1. Les Jolies' charitable assets funded the Cooks' lavish lifestyle.

Larry and Sharon Cook, both jointly and individually, are the sole signatories on the three known Les Jolies bank accounts, as admitted in Les Jolies' CID response. (Caulkins Aff. Ex. A at 7; Karels Aff. Exs. 21-25.) The AGO's review of Les Jolies' bank records revealed that, of more than one million dollars in charitable assets deposited into these bank accounts between April 2019 and June 2024, approximately \$798,518.58 in nonprofit funds was misused, spent instead on clothing, travel, restaurants, and Cash App payments to the Cooks and their family and friends. (Karels Aff. Ex. 26.) Specific examples of the above categories of expenses include a Louis Vuitton store payment for \$1,105.95, a \$2,690 payment for Nassau Jeep Adventures Ltd., a \$9,140.30 payment to a luxury travel company, \$4,025.70 to "Unique Vac" (suspected of being a Sandals resorts representative), and regular cash withdrawals. (Karels Aff. Exs. 27-29.) For example, on January 14, 2022, Sharon Cook withdrew \$610 from a Les Jolies bank account and on May 11, 2022, Larry Cook withdrew \$22,000 from a Les Jolies' bank account, as shown below:

Withdrawal		8410	
(Check One) <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market Access <input type="checkbox"/> Command			
Account Number		Date	
* [REDACTED]		01/14/22	
Please print: Name Sharon Cook		I authorize this withdrawal from the account listed above. Please sign in teller's presence. Two forms of ID may be required.	
Please print: Street Address, City, State, Zip Code 10255 YATES DR. MN 55443		X Sharon Cook	
six hundred ten		Dollars	\$ 610.00
Bank Use Only (When SVT is Not Available)		TLR8586 (06/19) wfd:11 10005798	
Customer ID	Exp. date	Token Verified <input type="checkbox"/>	Approval
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Withdrawal/Retiro:		2917	
(Check One/ Marque una) <input checked="" type="checkbox"/> Checking/Cuenta de Cheques <input type="checkbox"/> Savings/Ahorros <input type="checkbox"/> Money Market Access <input type="checkbox"/> Command			
Account Number/ Número de cuenta		Date/Fecha	
* [REDACTED]		5/11/2022	
Please print: Name - / Letra de imprenta: Nombre Larry Cook		I authorize this withdrawal from the account listed above. / Autorizo este retiro de la cuenta mencionada arriba. Please sign in teller's presence for cash back. / Firme en la presencia del (de la) cajero(a) para el retiro de dinero en efectivo. Two forms of ID may be required. / Se podrían requerir dos tipos de identificación.	
Please print: Street Address, City, State, Zip Code / Letra de imprenta: Domicilio, Ciudad, Estado, Código Postal 1126 MPLS		X [Signature]	
Twenty two thousand		Dollars	\$ 22000.00
Bank Use Only (When SVT is Not Available)		TLR9230 (06/19) wfd:14 10197384	
Customer ID	Exp. date	Token Verified <input type="checkbox"/>	Approval
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

(Karels Aff. Ex. 29 at 11-12.)

Finally, Les Jolies' bank records reflect frequent Cash App transfers to family members as well as to its officers and directors. (Karels Aff. Ex. 28.)

Despite Minnesota law requiring Les Jolies to be managed by a board of directors, the board members deferred to Larry and Sharon Cook. When Les Jolies' officers and directors, including Larry and Sharon Cook, were asked to explain the nonprofit purpose of the questionable transactions, including those noted above, each affirmatively invoked the Fifth Amendment right

against self-incrimination.² (Karels Aff. Exs. 30 at 10:23-24, 31 at 8:24-25, 32 at 8:18, 33 at 7:22-24, 34 at 6:17-19.)

a. Sharon Cook’s for-profit company received Les Jolies’ charitable assets.

In July 2020, Sharon Cook formed LJP Costumes LLC (“LJP Costumes”) as a 322C limited liability corporation and opened an associated Wells Fargo account. (Karels Aff. Exs. 35-36.) Sharon Cook represented herself as LJP Costumes’ sole owner. (Karels Aff. Ex. 36.) Sharon Cook, in her capacity as Les Jolies’ director, admitted that Les Jolies deposited charitable assets into LJP Costumes’ bank account. (Caulkins Aff. Ex. A at 11.) Similarly, bank records show that Les Jolies deposited charitable assets, including grant funds, into LJP Costumes’ bank account. (Karels Aff. Ex. 38.) Purchases made from LJP Costumes’ bank account include: a \$17,885.28 payment to Minnestay LLC, a Minnesota vacation rental business (Karels Aff. Ex. 37 at 2), a \$5,000 payment to Celebrity Cruises (*id.* at 5), a \$1,229.86 payment to Vivid Seats NBA, and \$1,435.09 to Kitchen + Kocktails, a restaurant in Dallas, Texas (*id.* at 8).

2. Real Believers’ charitable assets funded the Cooks’ lavish lifestyle.

Larry and Sharon Cook are the sole signatories on Real Believers’ two Wells Fargo bank accounts: Larry Cook is the only signatory on one account (“Larry’s Real Believers Bank Account”) and Sharon Cook is the only signatory on the second account (“Sharon’s Real Believers Bank Account”). (Karels Aff. Exs. 39-40.)

² A civil court may draw adverse inferences or deem matters admitted when a party refuses to respond on Fifth Amendment grounds because such consequences apply only within the civil case, have no effect on later criminal proceedings, and therefore do not violate privilege. *Parker v. Hennepin Cnty. Dist. Ct.*, 285 N.W.2d 81, 83-84 (Minn. 1979); *Baxter v. Palmigiano*, 425 U.S. 308, 318 (1976) (permitting the finder of fact in a civil action to draw an adverse inference when a witness invokes the Fifth Amendment privilege against self-incrimination).

From February 6, 2018 to October 31, 2024, approximately \$1,310,223.87 of Real Believers' charitable assets found in these two bank accounts were likely misused. (Karels Aff. Ex. 41.) Ninety-one percent of transactions from Larry's Real Believers Bank Account have no identified nonprofit purpose. (*Id.*) Fifty percent of transactions from Sharon's Real Believers Bank Account have no identified nonprofit purpose. (*Id.*)

Sharon Cook's Real Believers Bank Account shows multiple questionable transactions, including: two payments at the Marriott Hotel in London for \$9,482.37 and \$2,802.93, a \$2,398.50 payment at Moschino London, a luxury fashion store, and \$628.91 at Fashionnova.com, a women's online fashion store. (Karels Aff. Ex. 44 at 2, 5.) In addition, the bank account showed numerous Cash App payments to family and friends, including \$559.69 to "Sunsearay", and \$162 to "Danyale". (*Id.* at 3.)

