

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. _____

Plaintiff,

SUMMONS

vs.

Act for Cause and Rajesh Mehta,

Defendants.

THIS SUMMONS IS DIRECTED TO ACT FOR CAUSE, AND RAJESH MEHTA,
INDIVIDUALLY.

1. **You are being sued.** The Plaintiff has started a lawsuit against you. The *Complaint* is attached to this *Summons*. Do not throw these papers away. They are official papers that start a lawsuit and affect your legal rights, even if nothing has been filed with the court and even if there is no court file number on this *Summons*.

2. **You must BOTH reply, in writing, AND get a copy of your reply to the person/business who is suing you within 21 days to protect your rights.** Your reply is called an *Answer*. Getting your reply to the Plaintiff is called service. You must serve a copy of your *Answer* or *Answer and Counterclaim* (Answer) within 21 days from the date you received the *Summons* and *Complaint*.

ANSWER: You can find the *Answer* form and instructions on the MN Judicial Branch website at www.mncourts.gov/forms under the “Civil” category. The instructions will explain in detail how to fill out the *Answer* form.

3. **You must respond to each claim.** The *Answer* is your written response to the Plaintiff's *Complaint*. In your *Answer* you must state whether you agree or disagree with each paragraph of the *Complaint*. If you think the Plaintiff should not be given everything they asked for in the *Complaint*, you must say that in your *Answer*.

4. **SERVICE: You may lose your case if you do not send a written response to the Plaintiff.** If you do not serve a written *Answer* within 21 days, you may lose this case by default. You will not get to tell your side of the story. If you choose not to respond, the Plaintiff may be awarded everything they asked for in their *Complaint*. If you agree with the claims stated in the *Complaint*, you don't need to respond. A default judgment can then be entered against you for what the Plaintiff asked for in the *Complaint*.

To protect your rights, you must serve a copy of your *Answer* on the person who signed this *Summons* in person or by mail at this address:

Karthik Raman, Assistant Attorney General, 445 Minnesota Street, Suite 600, St. Paul, Minnesota 55101-2130.

5. Carefully read the Instructions (CIV301) for the *Answer* for your next steps.
6. **Legal Assistance.** You may wish to get legal help from an attorney. If you do not have an attorney and would like legal help:
 - Visit www.mncourts.gov/selfhelp and click on the “Legal Advice Clinics” tab to get more information about legal clinics in each Minnesota county.
 - Court Administration may have information about places where you can get legal assistance.

NOTE: Even if you cannot get legal help, you must still serve a written *Answer* to protect your rights or you may lose the case.

7. **Alternative Dispute Resolution (ADR).** The parties may agree to or be ordered to participate in an ADR process under Rule 114 of the Minnesota Rules of Practice. You must still serve your written *Answer*, even if you expect to use ADR.

Dated: January 5, 2026

Respectfully submitted,

KEITH ELLISON
Attorney General
State of Minnesota

JAMES W. CANADAY
Deputy Attorney General

/s/ **Karthik Raman**
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ATTORNEYS FOR STATE OF MINNESOTA

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. _____

Plaintiff,

COMPLAINT

vs.

Act for Cause and Rajesh Mehta,

Defendants.

The State of Minnesota, by its Attorney General, Keith Ellison, for its Complaint against Act for Cause and Rajesh Mehta, states and alleges as follows:

INTRODUCTION

1. The State of Minnesota (“State” or “AGO”) brings this action to enforce Minnesota’s nonprofit corporation and charitable trust laws, to seek equitable relief, including repayment of funds improperly diverted by Defendant Rajesh Mehta (“Mehta”), and to obtain other remedies pursuant to the AGO’s role as the primary protector of charitable assets in Minnesota.

2. This Complaint arises from Mehta’s illegal practices related to Act for Cause. Mehta diverted nonprofit funds and assets from Act for Cause, a nonprofit corporation that he founded. He also used Act for Cause as a sham corporation in his scheme to obtain beneficial income tax treatment by writing off Act for Cause’s losses as sole proprietorship business losses on his income tax returns. Mehta’s practices violated multiple laws governing nonprofit corporations and their fiduciaries.

PARTIES

3. Keith Ellison, Attorney General of the State of Minnesota, is authorized under Minn. Stat. ch. 8; the Minnesota Nonprofit Corporation Act, Minn. Stat. ch. 317A (the “Act”); the Supervision of Charitable Trusts and Trustees Act, Minn. Stat. ch. 501B, and common-law authority, including as *parens patriae*, to bring this action to enforce Minnesota’s laws, vindicate the state’s sovereign and quasi-sovereign interests, and remediate all harm arising out of—and seek relief for—violations of Minnesota law.

