STATE OF MINNESOTA | DISTRICT COURT

COUNTY OF RAMSEY | SECOND JUDICIAL DISTRICT

Case Type: Other Civil

Court File No. _______________

In the Matter of MN Fundraising Initiative

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, by and through its Attorney General, Keith Ellison ("State" or "AGO"), and MN Fundraising Initiative ("MNFI");

WHEREAS, the AGO has authority to enforce Minnesota's laws relating to charitable organizations, charitable trusts, nonprofit corporations, the Minnesota Fair Labor Standards Act, and the Minnesota Payment of Wages Act, including as *parens patriae*. *See, e.g.*, Minn. Stat. §§ 8.31, 309.57, 317A.813, 501B.34, 501B.40, 177.45 and 181.1721;

WHEREAS, MNFI is a Minnesota nonprofit corporation organized under the Minnesota Nonprofit Corporation Act ("Act"), Minnesota Statutes chapter 317A, soliciting charitable organization under the Minnesota Charitable Solicitation Act, Minnesota Statutes sections 309.50 to 309.61, and Minnesota charitable trust under the Supervision of Charitable Trust and Trustees Act, Minnesota Statutes chapter 501B. MNFI's registered office address is 2091 125th Ave NE, Blaine, MN 55449;

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

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

ALLEGATIONS

1. MNFI neither admits nor denies the allegations in this Assurance. Pursuant to Minnesota Statutes section 8.31, subdivision 2b, this Assurance "shall not be considered an admission of a violation for any purpose."

2. The AGO states and alleges as follows:

3. MNFI was improperly formed as a Minnesota nonprofit corporation under Minnesota Statutes ch. 317A and granted federal income tax exemption under Internal Revenue Code 501(c)(3) despite not having a true charitable purpose. Rather, it operated as a temporary staffing agency that compensated workers and provided low-cost labor for the benefit of vendors operating for-profit concession stands at major stadiums, arenas, and other venues in the Twin Cities metro area.

4. MNFI accomplished this through the systematic and unlawful misclassification of its workers as "volunteers," rather than employees, which dramatically reduced MNFI's operating costs and allowed the nonprofit to avoid its legal obligations as an employer, including contributing to Minnesota's unemployment insurance program, obtaining worker's compensation insurance, and remitting taxes to the state and federal government. MNFI's improper treatment of its employees as "volunteers" was based entirely on its payment of purported "grants" in lieu of wages, even though the "grants" MNFI awarded went to the direct and exclusive benefit of workers who staffed concession stands on its behalf. Put simply, instead of fulfilling a true charitable mission, MNFI's "grant making program" was a sham that did nothing but pay wages in another form.

I. OVERVIEW.

5. MNFI is a Minnesota nonprofit corporation based in Blaine, Minnesota.

6. MNFI was founded in 2019 by Martin and Patricia Cross, who are husband and wife and were two of the three initial directors who served on the MNFI Board of Directors (the "Board").

7. Martin Cross served as MNFI's CEO and President from its founding until his termination on March 20, 2026.

8. Patricia Cross served as MNFI's Treasurer until her resignation on February 7, 2026.

9. MNFI received its exemption from federal income tax as a charitable organization described in Section 501(c)(3) of the Internal Revenue Code of 1986 on June 3, 2019.

10. According to its IRS Form 1023 EZ Application, MNFI's purported charitable mission is "enriching the lives of youth by providing grants to fund opportunities they would otherwise not be able to experience." According to MNFI, this mission is achieved through a grant making program that provides support to families to better enable them to afford tuition payments, the costs of educational programming, and the costs of participation in sports and team activities, among other potentially eligible experiences.

11. When awarding grants, MNFI did "not evaluate the financial need of grant applicants" or otherwise support communities with a charitable purpose. MNFI awarded grants to benefit workers or their family members in amounts that were tied to the number of hours an individual "volunteered" for the organization.

12. MNFI's true purpose was to compensate its members for the hours of work they contributed through the organization, which "involve[ed] pecuniary gain to its members," including to "pay dividends or other pecuniary remuneration, directly or indirectly, to its members." *See* Minn. Stat. § 317A.011, subdiv. 6.

