

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Receivership

Court File No. _____

In re the Matter of Community Action of
Minneapolis, Inc.

**MEMORANDUM OF LAW IN SUPPORT
OF PETITION TO APPOINT RECEIVER**

INTRODUCTION

During a recent audit, Petitioner Minnesota Department of Human Services (“DHS”) discovered that Community Action of Minneapolis, Inc. (“CAM”) had misspent federal and state grant money administered by DHS for non-grant purposes. Petitioner Minnesota Department of Commerce (“DOC”) also found problems with CAM’s improper use of grant funds administered by DOC and is in the process of auditing all of CAM’s expenditures related to DOC grants. DHS and DOC both terminated their grant contracts with CAM. DHS also terminated CAM’s recognition as a community action agency under state law. DHS and DOC now seek a receivership to preserve whatever assets remain so that they can attempt to recoup misspent funds.

FACTS

A. Grants Administered by DHS

Both the federal government and the State of Minnesota provide financial assistance to communities to assist in the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families to become self-sufficient. 42 U.S.C. § 9901(1); Minn. Stat. §§ 256E.30–.32. The financial assistance is provided in the form of a grant to

community action agencies, which use the money to operate programs in furtherance of these goals. 42 U.S.C. § 9904; Minn. Stat. § 256E.30.

Before an entity can become a community action agency, the political subdivision with jurisdiction over the area to be served must (1) notify DHS of its intent to designate an entity as a community action agency; (2) state how the designee is an “eligible entity” under federal law; (3) submit documents showing designee’s incorporation if applicable, tax exempt status if applicable, assurance of compliance with the law, a description of the area to be served, and a proposed mission statement; (4) hold a public hearing regarding the designee’s qualifications, expertise, and experience in providing community action program services to low-income people, as well as its mission, proposed services, and goals; (5) pass an official resolution designating the designee as a community action agency provided that certain criteria was met throughout the process; and (6) submit the record to DHS to review. Minn. R. 9571.0030.

DHS provisionally recognizes a political subdivision’s designation if it establishes compliance with applicable state and federal law. Minn. R. 9571.0040, subp. 1. DHS then requests recognition by the governor. *Id.*, subp. 2.

Community Action of Minneapolis (“CAM”) is a non-profit organization formed in 1994 by the city of Minneapolis to utilize community action grants. (Johnson Aff., Ex. A at 6.) CAM was designated by the City of Minneapolis and recognized by DHS as the community action agency to serve low-income people who live in Minneapolis. (Hoeft Aff. ¶ 5.)

CAM, until recently, had two grant contracts with DHS: (1) Supplemental Nutrition Assistance Program (SNAP) Outreach; and (2) a combined Minnesota Community Action Grant and federal Community Services Block Grant. (*Id.* ¶ 6.) The SNAP Outreach contract allowed CAM to get reimbursed for up to \$27,841.21 to provide SNAP “food support application

assistance and outreach, [and] to improve SNAP participation among the elderly and working poor in our service area,” which is defined as a 65-ZIP code area of Minneapolis. (*Id.* ¶ 7.)

The combined Community Action Grant and Community Services Block Grant initially allowed for up \$1,759,532 to CAM to:

- Strengthen community capabilities for planning and coordinating the use of a broad range of resources related to the elimination of poverty;
- Organize a range of services related to the needs of low-income families and individuals, so that these services may have a measurable and potentially major impact on the causes of poverty in the community, helping families and individuals to achieve self-sufficiency;
- Make use of innovative and effective community-based approaches to attacking the causes and effects of poverty and community breakdown;
- Maximize participation of residents of low-income communities and members of the groups served by programs to empower such residents and members to respond to the unique problems and needs within their communities; and,
- Broaden the resource base of programs directed to the elimination of poverty so as to secure a more active role in the provision of services for private, religious, charitable, and neighborhood-based organizations as well as individual citizens and business, labor and professional groups who are able to influence the quantity and quality of opportunities and services for the poor.