4. Defendant Act for Cause is a Minnesota nonprofit corporation organized under the Minnesota Nonprofit Corporation Act (“Act”), Minn. Stat. ch. 317A; and a Minnesota charitable trust under the Supervision of Charitable Trust and Trustees Act, Minn. Stat. ch. 501B (“Charitable Trust and Trustees Act”), with its registered office address at 220 Robert Street South, Saint Paul, Minnesota 55107. Act for Cause was incorporated in Saint Paul, Minnesota.

5. Defendant Rajesh Mehta is a resident of Minnesota and executive director and treasurer of Act for Cause.

JURISDICTION

6. This Court has subject-matter jurisdiction over this action under Minn. Stat. §§ 8.01, 8.31, 317A.751, 317A.813, and common law.

7. This Court has personal jurisdiction over Act for Cause because Act for Cause was incorporated under Minn. Stat. ch. 317A, and because it was incorporated in Saint Paul, Minnesota.

8. This Court has personal jurisdiction over Mehta because he has transacted business in Minnesota and has committed acts in Minnesota causing injury in Minnesota to the Minnesota public and in violation of Minnesota law.

VENUE

9. Venue is proper in Ramsey County under Minn. Stat. § 542.09 because the cause of action arose, in substantial part, in Ramsey County.

FACTUAL BACKGROUND

I. MEHTA'S PURCHASE OF 220 ROBERT STREET SOUTH.

10. Mehta has a history of founding many businesses, both nonprofit and for profit. On December 30, 2005, Mehta founded Institute of Technical Education as a Minnesota nonprofit under Minn. Stat. ch. 317A. Mehta founded this nonprofit without establishing a board of directors and without appointing any officers. Institute of Technical Education did not conduct any nonprofit programming while Mehta kept it active.

11. On September 27, 2014, Mehta purchased 220 Robert Street South from Great Southern Bank. Mehta purchased the property for \$360,000. When Mehta purchased the property, Great Southern Bank transferred the property to Institute of Technical Education via quit claim deed. 220 Robert Street South was transferred to Institute of Technical Education on November 18, 2014.

12. Institute of Technical Education held the property from November 18, 2014 through December 30, 2014.

II. MEHTA FOUNDS ACT FOR CAUSE.

13. On December 26, 2014, Mehta founded Act for Cause, a tax-exempt organization under 26 U.S.C. 501(c)(3). According to Mehta, Act for Cause's mission was to "provide employment assistance, community support, and access to information on housing and employment resources."

14. When founding Act for Cause, Mehta recorded his wife and a friend as members of the board of directors. Mehta's wife was not aware that she was listed as a board member.

15. Neither purported director engaged with the nonprofit corporation or acted as a director in any fashion.

16. After Institute of Technical Education, and subsequently Act for Cause, obtained 220 Robert Street South, Mehta acted as manager for the building. Mehta collected rent and interacted with the tenants of the building.

17. Mehta met several acquaintances through his time as manager of 220 Robert Street South. Over time, Mehta replaced the original board members with these acquaintances. None of these acquaintances ever took actions, such as reviewing finances or running meetings, as directors or officers of the corporation. Mehta further named these individuals as officers and directors of the corporation without discussing their legal duties and fiduciary responsibilities with them.

18. Mehta purposefully asked these people to be directors and officers of Act for Cause on paper only. He did not involve any of them in the functioning or governance of the organization. Mehta admitted that in a well-functioning organization, the board members would have played a greater role in governance and would have provided checks and balances on him. He even stated that Act for Cause “was not running as the way it should be. I definitely acknowledge it was not running the way it should be.”

19. Act for Cause was an active corporation from December 2014 through December 2024. Over the course of these 10 years, the only time that the board of directors met was on December 30, 2024, to vote on whether to dissolve the corporation and whether to transfer ownership of 220 Robert Street South.

III. MEHTA TRANSFERS 220 ROBERT STREET SOUTH FROM INSTITUTE OF TECHNICAL EDUCATION TO ACT FOR CAUSE, WHILE PERSONALLY RETAINING THE PROCEEDS PROCURED FROM THE PROPERTY.

20. On December 30, 2014, Institute of Technical Education transferred ownership of 220 Robert Street South to Act for Cause via quit claim deed. Institute of Technical Education had no board of directors, and Mehta did not advise the Act for Cause board of this decision, so there was no vote or discussion about whether this decision was in the best interest of either nonprofit corporation. Act for Cause retained ownership from December 30, 2014 through the time that Act for Cause dissolved in December of 2024.

