STATE OF MINNESOTA | DISTRICT COURT

COUNTY OF RAMSEY | SECOND JUDICIAL DISTRICT

Case Type: Other Civil
(Charitable/Nonprofit Violations)

Court File No. _____

In the Matter of Anishinaabe Agriculture Institute

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 Anishinaabe Agriculture Institute ("AAI");

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, AAI is a Minnesota nonprofit corporation organized under the Minnesota Nonprofit Corporation Act ("Act"), Minnesota Statutes chapter 317A and a soliciting charitable organization under the Minnesota Charitable Solicitation Act, Minnesota Statutes sections 309.50 to 309.61. AAI's registered office address is 21953 County Highway 39, Osage, MN 56570;

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

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ALLEGATIONS

1. The AGO states and alleges as follows:

I. BACKGROUND.

2. AAI is a Minnesota nonprofit organization supporting Native American causes that is tax-exempt under Internal Revenue Code section 501(c)(3). AAI's mission is "[t]o restore agro-biodiversity through restoring local food systems, hemp, and traditional heritage varieties."

3. AAI receives substantial grants and donations toward its missions. On its tax returns for 2022, AAI reported $513,523 in contributions and grants.

II. VIOLATIONS.

A. Conflicted Transactions.

4. Directors and officers of a nonprofit corporation owe a duty of loyalty to discharge their duties "in a manner the director reasonably believes to be in the best interests of the corporation." Minn. Stat. §§ 317A.251 (directors), 317A.361 (officers). The failure to "administer and manage property held for charitable purposes in accordance with law or consistent with fiduciary obligations" not only constitutes a breach of these fiduciary duties but also constitutes a breach of trust. Minn. Stat. § 501B.41, subd. 6. Further, conflicted transactions with directors, their family members, or entities in which they have a material financial interest are void or voidable unless directors follow specific procedures or establish that the transaction was fair and reasonable to the nonprofit. Minn. Stat. § 317A.255. Flagrant or multiple violations of the Nonprofit Act, unauthorized transfers, and failure to use property for the purpose solicited provide grounds for the attorney general to seek equitable relief. Minn. Stat. § 317A.751, subd. 5.

5. The AGO's investigation uncovered evidence that AAI entered into transactions with an AAI officer without adequate board oversight. For example, the officer used nonprofit assets toward for-profit business projects without board approval or consistent tracking and

Doc ID: 410fff2ab39d9ce31b0ecf63749732ef7c3d4073

reimbursement. Further, the board did not conduct a thorough review of the officer's compensation to ensure that it was fair and reasonable based on market data and hours worked at AAI.

6. These actions and inactions not only violated officer and director duties of loyalty and did not follow the statutory process for conflicted transactions, but they also left charitable assets vulnerable to misappropriation and failed to honor the purposes for which assets were donated.

B. Governance.

7. "The business and affairs of a [nonprofit] corporation must be managed by or under the direction of a board of directors." Minn. Stat. § 317A.201. Further, nonprofits must appoint officers, including a treasurer that fulfills statutory duties such as keeping "accurate financial records" and disbursing nonprofit funds "as ordered by the board." Minn. Stat. § 317A.305, subd. 3; *see also* Minn. Stat. §§ 317A.461 (requiring nonprofits to keep "correct and complete copies" of accounting records), 309.54 (requiring soliciting charities to maintain "accurate and detailed books and records"). Both directors and officers are fiduciaries who are required to discharge their duties "with the care an ordinarily prudent person in a like position would exercise under similar circumstances." Minn. Stat. §§ 317A.251 (directors), 317A.361 (officers). Flagrant or multiple violations of the Nonprofit Act provide grounds for the attorney general to seek equitable relief. Minn. Stat. § 317A.751, subd. 5.