Larry's Real Believers Bank Account shows numerous questionable transactions, including: a \$1,140.51 payment at Bills Gun Shop (Karels Aff. Ex. 58 at 4), a \$1,247.26 payment at Osseo Gun Club (Karels Aff. Ex. 57 at 3), a \$1,029.56 payment at Watch Master Las Vegas (Karels Aff. Ex. 45 at 2), and a \$1,394.47 payment to Murray's Restaurant (Karels Aff. Ex. 59 at 5). In addition, the bank account shows numerous Zelle and Cash App payments to family and friends and cash withdrawals, including a \$56,010 withdrawal made by Larry Cook, and a check to Danyale Potts for "November housing allowance." (Karels Aff. Exs. 45, 46 at 10, 25, 57-59.)

Withdrawal		4536	WELLS FARGO
(Check One) <input checked="" type="checkbox"/> Checking <input type="checkbox"/> Savings <input type="checkbox"/> Money Market Access <input type="checkbox"/> Command			
Account Number		Date 10/11/22	
* [Redacted]	I authorize this withdrawal from the account listed above. Please sign in teller's presence. Two forms of ID may be required.		
Please print: Name Real Believers Larry Cook	X [Signature]		
Please print: Street Address, City, State, Zip Code 2255 York Dr No.			
fifty six thousand ten $\frac{0}{100}$		\$ 56010.00	
Dollars			
Bank Use Only (When SVT is Not Available)		TLNBS6 06/29 wrc:15 20103788	
Customer ID:	Exp. date:	Token Verified <input checked="" type="checkbox"/>	Approval:
[Redacted]	[Redacted]	[Redacted]	[Redacted]

(Karels Aff. Ex. 46 at 25.)

In addition to the Wells Fargo bank accounts, Sharon Cook and Danyale Potts opened a Real Believers bank account at First Citizens Bank, with themselves as the only signatories.

(Karels Aff. Ex. 48.) Danyale Potts made two withdrawals from this account for \$350 and \$2,000.

(Karels Aff. Exs. 49-50.) Danyale Potts affirmatively invoked her Fifth Amendment right to avoid criminal self-incrimination when asked about these withdrawals. (Karels Aff. Ex. 33 at 14.)

a. The Cooks' for-profit company received Real Believers' charitable assets.

In addition to the questionable transactions in the Real Believers bank accounts, the Cooks transferred \$29,171.10 from Real Believers to the Cooks' for-profit company, Lions Den Pride Covenant Enterprises ("Covenant Enterprises"). (Karels Aff. Exs. 41, 84.)

Evidence fails to show that Real Believers' board of directors approved transactions with the Cooks and their companies. Real Believers' board of directors provided no meaningful oversight of Larry and Sharon Cook, their management of Real Believers, or their unfettered access to its finances.

D. Larry and Sharon Cook Misused Nonprofit Assets Through Self-Serving Financial Transactions Leading Both to a Loss of Funds and of Assets, Including Property.

Larry and Sharon Cook further misused nonprofit assets through questionable financial transactions, specifically by taking mortgages, selling property, and entering into license agreements for their personal gain.

1. Les Jolies' nonprofit assets secured multiple mortgage loans.

In 2022, Les Jolies entered into two mortgage agreements with The Money Man LLC ("Money Man"), obtaining loans for \$75,000 and \$32,500. (Karels Aff. Exs. 92, 63.) Sharon and Larry Cook signed these mortgage agreements representing that they were authorized to bind Les Jolies. (Karels Aff. Exs. 63 at 44, 92 at 18-19.) The Dance Studio was the collateral for both mortgages. (*Id.*) Of the \$32,500 second loan, the Money Man received \$10,500 to cover two months of overdue interest on a separate Real Believers loan. (Karels Aff. Ex. 63 at 26.)

These transactions reflect a pattern of financial entanglement between Les Jolies and LJP Costumes and raise serious concerns regarding the Cooks' misuse of charitable assets and compliance with fiduciary duties.

2. Real Believers engaged in financial transactions and asset encumbrances contrary to the nonprofits' interest.

a. Loans secured by Real Believers' assets.

Real Believers incurred multiple loans secured by nonprofit property, without a clear nonprofit purpose. In 2019, Larry Cook, as Real Believers' president, signed a \$210,000 loan from the Money Man, secured by the Church Building ("First Money Man Loan"). (Karels Aff. Ex. 65 at 16, 31.) Then, in 2021, Larry Cook applied for and obtained a loan renewal and modification from BMO Bank for \$151,760.48, again secured by the Church Building. (Karels Aff. Ex. 66 at 1-5.) In 2023, Larry Cook secured an additional \$375,000 loan from the Money

Man, again using the Church Building as collateral (“Second Money Man Loan”). (Karels Aff. Ex. 16 at 4-6.) On April 5, 2023, Real Believers obtained a \$182,000 mortgage from Falcon National Bank, which Larry Cook signed, pledging the Woods House as collateral (“Falcon Bank Loan”). (Karels Aff. Ex. 69 at 2-9.)

In investigative depositions, Larry Cook and Emily Neuhaus affirmatively invoked their Fifth Amendment right to avoid criminal self-incrimination when asked about Real Believers’ loans. (Karels Aff. Exs. 31 at 25:11-26:25, 28:25-26:19, 32 at 51:9-18.)

b. Sale of Real Believers’ nonprofit assets.

After using the Church Building as collateral on multiple loans, in or around June 2025, Real Believers sold the Church Building to AKY Group and subsequently entered a contract for deed with AKY Group for the same property – effectively repurchasing property with interest it had just sold. (Karels Aff. Ex. 19.)

c. Entering into license agreements.

Larry Cook, claiming to represent Real Believers, entered into agreements to lease two parcels of property located at 1120 West Broadway Avenue in Minneapolis (“1120 Broadway”): a gas station/convenience store (“gas station”) and a fast-food restaurant (“restaurant”). (Karels Aff. Exs. 74-75.) On November 1, 2022, Real Believers, by Larry Cook, referred to as “sr. pastor RBFC,” signed a license agreement to run a gas station/convenience store on the gas station parcel. (Karels Aff. Ex. 74 at 4.) The license agreement required Real Believers to pay Rayan Properties LLC (“Rayan”) a \$70,000 non-refundable upfront license fee and a \$6,000 monthly rental fee, and to agree to a termination provision that allowed confiscation and removal for nonpayment of rent. (*Id.*)

Real Believers opened Lion’s Den Gas Station (“Lion’s Den”) at 1120 Broadway on November 1, 2022. (Karels Aff. Ex. 76.) Large cash deposits were frequently deposited into

Covenant Enterprises'³ bank accounts, on which Larry and Sharon Cook were signatories. (Karels Aff. Ex. 83.) Additionally, Real Believers transferred funds directly to "Lion's Den." For example, on January 24, 2023, Real Believers paid "Lion's Den" \$13,500. (Karels Aff. Ex. 84.) In investigative depositions, Larry Cook affirmatively invoked his Fifth Amendment right to avoid criminal self-incrimination when asked about the nonprofit purpose of this specific transaction and when asked where the income from Lion's Den was deposited. (Karels Aff. Ex. 31 at 23:21-23, 31:8-19.)