21. Mehta acted as manager of the commercial property while Act for Cause was owner of 220 Robert Street South.

22. Act for Cause leased space in its building to roughly 10-15 tenants at any given time. Many of the tenants that Mehta was renting to were for-profit entities, and Mehta rented space to them for his personal profit. These tenants included a mental health counseling business, a window cleaning company, a healthcare business, an entertainment business, and more. In addition, Mehta leased space to his for-profit entities, such as SCRUM Technologies.

23. Mehta ran programs both through Act for Cause and through SCRUM Technologies, but Mehta's charitable programming with Act for Cause included very few actual events.

24. One program that Mehta ran at 220 Robert Street South was a donation center. Mehta purchased items to donate, and also accepted donated items from people, which he then distributed. Mehta purchased a storage container where he kept these items, and he ran his donation center from this container.

25. Mehta kept no records on how much he spent on donated items or how many items were donated by other people. Mehta further did not keep an inventory of what items were donated, either by himself or by other people.

26. Act for Cause charged the tenants of 220 Robert Street rent, ranging from a few hundred dollars a month to over \$3,000 a month. In 2023, Act for Cause earned over \$75,000 in rent from its tenants. In 2024, Act for Cause earned over \$100,000 in rent.

27. Many of the tenants of the building paid their rent via check. The vast majority of these tenants made their checks paid to the order of “Act for Cause.” A few tenants made their checks paid to the order of Mehta directly. All checks, regardless of who it was made out to, were deposited in Act for Cause’s bank account.

28. Mehta used Act for Cause’s bank account as his personal bank account. There was no separation of finances, no accounting to indicate what revenue was from his personal business versus nonprofit business, and there were no reports made to the nonprofit board regarding the corporation’s finances, to the extent that a nonprofit board existed.

29. Mehta used the nonprofit’s rental income to pay for personal expenses. For example, Mehta paid his son’s college tuition fees using Act for Cause’s bank account. Mehta further spent money from the Act for Cause business account for piano lessons, gym memberships, personal property taxes, car payments, and more.

30. In addition to paying for personal expenses using Act for Cause’s business account, Mehta also made large cash withdrawals from the account that he could not later explain. For example, Mehta withdrew \$10,400 on June 27, 2023, and \$7,000 more on July 7, 2023.

31. Mehta claimed that he was personally funding all of Act for Cause's operations, and he justified this by claiming that all of Act for Cause's revenue was his own. Further, Mehta intermingled his personal funds with Act for Cause's funds to such a degree that it is virtually impossible to segregate them.

32. Act for Cause generated hundreds of thousands of dollars of rental revenue between 2014 and 2025, and very little of that revenue was invested back into the nonprofit's activities. As a result, Mehta greatly benefited from misusing nonprofit assets for his personal use.

33. Mehta further used Act for Cause as a shell corporation in an apparent scheme to avoid paying income taxes. Mehta claimed Act for Cause's expenses on his personal income tax returns as losses incurred by a sole proprietorship. Mehta has created many businesses under different statutory chapters, and so he should have known that there is a difference between a sole proprietorship and a nonprofit corporation incorporated under chapter 317A. As a result of claiming Act for Cause's expenses as his own on his income tax form, Mehta was able to claim a personal loss, which resulted in him paying no income taxes.

IV. THE AGO INITIATES AN INVESTIGATION INTO ACT FOR CAUSE, PROMPTING MEHTA TO IMPROPERLY DISSOLVE THE CORPORATION AND IMPERMISSIBLY TRANSFER 220 ROBERT STREET SOUTH TO HIS FOR-PROFIT LLC.

34. On December 16, 2024, the AGO issued a civil investigative demand ("CID") to Act for Cause, seeking information related to Act for Cause's governance, finances, and more. On December 30, 2024, Mehta called a "special meeting" of the board of directors. In this meeting, Mehta asked the board of directors to shut down Act for Cause and to transfer 220 Robert Street South from Act for Cause to Mehta's newly founded LLC, "220 Robert St S LLC". Mehta is the sole member/owner of 220 Robert St S LLC.

35. The “special meeting” of the board of directors was the only meeting the board of directors ever had in the 10 years that Act for Cause was active. During this meeting, Mehta falsely claimed that Act for Cause had no assets to discuss in relation to the dissolution.

36. The board did not discuss the potential conflict of interest in transferring the property to Mehta, nor did it discuss whether Act for Cause was being adequately and fairly compensated for the transfer of the property or whether the transaction was otherwise fair and reasonable to the corporation. Act for Cause did not engage in a bidding process, nor did it explore options outside of transferring the property to Mehta. Mehta was involved in the vote, and he did not recuse himself despite his obvious conflict of interest.