13. MNFI funds its grant making program with revenue earned under contracts with vendors that manage and operate concession stands at sports stadiums and other venues in the Twin Cities. MNFI provided "volunteers" to work at concession stands in at least 19 venues, including Allianz Field, Target Field, Target Center, US Bank Stadium, Grand Casino Arena, and multiple locations at the University of Minnesota. Examples of vendors with whom MNFI previously held contracts include Minnesota Sportservice, LLC, Levy Premium Foodservice Limited Partnership, and Aramark Sports and Entertainment Services, LLC.

14. According to the terms of these contracts, MNFI provides "volunteers" to staff food and beverage stands at sports games, concerts, and other ticketed events. In return, the vendor makes a "donation" to MNFI for the work these "volunteers" perform. The size of the vendor's "donation" is typically based on the number of "volunteers" that MNFI provides. Other times, the "donation" amount is based on a percentage of sales at concession stands staffed by MNFI "volunteers."

15. MNFI retains less than 10% of the "donations" it receives from the vendors and deposits the remainder into its grant pool. MNFI then uses the available funds in its grant pool to pay out "grants" to support enrichment opportunities for "volunteers" and their families. Some examples of "grants" that MNFI provides include payments for the costs of tuition, educational programming, and participation in sports and other activities (e.g., clubs, dance/cheer, music, and church activities). In most cases, payment is made directly to the organization on an individual's behalf. In some cases, workers are reimbursed for expenses incurred and paid.

16. MNFI and its vendors structured this model in a manner intended to bolster the appearance of the arrangement as legitimate charitable efforts, instead of the staffing agency it actually is. The contracts that MNFI enters with vendors require MNFI to use "volunteers" to staff

concession stands. Additionally, before a "volunteer" works at a concession stand, they may be required to sign a form or agreement acknowledging they are providing services on behalf of MNFI as a "volunteer" and will not receive compensation from either MNFI or the vendor. MNFI's contracts with vendors also typically require MNFI to confirm its Section 501(c)(3) status by providing its Section 501(c)(3) determination letter from the IRS. Notably, in at least some stadiums, the "volunteers" who staff concession stands on behalf of MNFI work directly alongside and perform the same job duties as union employees of the for-profit vendors that operate the stands.

17. To further distract from its sham nonprofit status, MNFI also requires its "volunteers" to sign a "Volunteer Agreement" and adhere to its "Volunteer Code of Conduct." As part of MNFI's "Volunteer Agreement," each "volunteer" is required to acknowledge that they are "performing volunteer work for the group without any expectation or intention of receiving wages, compensation, or benefits from the MN Fundraising Initiative." Upon satisfying certain criteria, MNFI's "volunteers" become members of the nonprofit.

18. In recent years, MNFI has earned significant revenue by providing "volunteers" to work at concession stands. For example, according to its most recently reported IRS Form 990, MNFI earned $3,470,611 in annual revenue during 2024.

19. MNFI admits that such "grant making program is its only program," and its only activities are its coordination of "volunteers" to staff concession stands at events throughout the Twin Cities metro area. It does not provide any charitable benefit to the community at large.

II. MNFI PAID ITS "VOLUNTEERS" MONETARY COMPENSATION OR OTHER VALUABLE CONSIDERATION IN EXCHANGE FOR THEIR WORK.

20. MNFI relied on its grant making program to systematically misclassify the workers who staffed concession stands on its behalf as unpaid "volunteers," despite the nonprofit's

consistent practice of awarding grants for the exclusive and specific benefit of such "volunteers" or their family members. Because the grants MNFI awarded were a form of monetary compensation or other valuable consideration that workers received in exchange for staffing concession stands, these workers were not unpaid "volunteers," and MNFI unlawfully "fail[ed] to classify, represent, or treat" them as its employees. *See* Minn. Stat. § 181.722, subd. 1(a)(1).