Remitter: Real Believers Faith Center

Falcon
NATIONAL BANK

9600 Upland Lane N., Suite 100
Maple Grove, MN 55369

No. 17816 *verified*

Date: 01/24/23

Pay to the
Order of Lions Den Amount \$*****13,500.00

Thirteen Thousand Five Hundred and 00/100***** DOLLARS

THE PURCHASE OF AN INDEMNITY BOND WILL BE
REQUIRED BEFORE ANY CASHIER'S CHECK OF THIS BANK
WILL BE REPLACED OR REFUNDED IN THE EVENT IT IS
LOST, MISPLACED OR STOLEN

CASHIERS CHECK

Memo _____

Authorized Signature *Jordan Spoke*

Security Feature Indicator: Details on back.

(Karels Aff. Ex. 84.)

On January 11, 2023, Larry Cook further encumbered Real Believers' assets by obtaining a \$30,000 line of credit from Falcon Bank to finance fuel purchases for the gas station. (Karels Aff. Ex. 85 at 6-16, 30.) Real Believers' Falcon Bank checking account secured the line of credit. (*Id.*) Larry Cook executed the loan documents on behalf of both the borrower, Real Believers Faith Center LLC,⁴ and the grantor, Real Believers. (*Id.* at 3-6.)

³ As noted earlier, Covenant Enterprises is a for-profit LLC owned by Larry and Sharon Cook.

⁴ As will be discussed below, Real Believers Faith Center LLC is a for-profit entity owned by Larry and Sharon Cook.

Real Believers then entered into a second agreement involving the property at 1120 Broadway, this time to use the restaurant parcel. On February 6, 2024, Lions Day Café, LLC (“Lions Day”) entered into an assignment agreement with Crispy Chicken LLC (“Crispy Chicken”) for the restaurant parcel of 1120 Broadway. (Karels Aff. Ex. 75.) The assignment agreement treats Real Believers, a charity, and Lions Day as the same entity, assigning interests to Real Believers. (*Id.*) Larry Cook, as “CEO” of Real Believers, and Sharon Cook, as “CEO” of Lions Day, signed the assignment agreement. (*Id.*)

Due to Real Believers’ license agreement with Rayan and assignment agreement with Crispy Chicken, Larry Cook and the other signatories subjected Real Believers to extensive unnecessary liability and Real Believers is now a defendant in two separate lawsuits for eviction and breach of contract claims. (Karels Aff. Exs. 64, 67.) Both lawsuits resulted in orders issuing writs of recovery of premises for both the gas station and restaurant parcels against Real Believers due to unpaid rent and failure to pay the required monthly license fees. (Karels Aff. Exs. 78-79.)

E. The Cooks Formed For-Profit Businesses with Names Nearly Identical to Those of Their Nonprofits.

1. Real Believers and Real Believers Faith Center LLC.

Significant overlap exists between Real Believers, the nonprofit, and Real Believers Faith Center LLC (“Real Believers LLC”), the for-profit entity. Real Believers LLC was formed in October 2022 under Minn. Stat. 322C. (Karels Aff. Ex. 70.) Larry and Sharon Cook are its owners, managers, and registered agents. (Karels Aff. Exs. 70-72.) Real Believers LLC’s registered office address is Real Believers’ Church Building. (Karels Aff. Ex. 70.) Even though Real Believers LLC shares a similar name as the nonprofit entity, it is a separate, for-profit entity that the Cooks own.

Real Believers LLC opened a Wells Fargo bank account on October 26, 2022 (“LLC Bank Account”) with Larry Cook, Sharon Cook, Makada Williams, and Danyale Potts as signatories. (Karels Aff. Ex. 72.) Revenue from the nonprofit entities was deposited in the for-profit bank accounts. For example, checks from Covenant Enterprises, Department of Treasury funds for Real Believers Faith Center and Les Jolies, and a \$10,000 cashier’s check from Real Believers were deposited into the Real Believers LLC Bank Account. (Karels Aff. ¶ 74; Ex. 73.)

When questioned about Real Believers LLC’s purpose and its relationship to the nonprofit, Real Believers, Larry Cook and Danyale Potts declined to provide any explanation, instead affirmatively invoking their Fifth Amendment right against self-incrimination. (Karels Aff. Exs. 31 at 16:9-12, 17:10-18:7, 33 at 44:11-23.)

2. Real Believers, Covenant Enterprises, and Real Believers LLC.

Significant financial and operational overlap exists between Real Believers, Covenant Enterprises, and Real Believers LLC. As discussed above, Larry Cook, claiming to represent Real Believers, entered contracts to lease two parcels of property, a gas station and restaurant. (Karels Aff. Exs. 74-75.) Larry and Sharon Cook opened Lion’s Den Gas Station (“Lion’s Den”) at 1120 Broadway in or around November 2022. (Karels Aff. Ex. 76 at 10.)

Although Real Believers publicly promoted its ownership of the “Lion’s Den” gas station, the nonprofit never owned the gas station. (See Karels Aff. Exs. 76-77.) Rather, Real Believers leased the gas station by making monthly installments. (Karels Aff. Ex. 74.) Proceeds from the “Lion’s Den” gas station were deposited into Covenant Enterprises’ bank accounts. (Karels Aff. Ex. 83.) Covenant Enterprises, owned by Larry and Sharon Cook, is registered as a 322C for-profit entity, with Larry Cook as the registered agent. (Karels Aff. Exs. 42; 43 at 5-7.) Larry and Sharon Cook also opened the bank accounts for Covenant Enterprises. (Karels Aff. Exs. 43, 60-61, 80-82.)