37. As a result of the vote during the “special meeting” of the board of directors, Act for Cause transferred 220 Robert Street South to Mehta’s LLC for free. At the time of transfer, 220 Robert Street was valued at \$1,034,800.

38. Mehta never disclosed the AGO’s investigation to the board of directors. Once the board met and voted to dissolve, Mehta filed dissolution paperwork with the Secretary of State’s Office.

39. Mehta filed this paperwork with the Secretary of State without providing the AGO with notice of its intent to dissolve as required by Minn. Stat. § 317A.811. Mehta also falsely indicated in Act for Cause’s dissolution paperwork to the Secretary of State that Act for Cause was a corporation that did not have to provide notice to the AGO under Minn. Stat. § 317A.811.

40. These events, actions, and inactions demonstrate how Mehta and Act for Cause flagrantly and repeatedly violated the laws governing Minnesota nonprofit corporations and charitable trusts.

COUNT I
VIOLATIONS OF THE MINNESOTA NONPROFIT CORPORATION ACT (ACT FOR CAUSE)

41. The AGO re-alleges all prior paragraphs of this Complaint.
42. The Minnesota Nonprofit Corporation Act (“Nonprofit Act”) is set forth in Minn. Stat. §§ 317A.001 to 317A.909.
43. Minn. Stat. § 317A.751, subd. 5 states that:

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;
 - (5) the corporation has engaged in an unauthorized act, contract, conveyance, or transfer or has exceeded its powers.
44. Act for Cause violated more than one provision of the Nonprofit Act, violated a provision of the chapter more than once, and flagrantly violated the Act. This is evidenced by:
 - a. Act for Cause was not managed or under the direction of a board of directors as mandated by Minn. Stat. § 317A.201.
 - b. Act for Cause’s board of directors failed to meet at least once a year to conduct the business of the corporation, as mandated by Minn. Stat. § 317A.231, subd. 1.
 - c. Because Act for Cause failed to have annual board meetings, Act for Cause failed to record and maintain meeting minutes for board meetings for those years.
 - d. Act for Cause failed to address a blatant conflict of interest in transferring 220 Robert Street South to Mehta for free, in violation of Minn. Stat. § 317A.255. Act for Cause did not require that Mehta’s interest in the transaction be disclosed, it did not obtain a vote from only the non-interested members of the board, and it was not established that the transaction was fair and reasonable as to the corporation.
 - e. Act for Cause failed to maintain adequate books and records as required by Minn. Stat. § 317A.461, subd. 1.
 - f. Act for Cause diverted its assets away from their charitable purpose, in violation of Minn. State. § 317A.671.

- g. Act for Cause transferred its assets without notifying the AGO as mandated by Minn. Stat. § 317A.811.

45. Act for Cause has engaged in an unauthorized transfer by transferring its commercial property to a for-profit LLC with no compensation to the nonprofit.

46. Act for Cause's conduct, practices, and actions described in this Complaint constitute multiple, flagrant violations of the Nonprofit Act.

COUNT II
BREACH OF NONPROFIT DIRECTOR AND OFFICER FIDUCIARY DUTY UNDER
THE MINNESOTA NONPROFIT CORPORATION ACT (MEHTA)

47. The AGO re-alleges all prior paragraphs of this Complaint.

48. The Nonprofit Act imposes upon all directors and officers of a nonprofit corporation the duty of loyalty and care. "A director shall discharge the duties of the position of director in good faith, in a manner the director reasonably believes to be in the best interests of the corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances." Minn. Stat. § 317A.251, subd. 1; *see also* Minn. Stat. § 317A.361 (applying same standard to nonprofit officers).

49. Minn. Stat. § 317A.011, subdivision 7 defines "director" as a member of the board.

50. Minn. Stat. § 317A.011, subdivision 15, defines "officer" as "the president, the treasurer, however designated, a person elected, appointed, or otherwise designated as an officer pursuant to section 317A.311, and a person deemed elected an officer under section 317A.321" of a nonprofit corporation governed by chapter 317A.

51. Minn. Stat. § 317A.321 states: "In the absence of an election or appointment of officers by the board or the members with voting rights, the person exercising the principal functions of the president or the treasurer is considered to have been elected to the office."

52. Mehta is a director of Act for Cause because he was a member of the board of directors.

53. Mehta was an officer of Act for Cause because he exercised the principal functions of president and treasurer of the corporation.