21. In August 2025, the AGO initiated an informal investigation into MNFI by sending a letter requesting information about MNFI's finances, governance, grant making program, and purported use of "volunteers" to staff and operate concession stands at stadiums and other venues. As part of its response to the AGO's letter request, MNFI claimed that "[a]ll individuals operating concession stands on [its] behalf" were exempt from protection under the Minnesota Fair Labor Standards Act ("MFLSA") because they were "volunteers" and were "not paid for their work." After receiving MNFI's response to its letter request, the AGO initiated a formal investigation into MNFI by serving a Civil Investigative Demand ("CID").[1]

22. The MFLSA does exempt "any individual who renders services gratuitously for a nonprofit organization" from its coverage. Minn. Stat. § 177.23, subd. 7(7). However, for this exemption to apply, an individual cannot receive "monetary compensation or other valuable consideration" in exchange for their work. Minn. R. 5200.0230.

23. Contrary to MNFI's initial representations to the AGO that its "volunteers" were "not paid for their work," the AGO's investigation revealed that MNFI consistently provided monetary compensation or other valuable consideration to "volunteers" who staffed concession stands on its behalf. Specifically, in exchange for their work, MNFI regularly awarded "grants"

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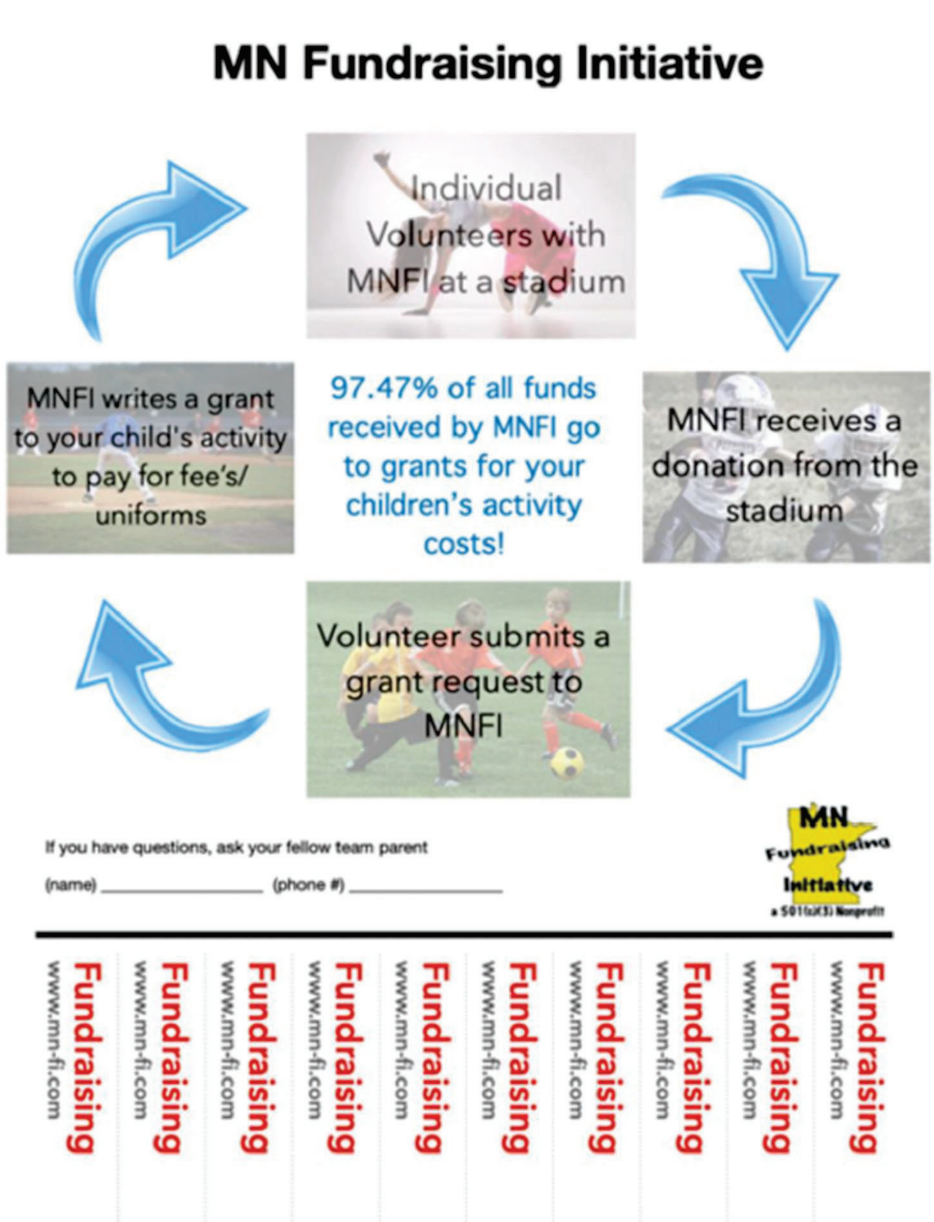
[1] MNFI has been represented by counsel throughout both the AGO's informal and formal investigation processes; however, its initial counsel was substituted. MNFI retained undersigned counsel after being served with the AGO's CID.