3. **Poppy Construction R-B-F-C Builders and Poppy Construction R-B-F-C Builders LLC.**

Yet another for-profit entity that Larry Cook owned was incorporated with the same name as a nonprofit. In 2006, Larry Cook registered Poppy Construction R-B-F-C Builders (“Poppy Construction R-B-F-C”) as an assumed name for Real Believers. (Karels Aff. Ex. 87.) In July 2020, Poppy Construction R-B-F-C Builders LLC (“Poppy LLC”) registered as a 322C, with the same registered office address as Real Believers and Neuhaus as its registered agent. (Karels Aff. Ex. 88.)⁵ In July 2024, Larry Cook opened a bank account for Poppy LLC, designating it as an LLC C-Corp for-profit entity and designating himself as Poppy LLC’s owner. (Karels Aff. Ex. 89.) Larry Cook and Neuhaus endorsed and deposited a \$2,500 check from West Broadway Business and Area Coalition into Poppy LLC’s bank account, followed by a \$2,300 withdrawal six days later. (Karels Aff. Exs. 90-91.) Around May and June 2020, Real Believers issued several checks referencing “Poppy” on the memo line. (Karels Aff. Ex. 46 at 4-7.) When questioned about the relationship between Poppy Construction R-B-F-C and Poppy LLC and the checks referencing “Poppy,” Larry Cook affirmatively invoked his Fifth Amendment right to avoid self-incrimination. (Karels Aff. Exs. 31 at 23:5-8, 35:4-36:7.)

F. Sharon Cook Improperly Dissolved Les Jolies during the AGO’s investigation.

On March 10, 2025, the AGO took the sworn testimony of Larry and Sharon Cook pursuant to Minn. Stat. § 8.31, seeking information related to Les Jolies’ and Real Believers’ governance and finances. On March 25, 2025, Les Jolies filed dissolution paperwork with the Minnesota Secretary of State, during the AGO’s investigation and without providing proper notice to the AGO as required by Minn. Stat. § 317A.811. (Karels Aff. Ex. 10.) Sharon Cook falsely indicated

⁵ A contractor registration search on the Minnesota Department of Labor and Industry website shows that only one “Poppy Construction R-B-F-C Builders” was registered as a contractor; however, that registration expired. (Karels Aff. ¶ 63, Ex. 62.)

in paperwork to the Minnesota Secretary of State that Les Jolies was a corporation that was not required to provide notice to the AGO under Minn. Stat. § 317A.811. (*Id.*)

On March 27, 2025, Les Jolies Petites School of Dance INC incorporated as a 302A, listing Real Believers as its registered agent and 2010 Fremont Avenue North in Minneapolis as its registered office address. (Karels Aff. Ex. 86.) This indicates a likely diversion of nonprofit assets for improper purposes.

G. Defendants Failed To Cooperate With the AGO's Investigation.

From the start, Les Jolies and Real Believers made every attempt to delay and avoid responding to the AGO's questions. The AGO served its CID upon Les Jolies on April 18, 2025. (Caulkins Aff. Ex. B.) Six weeks after the initial deadline, Les Jolies responded to the CID, but its response was less than fulsome, and a letter was sent to address deficiencies in its response. (Caulkins Aff. Ex. C.) Les Jolies failed to respond to the deficiency letter. (Caulkins Aff. ¶ 4.)

On October 1, 2024, a CID was properly served upon Real Believers. (Caulkins Aff. Ex. D.) To date Real Believers have never responded to the CID. (Caulkins Aff. ¶ 5.)

The AGO took the sworn testimony of three directors and Larry and Sharon Cook. However, each person pleaded the Fifth to essentially every substantive question. (Karels Aff. Exs. 30-34.)

During Larry Cook's investigative deposition, he affirmatively pleaded the Fifth Amendment to avoid self-incrimination in response to every substantive question, even while indicating he had relevant information:

AGO: Could you please tell me what the Real Believers Faith Center used this loan amount for.

Larry Cook: Fifth.

AGO: And, Mr. Cook, is there something that you're laughing about?

Larry Cook: I just have internal information that I find amusing with the questions.

AGO: And you don't want to share that information with us.

Larry Cook: No, I do not, not in this setting. I will not.

(Karels Aff. Ex. 31 at 28:3-12.)

Shortly thereafter, Sharon Cook dissolved Les Jolies without proper notice to the AGO and within months, Real Believers sold its Church Building to AKY Group. (Karels Aff. Exs. 10, 19.) These actions, taken in close temporal proximity to the deposition, underscore the urgency and seriousness of the State's concerns regarding asset dissipation and lack of transparency.

ARGUMENT

I. A TEMPORARY RESTRAINING ORDER AND A TEMPORARY INJUNCTION ARE APPROPRIATE TO PROTECT LES JOLIES' AND REAL BELIEVERS' REMAINING CHARITABLE ASSETS.

The Court must grant the State's Motion, requesting a temporary restraining order ("TRO") and a temporary injunction ("TI"). Without these, no mechanism exists to protect Les Jolies' and Real Believers' remaining charitable assets. A TRO is necessary to prevent immediate irreparable injury and maintain the status quo, as is the case here, until a court can determine the need for a TI at a hearing. Minn. R. Civ. P. 65.01; *see also Miller v. Foley*, 317 N.W.2d 710, 712 (Minn. 1982); *Pickerign v. Pasco Mktg., Inc.*, 228 N.W.2d 562, 564 (Minn. 1975). Similarly, when a statute specifically provides for injunctive relief, an injunction should issue if a defendant "violated or w[as] about to violate the statutes involved and . . . injunctive relief would fulfill the legislative purpose of the statutes."⁶ *State ex rel. Hatch v. Cross Country Bank, Inc.*, 703 N.W.2d 562, 573

⁶ When a statute does not provide for injunctive relief, Minnesota courts apply the so-called *Dahlberg* factors to determine whether sufficient grounds exist to issue injunctive relief, including

(Minn. Ct. App. 2005) (rejecting challenge to a TI secured by the AGO); *see also Wadena Implement Co. v. Deere & Co.*, 480 N.W.2d 383, 389 (Minn. Ct. App. 1992) (“[W]here injunctive relief is explicitly authorized by statute . . . proper exercise of discretion requires the issuance of an injunction if the prerequisites for the remedy have been demonstrated . . .”).⁷

For the reasons stated below, the AGO asks the Court to grant the AGO’s Motion, which will prevent the dissolution of Real Believers and the sale or transfer of Real Believers’ and Les Jolies’ nonprofit assets, including but not limited to the Woods House and the Dance Studio.⁸ The AGO also seeks to bar Defendants, as signatories on accounts holding nonprofit funds, from transferring or using those funds for any purpose that does not serve the non-profits’ mission.

A. Granting a TRO Serves the Legislative Purpose of the Nonprofit Act, the Charitable Solicitation Act, and the Charitable Trust Act.