54. Mehta violated his fiduciary duty of care to Act for Cause by:

- a. Running Act for Cause in a manner that incurred major financial losses, while barely running any charitable programming to further Act for Cause's mission;
- b. Completely integrating his personal finances with Act for Cause's finances to the point where it was impossible to distinguish between the two;
- c. Failing to maintain adequate books and records such that separation of the corporation's finances from his own was impossible.

55. These actions compromised the viability of Act for Cause in a way that no director or officer would do if they were exercising reasonable care.

56. Mehta further violated his fiduciary duty of loyalty to Act for Cause by:

- a. Using Act for Cause as a sham corporation to obtain beneficial income tax treatment;
- b. Claiming Act for Cause's rent as his own personal income and using nonprofit money to pay for his personal expenses;
- c. Transferring 220 Robert Street South to his for-profit LLC without paying the nonprofit for the property, without recusing himself from the vote, or discussing the conflict of interest in gifting the property to himself for free.

57. Mehta's conduct, practices, and actions described in this Complaint constitute multiple, flagrant violations of the Nonprofit Act.

COUNT III
VIOLATIONS OF THE SUPERVISION OF CHARITABLE TRUSTS AND TRUSTEES
ACT (ACT FOR CAUSE)

58. The AGO re-alleges all prior paragraphs of this Complaint.

59. The Minnesota Supervision of Charitable Trusts and Trustee Act (“Charitable Trust Act”) is included in Minn. Stat. §§ 501B.31 to 501B.55.

60. Under the Charitable Trust Act, an “organization with a charitable purpose” that has “gross assets of \$25,000 or more at any time during the year” is required to register with the AGO as a charitable trust. Minn. Stat. § 501B.36.

61. The Charitable Trust Act defines “charitable purpose” as an actual or purported charitable, philanthropic, religious, social service, educational, eleemosynary, or other public use or purpose. Minn. Stat. § 501B.35, subd. 2.

62. Charitable trusts seeking to maintain their registration with the AGO must file an annual report and pay a fee each year. Minn. Stat. § 501B.38. A charity’s registration ends on the day after it should have—but failed to—file its annual report.

63. Act for Cause has a charitable purpose to “provide employment assistance, community support, and access to information on housing and employment resources.” It therefore is a charitable trust subject to registration.

64. For each year that Act for Cause was in existence, it held charitable assets over \$25,000. Act for Cause collected tens of thousands of dollars of rent every year from the tenants of 220 Robert Street South. Further, Act for Cause held title to 220 Robert Street South, a property whose value grew from \$360,000 in 2014 to \$1,034,800 in 2024.

65. For the years 2016 through 2024, Act for Cause failed to file annual reports and pay the fee as required by chapter 501B.

66. These failures constitute multiple separate violations of the requirements set forth in the Charitable Trust Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff State of Minnesota, by its Attorney Keith Ellison, prays that the Court issue its order and judgment as follows:

1. Declaring that Act for Cause's and Mehta's acts and omissions as described in this Complaint constitute multiple, separate, flagrant violations of Minn. Stat. ch. 317A and Minn. Stat. ch. 501B;
2. Awarding monetary relief, including restitution, disgorgement, and all other available legal and equitable monetary remedies, pursuant to Minn. Stat. §§ 8.31, 317A.751, subd. 1 & 5, 501B.41, subd. 7;
3. Granting such other and further relief as the Court deems just and appropriate or that is allowed under Minn. Stat. chs. 8, 317A, 309, 501B, or the common law, including the *parens patriae* doctrine; and the general equitable powers of this Court, as necessary to remedy the harm and injury from Mehta's acts and omissions described in this complaint.
4. Awarding injunctive relief pursuant to Minn. Stat. § 8.31;
5. Awarding civil penalties pursuant to Minn. Stat. § 8.31 for each separate violation of Minnesota law;
6. Awarding the State its attorneys' fees, litigation costs, and costs of investigation as authorized by Minn. Stat. § 8.31; and
7. Granting such further relief as provided for by law or equity, or as the Court deems appropriate and just.

Dated: January 5, 2026

Respectfully submitted,

KEITH ELLISON
Attorney General
State of Minnesota

JAMES W. CANADAY
Deputy Attorney General

/s/ *Karthik Raman*

KARTHIK RAMAN
Assistant Attorney General (0401898)

CAROL R. WASHINGTON
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ATTORNEYS FOR STATE OF MINNESOTA

MINN. STAT. § 549.211**ACKNOWLEDGMENT**

The party or parties on whose behalf the attached document is served acknowledge through their undersigned counsel that sanctions may be imposed pursuant to Minn. Stat. § 549.211 (2010).

Dated: January 5, 2026

/s/ *Karthik Raman*

KARTHIK RAMAN

Assistant Attorney General

Atty. Reg. No. 0401898