

STATE OF MINNESOTA
COUNTY OF SCOTT

DISTRICT COURT
FIRST JUDICIAL DISTRICT

Case Type: Other Civil
(Charitable/Nonprofit Violations)

Court File No. _____

In the Matter of Shamsia Hopes,
a Minnesota Nonprofit Corporation

**PETITION FOR ORDER
APPROVING ASSURANCE OF
DISCONTINUANCE**

The State of Minnesota, by its Attorney General, Keith Ellison, hereby petitions the Court, pursuant to Minn. Stat. §§ 8.31, subd. 2b, for an Order approving the attached, fully executed Assurance of Discontinuance between the State of Minnesota, through its Attorney General, Keith Ellison, and Shamsia Hopes, a Minnesota Nonprofit Corporation.

Dated: September 11, 2024

Respectfully submitted,

KEITH ELLISON
Attorney General
State of Minnesota

/s/ Rick Linsk
RICK LINSK
Assistant Attorney General
Atty. Reg. No. 0388827

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ATTORNEYS FOR PLAINTIFF STATE OF
MINNESOTA

STATE OF MINNESOTA
COUNTY OF SCOTT

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In the Matter of Shamsia Hopes, a Minnesota
Nonprofit Corporation

**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 Shamsia Hopes, a Minnesota nonprofit corporation (“Shamsia”);

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, Shamsia Hopes is a Minnesota nonprofit corporation organized under the Minnesota Nonprofit Corporation Act (“Act”), Minnesota Statutes chapter 317A; a charitable soliciting organization under the Minnesota Charitable Solicitation Act, Minnesota Statutes sections 309.50 to 309.61; and a Minnesota charitable trust under the Supervision of Charitable Trust and Trustees Act, Minnesota Statutes sections 501B.33 through 501B.45, with Shamsia’s registered office address at 6142 Oxford Road North, Shakopee, Minnesota 55379;

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

WHEREAS, this Assurance does not release any individual officer or director or other person from liability, including but not limited to Mekfira Hussein and Abduljabar Hussein;

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

ALLEGATIONS

1. The AGO states and alleges as follows:
2. On or about October 20, 2015, Shamsia registered with the Minnesota Secretary of State's Office ("SOS") as a new nonprofit corporation under the Minnesota Nonprofit Corporation Act, Minn. Stat. ch. 317A.
3. Shamsia is exempt from federal income taxation as a charitable organization under Internal Revenue Code section 501(c)(3).
4. Shamsia was organized exclusively for "charitable and educational purposes" under section 501(c)(3) of the Code.
5. Shamsia's specific purposes were and are to:
 - (a) "provide non-partisan education and informational services to persons who have emigrated to the U.S. on how to adapt to the distinctive features of life in the United States that they have had little or no knowledge of or exposure to, [. . .]"
 - (b) "[p]rovide financial assistance, training, educational and administrative expertise to organizations based in East Africa" that have the same purpose as Shamsia

(c) “provide assistance to indigent emigres in the local area in the form of donated clothing, furniture, and miscellaneous household goods.”

6. Shamsia’s articles of incorporation state that its earnings shall not inure to the benefit of or be distributable to its members, trustees, officers, or other private persons, but it was allowed to pay reasonable compensation for services rendered and make payments to further its purpose.

7. Mekfira Hussein (“Ms. Hussein”) has been president and a director of Shamsia from 2015 until the present time.

8. Abduljabar Hussein (“Mr. Hussein”) was vice president of Shamsia from 2015 to 2020.

9. Shamsia solicited contributions from persons in Minnesota in the form of grants it sought and received, and in fees it sought and received for services provided.

I. SHAMSIA ALLOWED ITS DIRECTORS AND OFFICERS TO ENGAGE IN UNAUTHORIZED CONFLICTED TRANSACTIONS AND MISUSE ITS ASSETS.

10. Shamsia allowed Ms. Hussein to control its finances with minimal if any oversight.

11. Ms. Hussein and Mr. Hussein used a substantial amount of Shamsia’s assets to benefit themselves or companies that they created. These payments did not serve Shamsia’s charitable purpose.

12. Mr. Hussein created a company, Oromia Feeds LLC, that purported to provide food to children at Shamsia Hopes’ sites in Brooklyn Park, Brooklyn Center, Minneapolis, and Fridley.

13. According to a federal indictment naming the Husseins as defendants, for background, from October 2020 through 2022, Ms. Hussein claimed that Shamsia Hopes was serving as many as 5,000 children a day, seven days a week.

14. To support these fraudulent claims, the government alleged that Ms. Hussein submitted fake meal counts and fake invoices purporting to document the purchase of food. Mr. Hussein submitted invoices fraudulently claiming that Oromia Feeds LLC was entitled to hundreds of thousands of dollars in Federal Child Nutrition Program funds for providing meals to be served at the Shamsia Hopes sites.

15. Ms. Hussein diverted at least \$5.4 million in Federal Child Nutrition Program funds to Abduljabar Hussein's Oromia Feeds LLC, which actually spent only a small fraction of that money on food, according to the indictments.