(Hoeft Aff., Ex. B at 1–2.)

The parties amended the contract to allow for an additional \$1,074,966 to further serve the people using the services of CAM. (*Id.* ¶ 10, Ex. C.) DHS distributed funds to CAM on a reimbursement basis. (*Id.* ¶ 12.) This means that DHS provided funds to CAM as the entity incurred costs and sought reimbursement for those costs from DHS. (*Id.*)

DHS had fiscal and programmatic oversight over the grant funding that CAM received under contract. (*Id.* ¶ 13.) DHS is required by law to perform on-site monitoring to ensure that community action agencies like CAM are meeting performance goals, administrative standards, financial management requirements, and to determine whether agencies are in compliance with federal and state law. 42 U.S.C. § 9914; Minn. R. 9571.0180. DHS is also required to establish

fiscal control and fund accounting procedures necessary to assure the proper disbursement of and accounting for grant funds, including procedures for monitoring the funds, and audit the expenditures of community action agencies. 42 U.S.C. § 9916; *see also generally* Minn. R. 9571.0140.

In 2013, DHS initiated an audit of CAM. (Johnson Aff. ¶ 5.) DHS was aware of a prior report by the Office of Legislative Auditor that showed problems with CAM's administration of grant money under the Low-Income Home Energy Assistance Program (LIHEAP). (*Id.*) DHS was also concerned about an unusual increase in administrative costs at CAM. (*Id.*) In addition, DHS had learned that a key employee at CAM unexpectedly left. (*Id.*)

The purpose of the audit was to determine if grant funds were being spent in accordance with the terms of the contract between DHS and CAM and if program outcomes were reasonable and properly documented. (*Id.* ¶ 6.) Auditors reviewed CAM's internal financial and planning documents and the work papers of its CPA firm. (*Id.* at ¶ 7.) The auditors also interviewed CAM's financial staff. (*Id.*)

DHS communicated with staff from CAM in May, June, and July of 2014, including a formal exit conference, to share the preliminary findings of the audit with CAM and obtain supporting documentation that CAM had failed to provide DHS. (*Id.* ¶ 8.) CAM failed to produce the supporting documentation sought by DHS. (*Id.*)

On August 12, 2014, DHS issued its final audit report. (*Id.* ¶ 9.) The audit found that CAM (1) diverted program funds for clients to pay for excessive administrative costs resulting in a reduction of services, (2) inappropriately allocated over \$600,000 in costs associated with non-DHS programs to DHS grants, and (3) charged at least \$200,000 in unallowable costs. (*Id.*, Ex. A at 10–16.) CAM's improper use of public funds included, airfare and cell phone roaming

charges for a trip to the Bahamas by the Chief Executive Officer (“CEO”), airfare to the Bahamas for a personal friend (i.e. not an employee) of the CEO, airfare for the spouse of a board member to New York, golf-related expenses in Florida, food and lodging expenses including entertainment services for board members and their spouses during an internal training convention, Celebrity Cruise, car washes, a Costco membership, a personal loan to the CEO to purchase a car, and excessive bonuses to staff. (*Id.* at 14–15.)

DHS requested that CAM submit a corrective action plan by September 1, 2014. (*Id.* ¶ 13.) On September 5, 2014, CAM sent DHS an untimely proposed corrective action plan that did not address the deficiencies in the audit report. (*Id.* ¶ 14.)

Based on the audit report’s findings, and the lack of appropriate response from CAM, DHS terminated its contract with CAM, as well as its recognition as a community action agency. *See* Minn. R. 9571.0060, subp. 1, 3. DHS also immediately suspended grant funding to CAM. (Johnson Aff. ¶ 15, Ex. C.) DHS referred approximately 3,000 CAM clients to other social services agencies. (Hoeft Aff. ¶ 16.)