8. Although AAI has an active board and maintained some accounting records, the AGO uncovered evidence that it failed to implement sufficient financial controls to protect their charitable assets and ensure complete and accurate recordkeeping as required under Minnesota charities laws. For example, AAI provided debit cards and cash to employees and beneficiaries without consistently requiring documentation of the charitable purpose of expenses. Further, the

Doc ID: 410fff2ab39d9ce31b0ecf63749732ef7c3d4073

board did not consistently approve major transactions that officers made on behalf of the organization.

9. Additionally, AAI failed to maintain its registration with the AGO due to failure to timely file required annual reports and audited financial statements.

10. These actions and inactions not only violated Minnesota charities laws, but the lack of financial controls left the nonprofit's assets vulnerable to misuse, exposed the organization to legal liability, and prevented the board from providing required independent oversight of the organization.

C. Registration with the AGO.

11. Charities that solicit contributions in Minnesota are required to register with the AGO and provide annual reporting to maintain their registration unless they receive less than $25,000 in contributions in a year or meet other exemption criteria. *See* Minn. Stat. §§ 309.515, 309.52–.53.

12. Despite fundraising and consistently bringing in well over $25,000 in contributions per year, AAI is not currently registered with the AGO due to failure to file required annual reporting.

13. These actions and inactions not only violated Minnesota law, but they also prevented the public and regulators from gaining transparency into the nonprofit's use of charitable assets.

14. The AGO alleges that the conduct generally described in this Assurance constitutes violations of, among other provisions, Minnesota Statutes sections 317A.201, 317A.251, 317A.255, 317A.305, 317A.361, 317A.461, and 317A.751, subdivisions 5(4), (5) and (12); 309.53–.54; and 501B.41.

15. AAI neither admits nor denies the allegations in this Assurance.

Doc ID: 410fff2ab39d9ce31b0ecf63749732ef7c3d4073

INJUNCTIVE RELIEF

16. Within three months following the Court's approval of this Assurance of Discontinuance, AAI shall implement financial controls reasonably sufficient to protect nonprofit assets, including but not limited to:

(a) Imposing reasonable restrictions regarding direct access to nonprofit accounts;

(b) Requiring that all nonprofit expenses be supported by complete and accurate documentation of their nonprofit purpose; and

(c) Requiring advance board approval of all major transactions, as determined by the board, and all conflicted transactions.

17. Within one year of the Court's approval of this Assurance of Discontinuance, AAI shall:

(a) Ensure compliance with all registration requirements in Minnesota Statutes chapters 309 or 501B;

(b) Conduct a comprehensive review of its articles of incorporation, bylaws, policies, and procedures and create and revise such policies as the board determines, within its reasonable judgment, is necessary to address deficiencies and protect nonprofit assets and other interests;

(c) Evaluate whether it is in the best interests of the nonprofit to make any demands, pursue any legal claims, or take any other action against any individuals, including but not limited to claims for breaches of fiduciary duties and/or restitution against current or former officers and directors; and

(d) Provide the AGO with an update and documentation as to its compliance with the terms of this Assurance of Discontinuance.

18. At all times, directors and officers of AAI shall:

(a) Maintain and strictly comply with appropriate bylaws, policies, and procedures, and with Minnesota and federal law;

(b) Ensure that the board exercises independent supervision over the business and affairs of the organization and takes steps to protect the board's authority and to remedy misconduct in accordance with the Nonprofit Act, ch. 317A and all other applicable laws;

Doc ID: 410fff2ab39d9ce31b0ecf63749732ef7c3d4073

(c) Regularly schedule and conduct board and committee meetings, keep unambiguous and accurate meeting minutes documenting the Board's adherence to and exercise of it its written policies and any resolutions approved at such meeting, have sufficient and appropriate knowledge of and familiarity with the operations and affairs of the nonprofit, and act consistently with the fiduciary duties and other standards of conduct imposed on directors and officers of nonprofit organizations as set forth in applicable law, including the Nonprofit Act, ch. 317A, the Charitable Trust Act, ch. 501B, the Charitable Solicitation Act, ch. 309, and common law;