16. Between 2020 and 2021, Shamsia Hopes claimed to have served more than 3.4 million meals to children but, according to the indictment, served only a fraction of the meal amounts claimed.

17. In total, Ms. And Mr. Hussein claimed Shamsia Hopes was entitled to more than \$10.4 million in Federal Child Nutrition Program funds from Feeding Our Future. Ultimately, Shamsia Hopes received approximately \$7.8 million in Federal Child Nutrition Program funds and Oromia Feeds LLC received at least \$2 million.

18. Together, Mekfira and Abduljabar Hussein used the funds for their own personal benefit, including purchasing luxury vehicles and paying off the mortgage on their Shakopee residence.

19. According to the indictments, Ms. Hussein and Mr. Hussein also paid thousands of dollars in kickbacks to Abdikerm Eidleh, a Feeding Our Future employee, in exchange for Feeding Our Future's sponsorship of the Husseins' and their companies' fraudulent participation in the Federal Child Nutrition Program.

20. Ms. Hussein, who was initially arrested and charged by criminal complaint in September 2022, was later charged with Mr. Hussein in a 20-count indictment with conspiracy to commit wire fraud, wire fraud, conspiracy to commit federal programs bribery, federal programs bribery, and money laundering.

21. The AGO independently investigated and identified a number of transactions related to this scheme as well as other misuse implicating violations of fiduciary duties and the law. On January 6, 2023, the AGO issued a civil investigative demand (“CID”) to Shamsia under its authority in Minn. Stat. § 8.31, subd. 2(a), (b). The CID, served on Shamsia’s counsel, contained interrogatories and requests for production of documents.

22. Instead of complying with the CID by the deadline provided by section 8.31, Shamsia filed an action in Minnesota state court to stop the AGO’s investigation. Shamsia eventually withdrew that action.

23. From March to July 2023, Steck told the AGO multiple times by email that Shamsia would comply with the CID.

24. It took until April 2024, after prodding by the AGO, for Shamsia to finally produce documents to the AGO per the CID and answer the AGO’s interrogatories.

25. Shamsia’s responses to the CID eventually established the violations of Minnesota cited above, including the use of charitable assets for the Husseins’ personal benefit. For example, first, the AGO’s investigation revealed that, the Husseins caused at least \$2,001,177 in federal funds to be paid to Oromia Feeds LLC (“Oromia”), Mr. Hussein’s for-profit business. Second, less than three months after Mr. Hussein deposited a large check from Shamsia to Oromia, he wired \$173,438.20 from Oromia to Pennymac Loan Services to pay off the mortgage on the Husseins’ Shakopee home, according to the indictment. Third, Shamsia paid \$95,947 to Ms.

Hussein, and Ms. Hussein wrote a check for \$93,250 from Shamsia to purchase a 2021 Porsche Cayenne.

26. The AGO's investigation was consistent with allegations against Ms. Hussein and Mr. Hussein's in federal indictments that government funds were paid to Shamsia and converted for personal benefit.

27. Shamsia has provided no evidence to the AGO that its board of directors ever approved of these transactions or that they were fair and reasonable to the corporation.

28. There is no evidence that these payments and transactions served Shamsia's charitable purpose.

29. These actions or inactions violated Minn. Stat. §§ 317A.251, subd. 1 (breach of director fiduciary duties), 317A.361 (breach of officer fiduciary duties), 317A.255 (director conflicts of interest), and 501B.41 (breach of trust), and provide grounds for injunctive relief under 317A.751, subd. 5.

30. These actions or inactions violated Shamsia's articles of incorporation, which state that "[n]o part of the earnings of the organization shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons," except for reasonable payments for services rendered and to advance Shamsia's purposes.

II. SHAMSIA'S DIRECTORS AND OFFICERS FAILED TO MANAGE THE NONPROFIT CORPORATION.

31. Despite Shamsia's mandate to be managed by a board of directors, and Minnesota law requiring the same, Ms. Hussein ran Shamsia by herself or almost completely by herself. Shamsia did not produce any board-meeting minutes to the AGO, suggesting there might not have been any. Ms. Hussein thus did not fulfill her duties as president or treasurer. See Minn. Stat. § 317A.305, subd. 2, 3. All this enabled the fraud and mismanagement described above.

32. Shamsia's directors and officers were largely unengaged with the business of the corporation and prioritized loyalty to Ms. Hussein over the best interests of the corporation.

33. Shamsia's directors and officers allowed Ms. Hussein to remain the organization's president, secretary, treasurer, and director despite the allegations in her federal indictment.

34. These actions or inactions violated Minn. Stat. §§ 317A.201 (nonprofit corporation must be managed by or under the direction of a board of directors); 317A.251 (breach of director fiduciary duties), 317A.361 (breach of officer fiduciary duties), 317A.255 (director conflicts of interest), and 501B.41 (breach of trust), and provide grounds for relief under Minn. Stat. § 317A.751, subd. 5(4), 5(5), and 5(13) (equitable relief in actions by the AGO).

35. During the investigation, Shamsia communicated to the AGO that it wanted to voluntarily cease operations and dissolve. Shamsia appears to have no remaining assets.