Public reports indicate that all four of CAM’s elected-public-official board members have resigned. *See, e.g.,* <http://www.myfoxtwincities.com/story/26637549/state-terminates-contracts-with-community-action-of-minneapolis>. Community action agencies must have at least 15 board members. *See* Minn. Stat. § 256E.31, subd. 3 (regulating board composition of community action agencies). At least one-third of the board members must be elected public officials currently holding office, at least one-third of the board members must be persons elected to represent the “poor in the area served,” and the remainder must be officials or members of business, industry, labor, etc. *See id.* It is unknown how many CAM board members remain. Indeed, even CAM’s purported attorney does not know how many current board members CAM

has or whether the board has a quorum sufficient to conduct business pursuant to its bylaws. (Akbay Aff. ¶ 3.)

B. Grants Administered by DOC

DOC also provided CAM with grant funding to provide services to low-income households in Minneapolis. DOC administers and monitors funds appropriated to the Low-Income Home Energy Assistance Program (LIHEAP) through the U.S. Department of Health and Human Services. (Harvanko Aff. ¶¶ 2, 10; *see also* 10 C.F.R. 600 *et seq.*) DOC also is responsible for administering and monitoring state and federal funding through the U.S. Department of Energy's Weatherization Assistance Program ("WAP"), which is aimed at installing conservation measures in low-income homes thereby reducing the amount spent on utility bills and making the homes healthier and safer. (Streff Aff. ¶¶ 2, 7, 10; *see also* 10 C.F.R. 440 *et seq.*)

DOC recently had a LIHEAP contract and a WAP Contract with CAM. (Harvanko Aff. ¶ 6, Exs. A and B.) In 2014, the LIHEAP contract allocated \$1,852,083 to CAM to deliver energy assistance services to low-income individuals residing in the City of Minneapolis. (Harvanko Aff. ¶¶ 7–8, 11–12.) The WAP Contract allocated \$1,328,037 to CAM for weatherization assistance. (Streff Aff. ¶ 7.)

Under both contracts, DOC distributed funds to CAM on a reimbursement basis. (Harvanko Aff. ¶ 9; Streff Aff. ¶ 9.) This means that DOC provided funds to CAM as the entity incurred costs and sought reimbursement for those costs from DOC. (*Id.*) DOC recently distributed \$30,000 to CAM for LIHEAP expenditures and \$84,500 for WAP expenditures. (Harvanko Aff. ¶ 11; Streff Aff. ¶ 11.)

By law, DOC had fiscal and programmatic oversight over the grant funding that Community Action of Minneapolis received under the contracts. (Harvanko Aff. ¶¶ 2, 10; Streff Aff. ¶¶ 2, 10; 42 U.S.C. § 8624(b)(10); *see also* 10 C.F.R. 600 *et seq*; 10 C.F.R. 440 *et seq*.) DOC's monitoring activities included two annual on-site visits to audit program activities and evaluate CAM's use of public resources. (Harvanko Aff. ¶ 10.)

Like DHS, DOC discovered while compiling its most recent field monitoring report that CAM spent over \$20,000 in grant funds on unallowable costs. (Streff Aff. ¶ 12.) DOC terminated its contracts with CAM and initiated an audit of all its expenditures relating to the LIHEAP and WAP grants. (Harvanko Aff. ¶¶ 14–15, Ex. C) DOC will not know the full extent of unallowable costs charged by CAM to DOC grants until the final audit is completed and the termination is closed out. (Streff Aff. ¶ 12.) CAM is also in possession of a Chevrolet Tahoe that it purchased with approximately \$32,000 of U.S. Department of Energy funds. (*Id.*) The truck or the proceeds from the sale of the truck must be returned to DOC. (*Id.*)

Since DOC sent the termination notice, DOC has worked with a successor agency to ensure weatherization services to low-income clients in Minneapolis are not delayed or dropped. (*Id.* ¶ 17.) DOC also transferred over 12,000 of CAM's LIHEAP clients and 3,000 applicants to Community Action Partnership of Suburban Hennepin ("CAPSH") and contracted with CAPSH to provide LIHEAP services in the area previously served by CAM. (Harvanko Aff. ¶ 17.)