Granting this Motion serves the legislative purpose of the Minnesota Nonprofit Corporation Act (“Nonprofit Act”), Minn. Stat. ch. 317A; the Minnesota Charitable Solicitation Act (“Charitable Solicitation Act”), Minn. Stat. ch. 309; and the Minnesota Supervision of Charitable Trusts and Trustees Act (“Charitable Trust Act”), Minn. Stat. ch. 501B — to protect public and charitable assets from misuse.

a TRO. *See Mounds View v. Metro. Airports Comm’n*, 590 N.W.2d 355, 357-58 (Minn. Ct. App. 1999) (citing *Dahlberg Bros. v. Ford Motor Co.*, 137 N.W.2d 314, 321-22 (Minn. 1965)).

⁷ *See also* Minn. Stat. §§ 8.31, subd. 3 (authorizing the Attorney General to “sue for and have injunctive relief in any court of competent jurisdiction against any such violation or threatened violation” of the statutes the Attorney General is authorized to enforce); 309.57, subd. 1 (authorizing the Attorney General to apply for, and the court to award, injunctive relief to stop violations of the charities laws, and “the attorney general shall not be required to establish irreparable harm but only a violation of statute or that the requested order promotes the public interest”); 501B.41, subd. 7 & 7(1) (authorizing the Attorney General to seek and obtain “injunctive relief against the breach of trust or threatened breach of trust”).

⁸ Although Les Jolies is no longer incorporated, property records show that Les Jolies continues to own the Dance Studio and as such, this Court has jurisdiction over said property. (Karels Aff. Exs. 11-12.)

Both statute and common law authorize and, more importantly, require the AGO to protect and preserve charitable assets in Minnesota, as well as oversee and regulate soliciting charitable organizations, charitable trusts, and nonprofit corporations. *See, e.g.*, Minn. Stat. §§ 309.533, 317A.813, 501B.34, 501B.40; *In re Quinlan's Estate*, 45 N.W.2d 807, 811 (Minn. 1951) (“If an attempt ever is made to deviate from a purely charitable purpose, the public interest will be protected, in that the attorney general has not only the right but the duty to enforce charitable trusts by proper court proceedings.”). The AGO alone has the express authority to enforce state charities and nonprofit laws. *See* Minn. Stat. §§ 8.31, subs. 1 and 3 (injunctive relief); 309.57, subd. 1 (court’s power to restrain, enjoin, and redress violations on application by attorney general, including by injunctions); 317A.751, subd. 5 (court’s power to grant equitable relief in action by attorney general); 501B.41, subd. 7(1) (attorney general’s power to sue for and obtain injunctive relief against breach of trust or threatened breach of trust). Under this broad, longstanding authority, the State seeks a TRO and TI to protect Les Jolies’ and Real Believers’ remaining charitable assets for the benefit of the Minnesota public.

Enjoining unlawful conduct, like the misuse of funds donated and held for charitable purposes, as seen in this case, is consistent with the purpose of the statutes noted above. Larry Cook, Sharon Cook, and the other individual defendants have demonstrated that they will consistently put their individual interests above the interests of both nonprofit organizations, and the current board has shown that it is unwilling to genuinely oversee Larry and Sharon Cook and the organizations’ activities. *E.g.*, Karels Aff. Ex. 26 (financial analysis shows approximately \$798,518.58 of Les Jolies’ nonprofit funds misused, spent on clothing, travel, and cash withdrawals); Ex. 41 (financial analysis shows approximately \$1,310,223.87 of Real Believers’ charitable assets misused), Exs. 63, 65-66, 69, 92 (Les Jolies’ and Real Believers’ real property

used as collateral to obtain multiple loans without a nonprofit purpose). Accordingly, and as shown below, the State is entitled to a TRO and a TI.

B. Numerous Past Violations of Multiple Laws Justify Immediate Injunctive Relief.

The State has conclusively demonstrated Defendants' violations of the Nonprofit Act, the Charitable Solicitation Act, and the Charitable Trust Act, which merit injunctive relief. *See Cross Country Bank*, 703 N.W.2d at 573.

1. Multiple grounds for equitable relief exist under the Nonprofit Act.

The facts before this Court support equitable relief under multiple, independent statutory grounds. Minn. Stat. §§ 317A.751, subs. 1, 5. Subdivision 1 empowers the Court to “grant equitable relief it considers just and reasonable in the circumstances . . . as provided in this section.” Minn. Stat. § 317A.751, subd. 1. The Nonprofit Act then identifies the unlawful conduct that authorizes the attorney general to petition for equitable relief. *See* Minn. Stat. § 317A.751, subd. 5. In relevant part, “[a] court may grant equitable relief in an action by the attorney general” when it is established that:

(4) the corporation has flagrantly violated a provision of this chapter, has violated a provision of this chapter more than once, or has violated more than one provision of this chapter; . . .

(11) the corporation has answered falsely or failed to answer a reasonable written interrogatory from . . . the attorney general . . . ; [and]

(13) the corporation has fraudulently used or solicited property.

Minn. Stat. § 317A.751, subd. 5. All three of these provisions apply here, warranting equitable relief.

a. Les Jolies' and Real Believers' numerous, flagrant violations of the Nonprofit Act constitute grounds for equitable relief under Minn. Stat. § 317A.751, subdivision 5(4).

Defendants Les Jolies' and Real Believers' actions here have each triggered *all three* conditions provided in subdivision 5(4), of which each individually justifies a TRO: flagrantly violating a provision of chapter 317A, violating a provision of chapter 317A more than once, and violating more than one provision of chapter 317A.

i. Les Jolies and Real Believers violated the Nonprofit Act's requirements.

Equitable relief is warranted under Minn. Stat. § 317A.751, subd. 5(4), because Les Jolies and Real Believers “flagrantly violated” the Act through extensive misuse of nonprofit assets, conflicted transactions, and governance failures.

Les Jolies.

Sharon Cook, as president, and Larry Cook, as director, misused approximately \$798,518.58 for personal income and personal expenses. (Karels Aff. Ex. 26.) Examples of misuse include a Louis Vuitton store payment for \$1,105.95, a \$2,690 payment to Nassau Jeep Adventures Ltd., a \$9,140.30 payment to a luxury travel company, a \$4,025.70 payment to Unique Vacations, and a \$22,000 cash withdrawal. (Karels Aff. Exs. 27-28.)

In addition, Sharon and Larry Cook used a nonprofit asset to obtain two mortgages for Les Jolies from the Money Man. (Karels Aff. Exs. 63, 92.) At least \$10,500 of the loan proceeds were used to pay overdue interest on an unrelated Real Believers loan. (*Id.*) By taking these actions, the Cooks failed to act in good faith, in a manner they reasonably believed to be in the best interests of Les Jolies, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances, in violation of Minn. Stat. § 317A.361, subd. 5(4).

Real Believers.