INJUNCTIVE RELIEF

36. Shamsia shall not hereinafter, whether directly, indirectly, individually, representatively, or in conjunction with or through any other person or entity, solicit or accept any contributions in Minnesota or from a Minnesota resident.

37. Within 60 days of the Court approving this Assurance, Shamsia (via the undersigned) shall begin the dissolution process pursuant to Minnesota Statutes section 317A.721, wind up any remaining affairs, and take all necessary and appropriate steps to liquidate its remaining assets in accordance with this Assurance and applicable law, including Minnesota Statutes sections 317A.701 through 317A.813, 501B.31, and chapter 309. All net proceeds from such liquidation shall be deposited into Shamsia's bank account and not used or accessed for any purpose except for those described in this Assurance.

38. At least 45 days prior to dissolving with the SOS, Shamsia shall submit a Notice of Intent to Dissolve to the AGO meeting the requirements of Minnesota Statutes section 317A.811

and following the form provided by the AGO on its website. This notice shall identify the intended recipient(s) of Shamsia's remaining assets, as well as provide all other information requested in the form and required by law. The recipient charitable organization(s) must be exempt under section 501(c)(3) of the Internal Revenue Code of 1986 with a similar charitable mission to Shamsia.

39. Following the completion of the above terms and other statutory requirements, as well as the expiration of the waiting period unless waived by the AGO, Shamsia's board of directors shall cause Shamsia to be dissolved, pursuant to Minnesota Statutes sections 317A.701 through 317A.813, within one hundred eighty (180) days of the Court approving this Assurance, unless the AGO, at its sole discretion, extends this deadline in writing.

40. Following dissolution, within 30 days after transferring or conveying Shamsia's charitable assets to the nonprofit recipient(s) designated by and listed in Shamsia's Notice of Intent to Dissolve pursuant to Paragraph 19 of this Assurance, Shamsia shall provide documentation to the State reflecting the transfer or conveyance of assets as required under Minnesota Statutes section 317A.811, subd. 4. Upon the written request of the State, Shamsia shall promptly provide additional documentation that the State, in its sole discretion, deems reasonably necessary to verify the transfer or conveyance of assets.

41. Shamsia, through its officers and directors, shall have a duty to fully, completely, truthfully, and promptly cooperate with the State in its compliance monitoring or investigation of any suspected violations of this Assurance, including promptly providing information requested by the State.

GENERAL TERMS

1. The AGO alleges that the conduct generally described in this Assurance constitutes violations of, among other provisions, Minnesota Statutes chapters 317A, 309, and 501B.

2. Shamsia neither admits nor denies the allegations in this Assurance. As set forth in Minn. Stat. § 8.31, this Assurance “shall not be considered an admission of a violation for any purpose.”

3. Shamsia 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 Shamsia for any and all violations of this Assurance.

4. Shamsia shall not state or imply, directly or indirectly, that the State of Minnesota or the AGO has approved of, condones, or agrees with any conduct, actions, or inactions by Shamsia.

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

6. Shamsia, after having an opportunity to decide whether to and/or consult with counsel, knowingly, intelligently, and voluntarily waive its First Amendment rights to the extent, if at all, such rights are inconsistent with any of the terms of this Assurance.

7. If this Assurance is violated, Shamsia 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.

8. The person signing this Assurance for Shamsia warrants that its board of directors has authorized the person to execute this Assurance, that he or she executes this Assurance in an

official capacity that binds Shamsia and its successors, and that Shamsia has been fully advised by its counsel or has voluntarily forgone such advisement before entering into the Assurance.

9. 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.

10. This Assurance constitutes the full and complete terms of the agreement entered into by Shamsia and the AGO.

11. 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:

Rick Linsk, Assistant Attorney General
Office of the Minnesota Attorney General
445 Minnesota Street, Suite 1200
St. Paul, Minnesota 55101
Rick.linsk@ag.state.mn.us

As to Shamsia Hopes:

Jason Steck, Esq.
Law Office of Jason Steck
525 Park St., Suite 320
St. Paul, MN 55103
jason@jasonstecklaw.com

12. 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.

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

14. 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 Shamsia.

15. The AGO shall have all powers and remedies specified by Minn. Stat. §§ 8.31, 309.553, 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.

16. 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.

17. 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 Shamsia shall promptly comply with any reasonable request from the AGO for information regarding verification of its compliance with this Assurance.

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

19. 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.

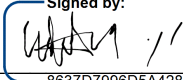
KEITH ELLISON
Attorney General
State of Minnesota

Dated: August __, 2024

By: _____
RICK LINSK
Assistant Attorney General

9/11/2024

Dated: August __, 2024

Signed by:
By:  _____
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Mektira Hussein
President, Shamsia Hopes

On behalf of Shamsia Hopes

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.

KEITH ELLISON
Attorney General
State of Minnesota

September 11, 2024

Dated: August __, 2024

By: /s/ Rick Linsk
RICK LINSK
Assistant Attorney General

Dated: August __, 2024

By: _____
Mekfira Hussein
President, Shamsia Hopes

On behalf of Shamsia Hopes

ORDER

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