DHS and DOC bring this petition to appoint a receiver to (1) provide an accounting of CAM's assets and liabilities; (2) review the expenditures made by CAM and determine which expenditures were improper; and (3) reimburse DHS and DOC for any expenditures improperly charged by CAM to the DHS and DOC grants.

ARGUMENT

Under Minnesota law, the Court may appoint a receiver in certain situations, including (1) “before judgment to protect any party to an action who demonstrates an apparent right to property that is the subject of the action and is in the possession of an adverse party, and that the property or its rents and profits are in danger of loss or material impairment”; (2) when an entity is insolvent or in imminent danger of insolvency; and (3) “in other cases as are provided by law, or in accord with existing practice.” Minn. Stat. § 576.25, subds. 2, 4, and 6. “A receiver may be appointed under [Chapter 576] whether or not the motion for appointment of a receiver is combined with, or is ancillary to, an action seeking a money judgment.” Minn. Stat. § 576.25, subd. 1. The purpose of a receivership “is to accomplish, as far as practicable, complete justice for the parties before it. Its object is to secure and hold all property so that it may be available for the application of the final judgment.” *Asleson v. Allison*, 188 Minn. 496, 499–500, 247 N.W. 579, 580 (1933). “Appointment of a receiver is within the discretion of the trial court.” *Minn. Hotel Co. v. ROSA Dev. Co.*, 495 N.W.2d 888, 891 (Minn. Ct. App. 1993).

I. THE APPOINTMENT OF A RECEIVER IS APPROPRIATE BECAUSE CAM IS OBLIGATED TO REIMBURSE DHS AND DOC FOR THE COSTS IMPROPERLY CHARGED TO DHS AND DOC GRANTS, AND A RECEIVER IS NECESSARY TO ENSURE THAT REMAINING ASSETS ARE PRESERVED FOR THAT PURPOSE.

“[A] limited receiver¹ may be appointed before judgment to protect any party to an action who demonstrates an apparent right to property that is the subject of the action and is in the

¹ “‘General receivership’ means a receivership over all or substantially all of the nonexempt property of a respondent for the purpose of liquidation and distribution to creditors and other parties in interest.” Minn. Stat. § 576.21(h). “‘Limited receivership’ means a receivership other than a general receivership.” Minn. Stat. § 576.21(k).

possession of an adverse party, and that the property or its rents and profits are in danger of loss or material impairment.” Minn. Stat. § 576.25, subd. 2.

DHS and DOC provided CAM with federal and state grant funds to provide services to low-income families and individuals. (Hoeft Aff., Ex. B at 2; Streff Aff. ¶ 7; Harvanko Aff. ¶ 7.) Pursuant to the grant contracts with DHS and DOC, CAM must reimburse DHS for any amounts paid by the State for which CAM spent on ineligible costs or for which its books, records or other documents are not sufficient to clearly substantiate that those amounts were used by CAM to perform grant services. (Hoeft Aff., Ex. B at 4; *see also* 42 U.S.C. §§ 9915(a), 9916(a); Harvanko Aff., Ex. A at §§ 4.3 and 20.4, Ex. B at §§ 4.3 and 20.4.)

During its audit, DHS discovered that CAM spent grant funds on excessive administrative costs, costs not associated with DHS grant services, and unallowable costs. (Johnson Aff., Ex. A at 10–16.) For example, CAM used grant funds for airfare and cell phone roaming charges for a trip to the Bahamas by the CEO, airfare to the Bahamas for a personal friend (i.e. not an employee) of the CEO, airfare for the spouse of a board member to New York, golf-related expenses in Florida, food and lodging expenses including entertainment services for board members and their spouses during an internal training convention, Celebrity Cruise, car washes, a Costco membership, a personal loan to the CEO to purchase a car, and excessive bonuses to staff. (*Id.* at 14–15.)