Larry Cook, as president, and Sharon Cook, as director, misused approximately \$1,310,223.87 for personal income and personal expenses. (Karels Aff. Ex. 41.) Examples of misuse include a \$9,482.37 payment to the Marriott Hotel in London, a \$2,398.50 payment to Moschino London, a \$1,216.65 payment to Murray's Restaurant, \$1,029.56 to Watch Master Las Vegas, and numerous cash transfers to the Cooks' family members. (Karels Aff. Exs. 44-45, 57-59.)

In addition, Larry Cook used nonprofit assets to secure several loans, including two loans from the Money Man for \$210,000 and \$375,000. (Karels Aff. Exs. 16, 65.) Thus, taking the above actions together, Larry Cook, as president, and Sharon Cook, as director, failed to act in good faith or in a manner they reasonably believed to be in the best interests of Real Believers, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances, in violation of Minn. Stat. § 317A.361.

- ii. **Les Jolies and Real Believers violated more than one provision of the Nonprofit Act and these violations occurred on more than one occasion.**

The factual record also demonstrates both Les Jolies and Real Believers are responsible for repeated violations *and* violations of multiple provisions of Chapter 317A. Beyond the misuse and conflicted transaction violations noted above, Les Jolies and Real Believers persistently failed to operate under proper corporate governance standards.

Les Jolies.

Les Jolies committed several violations of the Nonprofit Act, as evidenced when:

- a. Les Jolies failed to record and maintain meeting minutes from its board meetings. (Karels Aff. Ex. 30 at 15:15-24.)

- b. Les Jolies failed to follow the procedure outlined by Minn. Stat. § 317A.255 to handle conflicts of interest. (Karels Aff. Exs. 30 at 17:2-4, 32 at 18:25-19:14, 33 at 15:14-16:4.)
- c. Les Jolies failed to maintain adequate books and records as required by Minn. Stat. § 317A.461, subd. 1. (Caulkins Aff. Ex. A at 18.)
- d. Les Jolies dissolved without providing the required notice to the AGO in violation of Minn. Stat. § 317A.811. (Karels Aff. Ex. 10.)
- e. Les Jolies diverted assets from their donor-intended purpose in violation of Minn. Stat § 317A.671. (Karels Aff. Exs. 26-28.)

Real Believers.

Real Believers committed several violations of the Nonprofit Act, as evidenced when:

- a. Real Believers failed to hold annual board meetings. (Karels Aff. Exs. 30 at 25:11-23, 31 at 10:25-11:5, 54:12-13.)
- b. Real Believers failed to record and maintain meeting minutes from its board meetings. (Karels Aff. Exs. 30 at 24:12-21, 31 at 11:9-10.)
- c. Real Believers failed to follow the procedure outlined by Minn. Stat. § 317A.255 to handle conflicts of interest. (Karels Aff. Ex. 30 at 25:24-26:7.)

As described above, these violations occurred on multiple occasions. Les Jolies' and Real Believers' conduct, practices, and actions described here and in the Complaint constitute multiple, flagrant violations of the Nonprofit Act, satisfying the grounds for equitable relief under Minn. Stat. § 317A.751, subd. 5(4).

b. Les Jolies' and Real Believers' failure to answer reasonable written interrogatories constitutes grounds for equitable relief under Minn. Stat. § 317A.751, subd. 5(11).

Equitable relief is also appropriate here because Les Jolies and Real Believers failed to answer the AGO's reasonable written interrogatories. *See* Minn. Stat. § 317A.751, subd. 5(11). On April 18, 2024, the AGO properly served a CID on Les Jolies containing reasonable written interrogatories. (Caulkins Aff. Ex. B.) After six weeks of delays and missed deadlines, Les Jolies responded to the CID. (Caulkins Aff. Ex. A.) Even then, Les Jolies failed to fully respond to

multiple interrogatories and some responses were deficient. The AGO sent a deficiency letter, to which Les Jolies failed to respond. (Caulkins Aff. ¶ 4, Ex. C.)

On October 1, 2024, the AGO properly served a CID on Real Believers, to which Real Believers never responded. (Caulkins Aff. ¶ 5, Ex. D.)

Therefore, Real Believers and Les Jolies “failed to answer a reasonable written interrogatory from . . . the attorney general” under this provision, triggering equitable relief.

c. Les Jolies and Real Believers have triggered grounds for equitable relief under Minn. Stat. § 317A.751, subd. 5(13).

Additionally, equitable relief is appropriate under Minn. Stat. § 317A.751, subd. 5(13) because Les Jolies and Real Believers have “fraudulently used or solicited property.” Real Believers and Les Jolies engaged in conduct meriting equitable relief under this provision by allowing the organizations’ charitable assets — the property — to be misused. Les Jolies and Real Believers solicited funds through, among other things, grants, fundraisers, donations, and tithes, claiming that these funds would only be used for a charitable purpose. (Karels Aff. Exs. 8-9, 54-56.) Instead, Larry and Sharon Cook misused Les Jolies’ and Real Believers’ nonprofit funds to enrich themselves with luxury travel, clothing, and restaurant purchases. (Karels Aff. Exs. 26, 41.) Les Jolies’ and Real Believers’ directors and officers did nothing to prevent these funds from being misused.

These actions thus warrant the requested equitable relief under § 317A.751, subd. 5(13).

2. Les Jolies’ numerous violations of the Charitable Solicitation Act are grounds for injunctive relief.

Les Jolies’ numerous violations of the Charitable Solicitation Act warrant an injunction. *See* Minn. Stat. § 309.57, subd. 1 (vesting the court with jurisdiction to “to restrain, enjoin, and redress violations of” the Charitable Solicitation Act, and “make any necessary order or judgment including, but not limited to, injunctions, [and] restitution”).

The Charitable Solicitation Act applies to anyone “engag[ing] in or purport[ing] to engage in solicitation for a charitable purpose,” and defines solicitation broadly to include any direct or indirect request for a contribution, whether oral, written, or through publications or sales, made on the representation that the proceeds “will be used for any charitable purpose.” *Id.* § 309.50, subs. 4, 10. Les Jolies solicited contributions in multiple ways, including by holding fundraisers, circulating letters seeking contributions “towards student needs during extra rehearsals, classes, and event dates,” and applying and receiving grant funds. (Caulkins Aff. Ex. A at 9, Karels Aff. Exs. 8-9, 51-52.) Thus, under these statutory definitions, the Charitable Solicitation Act applies to Les Jolies’ acts as a soliciting charity.