that directly benefitted "volunteers" or their family members. Indeed, as MNFI's promotional materials demonstrate, MNFI's grant making program operated simply as a means to pay its "volunteers" monetary compensation or other valuable consideration for the work they performed:



In another flyer, MNFI explicitly stated: "Come volunteer with MNFI and we will write a grant toward your child's dance fees!"

24. In its response to the AGO's CID, MNFI admitted that:

- The recipients of its grants were "almost always MNFI volunteers";
- The "large majority of the total grants" MNFI awarded went to "support educational programming and enrichment opportunities that benefit[ted] the families of MNFI volunteers";
- Most, "if not all," of MNFI's volunteers had "appl[ied] at some point in time for grant funding";

- After retaining less than 10% of the donations it received from vendors, MNFI designated the remainder for "the volunteer who 'earned' the fee, which [wa]s then accessible to the volunteer for qualifying grant awards";
- When awarding grants, MNFI did "not evaluate the financial need of grant applicants";
- The "dollar value" of the grants MNFI awarded "tend[ed] to correspond with the number of hours . . . volunteered for the organization"; and
- MNFI's "practice of awarding grants reflective of a volunteer's contributions to the organization is a custom and practice" that "has become engrained in MNFI's volunteer and management culture."

25. Additionally, although MNFI required "volunteers" to acknowledge their status as purported "volunteers" by signing its "Volunteer Agreement," many of the "volunteers" had a clear expectation of compensation, believing they had earned the right to "grant" payments by working for MNFI. In fact, after MNFI decided on its own initiative to pause its grant making program in response to the AGO's investigation, numerous "volunteers" filed complaints with MNFI and the AGO demanding that MNFI pay them for work they had performed at concession stands. For instance, MNFI received a complaint from one "volunteer" stating that MNFI's decision to pause its grant making program, "while simultaneously suggesting people are not really owed anything financial for hours of work, is a kick in the gut and financially devastating for some."

26. Many "volunteers" relied on receiving "grants" from MNFI as a key component of their household budgets. "Volunteers" routinely tracked the dates they worked at concession stands for MNFI, as well as the specific "donation" amounts that MNFI had received from vendors in exchange for their work. In one example, a "volunteer" provided a spreadsheet documenting "monies that we earned." In many cases, volunteers concurrently tracked both the "donation" amounts that MNFI had received as a result of their work and the specific number of hours they needed to "volunteer" to cover a particular expense—such as their child's athletic or other activity expenses—and would only submit a grant request with MNFI after "volunteering" a sufficient

number of hours to pay for the expense. Other "volunteers" would bank the hours they "volunteered" for MNFI, with the intention of submitting a future "grant" request for anticipated or upcoming expenses—such as a younger child's college tuition—with the expectation that MNFI would award the "grant" at that later time.

27. By awarding "grants" to its "volunteers" in exchange for work performed on its behalf at concession stands, MNFI paid "monetary compensation or other valuable consideration" to its "volunteers." *See* Minn. R. 5200.0230. Accordingly, MNFI's purported "volunteers" are not exempt from coverage under the MFLSA as individuals "who render[] service gratuitously for a nonprofit organization," but rather are employees of MNFI. *See* Minn. Stat. § 177.23, subd. 7(7). MNFI's improper reliance on the "volunteer" exception to the MFLSA resulted in the unlawful misclassification of hundreds of employees, including multiple violations of the separate misclassification provisions under Minnesota Statutes section 181.722, subdivision 1.