DOC likewise discovered that CAM spent over \$20,000 of DOC grant funds on unallowable costs. (Streff Aff. ¶ 12.) In addition, CAM is in possession of a truck purchased with U.S. Department of Energy funds that must be returned to DOC. (*Id.*) DOC also recently provided CAM with over \$100,000 for expenditures. (Harvanko Aff. ¶ 11; Streff Aff. ¶ 11.) It is unknown if any of that money is still in CAM’s possession.

DHS and DOC are obligated to attempt to recoup State property and the misallocated and/or misspent funds from CAM. Given the problems identified in the DHS audit, the problems identified by DOC, the termination of funding and recognition by DHS, the termination of funding by DOC, and the uncertain status of the board (*e.g.*, its noncompliance with the board composition requirements of Minnesota law pertaining to community action agencies and whether it has a sufficient number of members to transact business), there is currently no assurance that any remaining assets will be preserved by CAM for recoupment. (Sutton Aff. ¶ 7.) Therefore, the assets in CAM's possession are in danger of loss or material impairment, and the appointment of a receiver is appropriate under Minn. Stat. § 576.25, subd. 2.

II. THE APPOINTMENT OF A RECEIVER IS ALSO APPROPRIATE BECAUSE CAM IS LIKELY INSOLVENT OR, AT A MINIMUM, IN IMMINENT DANGER OF INSOLVENCY.

“[A] limited or general receiver may be appointed when a corporation or other entity is . . . insolvent, [or] in imminent danger of insolvency.” Minn. Stat. § 576.25, subd. 4. DHS and DOC either have terminated or are in the process of terminating all of their grant contracts with CAM. (Johnson Aff., Ex. C; Harvanko Aff., Ex. C.) The funds from these grant contracts provided the vast majority of CAM's revenue. (Johnson Aff. ¶ 16.) According to financial statements from 2013, approximately 70% of CAM's revenue came from DOC grants. (Streff Aff. ¶ 6.) With the terminated DHS grants, the percentage of lost revenue is even higher. (Hoeft Aff. ¶ 8.) The loss of these funds, at a minimum, puts CAM in imminent danger of insolvency (if it is not already insolvent). DHS and DOC have also referred CAM clients to other organizations. (Hoeft Aff. ¶ 16; Streff Aff. ¶ 17; Harvanko Aff. ¶ 17.) Furthermore, DHS terminated CAM's recognition as a community action agency, making CAM ineligible to receive community action grants. (Johnson Aff., Ex. C; *see also* Minn. R. 9571.0060.) In light of the

foregoing, CAM is likely insolvent or, at a minimum, in imminent danger of insolvency. Therefore, the appointment of a receiver is appropriate under Minn. Stat. § 576.25, subd. 4.

III. THE APPOINTMENT OF A RECEIVER IS ALSO APPROPRIATE UNDER THE COURT'S EQUITY POWERS.

“The statutory provisions for appointment of receivers are not exclusive.” *Minn. Hotel*, 495 N.W.2d at 892. The Court may also appoint a receiver under its equity powers. *Id.* (citing *Asleson v. Allison*, 188 Minn. 496, 247 N.W. 579 (1933)). Equity warrants a receivership to protect taxpayer funds in light of the problems identified in the DHS audit, the problems identified by DOC, the substantial amount of public money misspent, the termination of funding by DHS and DOC, the termination of CAM's recognition as a community action agency, the transfer of clients to other community action agencies, and the resignation of numerous board members. *Cf. Green v. Nat'l Adver. & Amusement Co.*, 137 Minn. 65, 69–70, 162 N.W. 1056, 1058 (1917) (“[W]here by reason of the misconduct of those controlling the corporation substantial injury will result to the stockholders, a court of equity may, without statutory authority and in the absence of corporate insolvency, intervene by way of receivership, require an accounting from the delinquent officers, order a sale of the corporate assets, and adjudge a dissolution of the corporation.”).