Les Jolies’ acts violated the Charitable Solicitation Act. To solicit funds in Minnesota, nonprofit corporations must register with the AGO. Minn. Stat. § 309.52. In addition, soliciting nonprofit corporations must file annual reports with the AGO. Minn. Stat. § 309.53. Les Jolies filed its last complete annual report for the 2006 fiscal year in 2007. (Breneman Aff. ¶ 3.) Les Jolies has not been registered as a soliciting charitable organization in the State of Minnesota since July 15, 2008. (*Id.*) Les Jolies’ multiple acts of solicitation, without being registered with the AGO, are violations of both Minn. Stat. §§ 309.52 and 309.53. For these reasons, the State’s requested injunctive relief is appropriate. *See* Minn. Stat. § 309.57, subd. 1 (“[T]he district court is vested with jurisdiction to restrain, enjoin, and redress violations[.]”).

3. An injunction is appropriate because Defendants violated the Charitable Trust Act.

An injunction against Defendants is further appropriate because Les Jolies, Larry Cook, and Sharon Cook violated the Charitable Trust Act. *See* Minn. Stat. § 501B.41, subd. 7 (stating “the attorney general may sue for and obtain,” among other things, “injunctive relief against the breach of trust or threatened breach of trust”). As trustees, Larry and Sharon Cook were “vested

with the control or responsibility of administering property held for a charitable purpose.” Minn. Stat. § 501B.35, subd. 4. The failure of a trustee to administer and manage property held for charitable purposes in accordance with law or consistent with fiduciary obligations constitutes a breach of trust. Minn. Stat. § 501B.41, subd. 6.

Here, Defendants Larry and Sharon Cook breached the fiduciary duty of trust when they misused Les Jolies’ assets held in charitable trust, as described above. Larry and Sharon Cook repeatedly used charitable funds for their own personal benefit and not for the organization’s charitable purpose. Countless examples of Larry and Sharon Cook’s misuse of Les Jolies’ assets exist. *See supra* at 6-7, 22. As officers and directors of Les Jolies, who accepted and controlled its charitable assets, Larry and Sharon Cook were vested with the responsibility of administering its charitable assets to further the organization’s charitable purpose. *See* Minn. Stat. §§ 501B.35 and .41, subd. 6. Larry and Sharon Cook’s breach of the fiduciary duty of trust, in violation of Minnesota law, has caused the improper administration of charitable assets that must be enjoined.

To the extent Les Jolies is a charitable trust, it further breached the fiduciary duty of trust by failing to file required documents with the AGO under Minn. Stat. chapter 501B. Organizations that meet the definition of a charitable trust and have annual, gross assets of \$25,000 or more must register with the AGO. Minn. Stat. § 501B.36. Similarly, charitable trusts subject to sections 501B.33 to 501B.45 must annually file certain documents with the AGO. Minn. Stat. § 501B.38. Les Jolies filed its last complete annual report for the 2006 fiscal year in 2007. (Bregman Aff. ¶ 3.) Since 2007, Les Jolies has not filed an annual report to remain registered as a soliciting charity in the state of Minnesota and has not been registered since July 15, 2008. (*Id.*) Despite its unregistered status, Les Jolies continues to solicit contributions on its website, receives session fees, conducts fundraisers, and solicits grants. (Caulkins Aff. Ex. A at 9, Karels Aff. Exs. 8-9, 11.)

For these reasons, given the above violations of the fiduciary duty of trust, an injunction is also appropriate under the Charitable Trust Act.

C. Temporary Injunctive Relief Is Necessary Before Defendants Can Be Heard in Opposition, Necessitating an *Ex Parte* TRO.

A TI's function is to preserve the status quo until the matter is adjudicated on the merits. *Prolife Minn. v. Minn. Pro-Life Comm.*, 632 N.W.2d 748, 753 (Minn. Ct. App. 2001) (discussing purpose of TRO); *Metro. Sports Facilities Comm'n v. Minn. Twins P'ship*, 638 N.W.2d 214, 220 (Minn. Ct. App. 2002) (discussing purpose of TI). Courts may grant a TRO on an expedited basis and without notice to the adverse party if (1) "it clearly appears from specific facts . . . that immediate and irreparable injury, loss, or damage will result to the applicant" before the parties can be heard, and (2) "the applicant's attorney states to the court in writing the efforts, if any, which have been made to give notice or the reasons supporting the claim that notice should not be required." Minn. R. Civ. P. 65.01. A TRO's issuance rests within the district court's discretion and analysis of a TRO request "is the same as that to be shown before a temporary injunction is issued." *Bio-Line, Inc. v. Burman*, 404 N.W.2d 318, 321 (Minn. Ct. App. 1987); see *McFadden Lambert Co. v. Winston & Newell Co.*, 296 N.W. 18, 20 (Minn. 1947) .

Here, if the State were required to notify Defendants of its intention to request a TRO, a documented risk exists that assets would likely be improperly transferred prior to a TI hearing, creating an immediate and irreparable injury. Further, providing advance notice would endanger the State's ability to recover because Defendants have shown both the means and the demonstrated intent to move funds and property outside of the State's reach. As noted above, Larry and Sharon Cook have already dissolved an entity and sold nonprofit assets during the AGO's investigation. Real Believers sold its church building on or about June 2025 and then entered a contract for deed with the purchaser, signaling the rapid and intentional conversion of nonprofit property. (Karels

Aff. Ex. 19.) Additionally, they have repeatedly encumbered nonprofit assets with loans. *See, e.g.,* Karels Aff. Exs. 65-69 (Larry Cook, claiming to represent Real Believers, used the Church Building and the Woods House as collateral on multiple loans), Exs. 16, 63 (Larry and Sharon Cook, claiming they represented Les Jolies, used the Dance Studio as collateral on two loans from the Money Man).

Les Jolies' improper dissolution without the required notice to the AGO heightens the risk of asset dissipation. While under active investigation, Sharon Cook dissolved Les Jolies without providing the required statutory notice to the AGO and went so far as to affirmatively and falsely state that notice to the AGO was not required. (Karels Aff. Ex. 10.) This undisclosed dissolution occurred shortly after the AGO identified and questioned the Cooks about significant suspect transactions. Les Jolies' failure to provide statutory notice and to dissolve as legally required prevented the AGO's review of the dissolution, which included sizeable asset transfers, creating the risk that assets could be transferred or placed beyond recovery.