28. MNFI's misclassification of workers who staffed concession stands on its behalf also deprived these individuals of other critical protections available to employees under Minnesota law. As just one example, contrary to Minnesota Statutes section 177.24, subdivision 3, which makes clear that "any gratuity received by an employee . . . is the sole property of the employee," MNFI retained the tips or gratuities that customers provided at concession stands as "the sole property of MNFI" and "a donation to the organization."

III. MNFI FURTHERED THE PERSONAL INTERESTS OF ITS MEMBERS, OFFICERS AND DIRECTORS.

29. As stated above, MNFI was not administered, managed or operated for charitable purposes in accordance with law or fiduciary obligations, but rather operated as a staffing agency that paid pecuniary remuneration to its members, officers or directors. MNFI did not serve the public, but rather private interests for personal gain. It operated as a staffing agency and paid

workers for services rendered that were the same services provided by union employees at the same venues.

30. It also furthered the interests of its officers and directors. Over the course of MNFI's existence, twenty board members or their family members have received approximately $1,143,000 in grant funding from MNFI, some portion of which was paid as monetary compensation or other valuable consideration for their work staffing concession stands. Many board members received grants in the tens of thousands of dollars over multiple years. The child of one former board member alone received more than $237,631 purportedly based on work performed by that Board member at MNFI-staffed concession stands.

31. In most cases, grants were paid directly to an organization on behalf of an individual (e.g., $40,927 paid directly to a financial services company for repayment of a particular individual's student loan; $35,000 in payments to a university for a particular student's tuition; $37,374 comprising two payments paid directly to a landlord for a particular renter's lease at an upscale college apartment complex with "resort-style amenities" including a rooftop pool, spa and pet services; $23,583.33 paid directly to a for-profit beauty school; $2,500 and $5,984 paid to a for-profit dance studio for two particular dancer's fees).

32. Patricia Cross, former Treasurer and wife of the former CEO of MNFI, received $118,120 in grant funding largely during 2023, 2024, and 2026.

33. In addition, Patricia Cross engaged in self-dealing when she wrote herself a $400,000 check on July 1, 2025, from MNFI allegedly as payment for a concession stand, Stadium Sweet Treats, that she and Martin Cross, the CEO, owned and wanted to sell to MNFI. As Treasurer of MNFI, Patricia Cross was a signatory on all financial accounts. The MNFI Board denies the transaction was consummated, asserting that no binding agreement to purchase Stadium

Sweet Treats was executed. The current MNFI Board demanded repayment of these funds from Martin and Patricia Cross on March 16, 2026, and, despite requests from MNFI's current leadership, Martin and Patricia Cross have not returned these funds.

IV. MNFI HAS TAKEN STEPS TO WIND DOWN ITS OPERATIONS AND SHOULD BE DISSOLVED.

34. MNFI terminated its CEO, Martin Cross on March 20, 2026.

35. MNFI cancelled all of its vendor contracts and has discontinued its operations, including providing "volunteers" to staff concession stands at stadiums and other venues. MNFI has on its own initiative also suspended its grant making program pending the resolution of the AGO's investigation.

36. MNFI workers have submitted grant requests for services provided in January-March, 2026. In addition, workers have submitted grant requests for services provided in prior years but banked for future use because they did not have qualifying expenses at the time (e.g., future college tuition).

37. MNFI has insufficient funds to pay workers for outstanding payments for services rendered.

38. MNFI has hired counsel to aid its efforts to dissolve the corporation.

39. MNFI has voted to file for Chapter 7 Bankruptcy.

40. MNFI has fully cooperated with the AGO's investigation.

41. The AGO alleges that the above actions violated, among other provisions, Minnesota Statutes section 181.722 (employee misclassification), 177.24, subdivision 3 (employee gratuities) 317A.011, subdivision 6 (improper purpose), 317A.361 (officer standard of conduct), 317A.305 (duties of required officers), 317A.251 (director standard of conduct) 317A.255 (conflicts of interest), 501B.41 (breach of trust).