Minnesota courts have appointed receivers in similar situations. In *Bliss v. Griswold*, the supreme court upheld the appointment of a receiver to operate a partnership when evidence of specific instances of fraud, deceit, and misappropriation of partnership assets established that the plaintiff, one of the partners, was in imminent danger of serious loss and injury. 222 Minn. 494, 502–03, 25 N.W.2d 302, 307–08 (1946); *see also Schmid v. Ballard*, 175 Minn. 138, 142–43, 220 N.W. 423, 424–25 (1928) (affirming appointment of receiver upon application by minority shareholders who presented evidence that corporate officers had committed fraud). Similarly,

here, CAM misallocated and/or misspent federal and state grant funds provided by DHS and DOC. A receivership is necessary to protect these taxpayer funds from loss.

CONCLUSION

For the above reasons, DHS and DOC respectfully requests that a receiver of CAM's assets be appointed to perform the following duties: (1) provide an accounting of CAM's assets and liabilities; (2) review the expenditures made by CAM and determine which expenditures were improper under the DHS and DOC grants; and (3) repay DHS for any expenditures charged to the DHS and DOC grants by CAM that are determined to be improper. Once a receiver is appointed, CAM should immediately deliver to the receiver all assets in its possession, custody, or control, including, but not limited to, all books and records, electronic data, passwords, access codes, statements of accounts, deeds, titles or other evidence of ownership, financial statements, and all other papers and documents related to the receivership property. Minn. Stat. § 576.31.

Dated: October 14, 2014

OFFICE OF THE ATTORNEY GENERAL
State of Minnesota

/s/ Jacob Campion

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DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Receivership

Court File No. _____

In re the Matter of Community Action of
Minneapolis, Inc.

**NOTICE AND PETITION TO APPOINT
RECEIVER BY THE MINNESOTA
DEPARTMENT OF HUMAN SERVICES
AND THE MINNESOTA DEPARTMENT
OF COMMERCE**

TO: Defendant Community Action of Minneapolis, Inc. and its attorneys,

PLEASE TAKE NOTICE that at a date and time to be determined by the Court, before a Judge of Ramsey County District Court, at the Ramsey County Courthouse, 15 West Kellogg Boulevard, St. Paul, Minnesota, counsel for Petitioners Minnesota Department of Human Services ("DHS") and Minnesota Department of Commerce ("DOC") will move for an order appointing a receiver pursuant to Minnesota Statutes Chapter 576 and Minn. Gen. R. Pract. 137 over Community Action of Minneapolis, Inc. ("CAM") to preserve its assets while DHS and DOC attempt to recoup grant funds that were improperly spent by CAM.

PETITION TO APPOINT RECEIVER

Defendant CAM is a non-profit organization formed in 1994 by the city of Minneapolis to utilize community action grants, which are provided by DHS to assist in the reduction of poverty, the revitalization of low-income communities, and the empowerment of low-income families to become self-sufficient. CAM also provided weatherization and energy-assistance services to low-income families with grant funding provided by DOC.

CAM entered into two grant contracts with DHS and two grant contracts with DOC, in which DHS and DOC provided funds to CAM for services to low-income families and individuals in the Minneapolis community. The grant contracts provide that CAM must reimburse DHS and DOC for any amounts paid by the State for which CAM spent on ineligible costs or for which its books, records or other documents are not sufficient to clearly substantiate that those amounts were used by CAM to perform grant services.