Defendants' repeated obstruction of the AGO's investigation compounds these concerns. The State has already shown that Les Jolies and Real Believers failed to respond to the AGO's reasonable interrogatories, *see* Caulkins Aff. ¶¶ 4-5, Exs. C, D, and failed to answer almost all substantive questions during depositions, largely only pleading the Fifth, Karels Aff. Exs. 30-34.⁹ In fact, Larry Cook laughed during his deposition, stating he had "internal information" about the questions asked but was unwilling to share that information. (Karels Aff. Ex. 31 at 28:6-12.) These actions suggest that, if notified in advance of the State's Motion, Defendants would engage

⁹ As noted earlier, in a civil matter such as this, a negative inference may be drawn against a party invoking the Fifth Amendment privilege against self-incrimination. *See Parker v. Hennepin Cnty. Dist. Ct.*, 285 N.W.2d 81, 83-84 (Minn. 1979); *Baxter v. Palmigiano*, 425 U.S. 308, 318 (1976).

in further violations of the law. For these reasons, the Court should not require the State to provide notice to Defendants.

II. THE COURT SHOULD ISSUE A TRO, EVEN IF THE *DAHLBERG* FACTORS APPLY.

The Court should issue a TRO under Minn. Stat. § 8.31, subd. 3, based on a finding that Les Jolies and Real Believers violated chapters 317A, 309, and 501B, irrespective of the *Dahlberg* factors. Even if the *Dahlberg* factors applied, the facts before the Court warrant the issuance of a TRO, as explained below.

In *Dahlberg*, the Minnesota Supreme Court set forth the following factors for district courts to determine whether to issue a TRO:

- (1) The nature and background of the relationship between the parties preexisting the dispute giving rise to the request for relief.
- (2) The harm to be suffered by plaintiff if the temporary restraint is denied as compared to that inflicted on defendant if the injunction issues pending trial.
- (3) The likelihood that one party or the other will prevail on the merits when the fact situation is viewed in light of established precedents fixing the limits of equitable relief.
- (4) The aspects of the fact situation, if any, which permit or require consideration of public policy expressed in the statutes, State and Federal.
- (5) The administrative burdens involved in judicial supervision and enforcement of the temporary decree.

Dahlberg, 137 N.W.2d at 321-22.

Here, each of these factors weighs in favor of the State.

A. Relationship Between the Parties.

The relationship here is between a law enforcement agency and a wayward charitable nonprofit corporation, along with its officers and directors, that have violated and continue to violate the law. The AGO has the authority to enforce state laws governing nonprofit and charitable organizations. *See, e.g.*, Minn. Stat. §§ 8.31, subd. 1 (specifically mentioning chapter

317, the Nonprofit Act); 317.813 (AGO remedial powers under sections 8.31, 501B.40, and 501B.41 to ensure compliance with the Nonprofit Act); 309.533 (AGO investigation and enforcement powers). The State has an interest in ensuring that charitable assets are properly used and administered. *See id.* The State has demonstrated not only that Defendants Les Jolies, Real Believers, and its officers and directors have violated the law through unlawful expenses that do not further a legitimate charitable interest, but also that Defendants would likely continue to misuse assets if left to their own avail. Thus, the first factor, the nature of the relationship between the AGO and Defendants, supports granting a TRO.

B. Balance of Harms.

The balance of harms strongly supports the issuance of a TRO. The State has a compelling interest in ensuring that charitable assets are not misused and that nonprofit charitable organizations follow state law, including the laws mandating that charitable assets be used for the charitable organization's avowed purpose and as promised to donors. *See* Minn. Stat. § 309.55, subd. 5. The State also has a compelling interest in ensuring that nonprofits are not permitted to move or hide charitable assets to outmaneuver law enforcement.

In contrast, Defendants will not be harmed by the issuance of a TRO because they should not be using charitable assets to personally benefit themselves, friends, family, and other directors or officers.

C. Likelihood to Prevail on the Merits.

As demonstrated above, the State has made a strong factual showing that Defendants have violated numerous Minnesota laws governing nonprofit charitable organizations.

D. Public Policy Considerations.

The legislative intent of the statutes at issue favors a TRO and will unequivocally further the public interest to ensure nonprofit assets are not misused.

E. Administrative Burdens.

The proposed TRO would prohibit Les Jolies, Real Believers, Larry and Sharon Cook, and the rest of the board of directors from using charitable assets for improper purposes, including personal gain, in violation of Minnesota law. No court supervision is required to enforce the requested TRO. The requested relief only requires Defendants to cease their unlawful activities while this litigation proceeds, limiting any burden on the Court.

III. THE AGO NEED NOT POST ANY BOND IN SEEKING A TRO OR TI.

A district court “may decide to waive the security requirement” that sometimes serves as a prerequisite for temporary relief. *Bio-Line*, 404 N.W.2d at 322. The State is entitled to temporary relief without providing a security or bond. Minn. Stat. § 574.18 (“No undertaking or bond need be given upon any appeal or other proceeding instituted in favor of the state”); *see also State v. Nelson*, 248 N.W. 751, 752 (Minn. 1933) (holding that the State is exempt from bond requirement for injunctive relief); *Metro. Sports Facilities Comm’n v. Minn. Twins P’ship*, No. CT 01-16998, 2001 WL 1511601, at *1 (Minn. Dist. Ct. Nov. 16, 2001) (“[T]he Court finds that Plaintiff is a governmental entity that is statutorily relieved from any obligation to post a cash bond . . . and alternatively, the Court finds no bond necessary given that Defendants enjoy adequate security under the circumstances.”), *aff’d*, 638 N.W.2d 214 (Minn. Ct. App. 2002). The Court should do the same here and relieve the State from the bond requirement.

CONCLUSION

Defendants misused Real Believers’ and Les Jolies’ charitable assets and treated these organizations as a personal piggybank and for-profit business. Defendants Real Believers and Les Jolies failed to manage the nonprofit corporations, oversee Larry and Sharon Cook, or prevent the Cooks’ misuse. Defendants also flouted the AGO’s investigation. If the State’s injunctive relief is not granted, Defendants will continue to violate the law and misuse charitable assets, to the harm

of Minnesota donors and beneficiaries. The requested relief — a TRO and TI — is the only way to secure and prevent the remaining charitable assets from further misappropriation, mismanagement, and misuse. The State therefore respectfully requests that the Court grant its *Ex Parte* Motion, schedule a TI hearing at the earliest practical time, and enter the entirety of the temporary relief it seeks, as detailed in its accompanying Proposed Order.

Dated: April 3, 2026

Respectfully submitted,

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ATTORNEYS FOR STATE OF MINNESOTA

MINNESOTA STATUTE 549.211**ACKNOWLEDGMENT**

The party on whose behalf the attached document is served acknowledges through its undersigned counsel that sanctions, including reasonable attorneys' fees and other expenses, may be awarded to the opposite party or parties pursuant to Minnesota Statutes section 549.211 (2025).

Dated: April 3, 2026

/s/ Heather Caulkins
HEATHER CAULKINS
Assistant Attorney General

/s/ Ashley Leen
ASHLEY LEEN
Assistant Attorney General