42. The AGO also alleges that the above facts provide grounds for equitable relief, including dissolution, under Minn. Stat. 317A.751, subd. 5, improper formation, subd. 5(2), multiple and/or flagrant violations, subd. 5(4), unauthorized acts or conveyances, subd. 5(5), abandonment of corporate purpose, subd. 5(6), insolvency, subd. 5(7), and fraudulent use or solicitation of property, subd. 5(13).

43. The Attorney General relies upon MNFI's representations and warranties in its investigation and resolution of this matter.

INJUNCTIVE RELIEF

44. In the interest of resolving this matter with the AGO, MNFI shall use its best efforts to take all necessary and appropriate steps to resolve all claims, including but not limited to payments of amounts due to workers for services rendered to the greatest extent possible and consistent with MNFI's legal obligations, wind up any remaining affairs, and dissolve.

45. Within 30 days after the issuance of the Order Approving Assurance of Discontinuance, and every 60 days ongoing thereafter until dissolution, MNFI shall provide the AGO a letter providing an update on the status of MNFI's resolution of claims, wind up of any remaining affairs and dissolution.

46. MNFI shall provide full candor and transparency to the AGO during the dissolution process.

GENERAL TERMS

47. MNFI 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 MNFI for any and all violations of this Assurance.

48. In consideration of the stipulated relief, the sufficiency of which is acknowledged, the AGO, upon approval of this Assurance by the Court, hereby fully and completely releases MNFI from any and all claims of the AGO under Minnesota Statutes ch. 177 and 181, including Minn. Stat. § 181.722 (employee misclassification, including misclassification based on MNFI's reliance on Minn. Stat. § 177.23, subd.7(7) and Minn. R. 5200.0230) and 177.24, subd. 3 (employee gratuities), Minn. Stat.§ 317A.011, subdiv. 6 (improper purpose); 317A.255 (conflicts of interest), and 501B.41 (breach of trust), arising out of the allegations contained in this Assurance, up to and including the date of this Assurance. The AGO through this Assurance does not settle, release, or resolve any claim against any individual, entity, or person other than MNFI, including any claims against any current or former board members, officers, employees, or other agents of MNFI. The AGO through this Assurance does not settle, release, or resolve any claim against MNFI or any other person or entity involving any private causes of action, claims, and remedies, including but not limited to private causes of action, claims, or remedies provided for under Minnesota Statutes section 8.31. **This release does not apply in any way to claims of any other State of Minnesota agency, department, official, or division, including but not limited to the Minnesota Department of Revenue. The AGO through this Assurance does not settle, release, or resolve any claim against any individual, entity, or person other than MNFI, including against any current or former board members, officers, employees, or other agents of MNFI.**

49. MNFI shall not publicly represent that the State of Minnesota or the AGO has approved of, condones, or agrees with any conduct, actions, or inactions by MNFI.

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

51. If this Assurance is violated, MNFI 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.

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

53. 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.

54. This Assurance constitutes the full and complete terms of the agreement entered into by MNFI and the AGO.

55. 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:

Paul Dimick
Minnesota Attorney General's Office
445 Minnesota Street, Suite 600
St. Paul, MN 55101
paul.dimick@ag.state.mn.us

As to MNFI:

Jack Huerter
Dorsey & Whitney LLP
50 South Sixth Street, Suite 1500
Minneapolis, Minnesota 55402
huerter.jack@dorsey.com

56. 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.

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

58. 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 with regard to MNFI.

59. 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.

60. 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.

61. 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 MNFI shall promptly comply with any reasonable request from the AGO for information regarding verification of MNFI's compliance with this Assurance.

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

63. 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: July 23, 2026 By: /s/ Paul A. Dimick
Paul Dimick
Assistant Attorney General
On behalf of the MN AGO

Dated: July 23, 2026 By: Signed by: Kasie Grover A51E76C17A07499...
Kasie Grover, Vice President
On behalf of MN Fundraising Initiative

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.