On August 12, 2014, the internal audits office of DHS issued an audit report regarding CAM's use of grant funds. The audit found that CAM (1) diverted program funds for clients to pay for excessive administrative costs resulting in a reduction of services, (2) inappropriately allocated over \$600,000 in costs associated with non-DHS programs to DHS grants, and (3) charged over \$200,000 in unallowable costs. DOC also has found problems with CAM's improper use of grant funds administered by DOC. DHS and DOC either have terminated or are in the process of terminating their contracts with CAM, which provide the vast majority of CAM's revenue. CAM has not reimbursed DHS or DOC for the amounts that it misspent and/or misallocated and has therefore breached its grant contracts.

THEREFORE, DHS and DOC hereby petition the Court for an Order as follows:

Granting Petitioner's motion to appoint a receiver over CAM's property to: (1) provide an accounting of CAM's assets and liabilities; (2) review the expenditures made by CAM and determine which expenditures were improper expenditures under the DHS and DOC grants; (3) reimburse DHS and DOC for any expenditures improperly charged by CAM to the DHS and DOC grants. Under Minn. Stat. § 576.31, the Court should order CAM to immediately deliver to the receiver all assets in its possession, custody, or control, including, but not limited to, all books and records, electronic data, passwords, access codes, statements of accounts, deeds, titles

or other evidence of ownership, financial statements, and all other papers and documents related to the receivership property.

This motion is based on Minnesota Statutes Chapter 576, Minn. Gen. R. Pract. 137, on all of the files and records of the proceeding herein, as well as the memorandum of law and supporting affidavits submitted with this motion.

Pursuant to Minn. Stat. § 576.25, subd. 7, DHS and DOC request that the Court set an expedited hearing as soon as practicable. Petitioners are in the process of identifying individuals that could potentially serve as a receiver over CAM and will provide that information shortly.

Dated: October 14, 2014

OFFICE OF THE ATTORNEY GENERAL
State of Minnesota

/s/ Jacob Campion

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ATTORNEY FOR PETITIONERS

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Receivership

Court File No. _____

In re the Matter of Community Action of
Minneapolis, Inc.

**(Proposed) ORDER APPOINTING
RECEIVER**

The above-entitled matter came on for hearing on _____, 2014, before the undersigned pursuant to a Motion to Appoint Receiver brought by the Petitioner Minnesota Department of Human Services. Nathan Brennaman, Deputy Attorney General, appeared on behalf of Petitioners. _____, appeared on behalf of Community Action of Minneapolis, Inc.

Based upon the files, records and proceedings herein, including the arguments of counsel,

IT IS HEREBY ORDERED THAT:

1. The Minnesota Department of Human Services and the Minnesota Department of Commerce's petition to appoint receiver is **GRANTED**.
2. **IT IS FURTHER ORDERED** that _____ is appointed as a receiver of CAM's assets to perform the following duties, as well as other duties ordered by the Court in subsequent Orders: (1) provide an accounting of CAM's assets and liabilities; (2) review the expenditures made by CAM and determine which expenditures were

improper under the DHS and DOC grants; (3) reimburse DHS and DOC for any expenditures improperly charged by CAM to the DHS and DOC grants.

3. CAM shall immediately deliver to the receiver all assets in its possession, custody, or control, including, but not limited to, all books and records, electronic data, passwords, access codes, statements of accounts, deeds, titles or other evidence of ownership, financial statements, and all other papers and documents related to the receivership property.
4. The receiver shall have the following powers in addition to those specifically conferred by chapter 576 or otherwise by statute, rule, or order of the court: (1) the power to collect, control, manage, conserve, and protect receivership property; (2) the power to incur and pay expenses incidental to the receiver's exercise of the powers or otherwise in the performance of the receiver's duties; (3) the power to assert rights, claims, causes of action, or defenses that relate to receivership property; and (4) the power to seek and obtain instruction from the court with respect to any matter relating to the receivership property, the exercise of the receiver's powers, or the performance of the receiver's duties.

BY THE COURT:

Dated: _____

The Honorable
Judge, Ramsey County District Court