(d) Follow the procedures set forth in Minnesota Statutes section 317A.255 restricting and imposing conditions on transactions with related parties;

(e) Maintain complete and accurate books and records of the nonprofit's finances as required under Minnesota Statutes sections 309.54 and 317A.461;

(f) Ensure that the nonprofit has officers required by Minnesota Statutes section 317A.301 and that such officers fulfill all duties set forth in section 317A.305;

(g) Ensure that the entire board has visibility into all financial accounts, including regular review of account statements and expenses. *See* Minn. Stat. § 317A.461, subd. 2. The board should discuss all transactions that raise concerns at board meetings, keep unambiguous and accurate meeting minutes documenting such discussions, and vote on how to handle these transactions in accordance with the Nonprofit Act, ch. 317A;

(h) Take reasonable steps to ensure that none of the nonprofit's monies or other assets are expended or otherwise used for an improper purpose, including a purpose in violation of section 501(c)(3) of the Internal Revenue Code, Minnesota Statutes sections 501B.31–.45, or other applicable law;

(i) Properly file all IRS Form 990s and appropriate schedules with the IRS, including Schedule L documenting all conflicted transactions;

(j) Comply with all legal requirements for charitable solicitations under Minnesota Statutes chapter 309 and other applicable laws;

(k) Ensure all directors and officers obtain sufficient training to apprise them of their duties under Minnesota and federal law;

(l) Upon the written request of the AGO, promptly provide accurate, true and complete information, documents, and data that the AGO, in its sole discretion, deems reasonably necessary to verify continuing compliance with such assurance.

Doc ID: 410fff2ab39d9ce31b0ecf63749732ef7c3d4073

GENERAL TERMS

19. AAI 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 it for any and all violations of this Assurance.

20. AAI shall not state or imply, directly or indirectly, that the State of Minnesota or the AGO has approved of, condones, or agrees with any of their conduct, actions, or inactions. AAI, after having an opportunity to decide whether to and/or consult with counsel, knowingly, intelligently, and voluntarily waives its First Amendment rights to the extent, if at all, such rights are inconsistent with this Paragraph 20.

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

22. If this Assurance is violated, AAI 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.

23. The people signing this Assurance for AAI warrant that each such person is authorized to execute this Assurance, that each such person executes this Assurance in an official capacity that binds the nonprofit and its successors, and that the nonprofit has been fully advised by counsel or has voluntarily forgone such advisement before entering into the Assurance.

24. 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.

Doc ID: 410fff2ab39d9ce31b0ecf63749732ef7c3d4073

25. This Assurance constitutes the full and complete terms of the agreement entered into by AAI and the AGO.

26. 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:

Chloe Raimey
Assistant Attorney General
445 Minnesota St., Suite 600
St. Paul, MN 55101
chloe.raimey@ag.state.mn.us
651-300-6863

As to AAI:

Emmett Robertson
Rubric Legal
111 3rd Avenue S, Suite 110
Minneapolis, MN 55401
erobertson@rubriclegal.com
612-465-0074

27. 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.

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

29. 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 AAI.

Doc ID: 410fff2ab39d9ce31b0ecf63749732ef7c3d4073

30. The AGO shall have all powers and remedies specified by Minn. Stat. §§ 8.31, 309.533, 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.

31. 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.

32. 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 AAI shall promptly comply with any reasonable request from the AGO for information regarding verification of their compliance with this Assurance.

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

34. 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: October 22, 2026

By: */s/ Patricia L. Houser*
Patricia L. Houser
Assistant Attorney General

Doc ID: 410fff2ab39d9ce31b0ecf63749732ef7c3d4073

ANISHINAABE AGRICULTURE
INSTITUTE

Dated: 10 / 12 / 2026 By: _____

James Reents, Board Chair
On behalf of AAI

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.

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