

STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF RAMSEY

SECOND JUDICIAL DISTRICT

Case Type: Other Civil  
(Charitable/Nonprofit Violations)

Court File No. \_\_\_\_\_

In the Matter of SJM Properties and Steven  
Meldahl**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 SJM Properties (“SJM”) and Steven Meldahl (“Meldahl”);

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, SJM is a Minnesota nonprofit corporation organized under the Minnesota Nonprofit Corporation Act (“Act”), Minnesota Statutes chapter 317A (the “Nonprofit Corporation Act”). SJM is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code (“IRC”), 26 U.S.C. § 501(c)(3). SJM’s registered office address is 1223 26<sup>th</sup> Avenue North, Minneapolis, MN 55411.

WHEREAS, Meldahl was the founder of SJM and served as officer and director, including as President of SJM and was listed as the president of SJM with the Minnesota Secretary of State (“SOS”), prior to being administratively dissolved on January 25, 2023 by the SOS. There is no registered agent listed with the SOS.

WHEREAS, the AGO, Meldahl and SJM desire to fully resolve the AGO’s concerns regarding the lawfulness of Meldahl’s and SJM’s actions and inactions;

NOW THEREFORE, SJM and Steven Meldahl hereby agree to entry of an Assurance of Discontinuance with the following terms and conditions:

### **ALLEGATIONS**

1. The AGO states and alleges as follows:
2. SJM is a Minnesota nonprofit corporation based in Minneapolis, Minnesota and was recognized by the Internal Revenue Service as exempt from federal income taxation under section 501(C)(3) of the Internal Revenue Code of 1986, as amended in 2021. According to its Articles of Incorporation, SJM’s charitable mission is to 1) “provide clean, safe, remodeled and affordable housing for low to moderate income families” and 2) “prevent community deterioration by purchasing and remodeling substandard housing in inner city areas of Minnesota.”
3. SJM was founded on October 28, 2008 by Steven Meldahl, who is the President and only director of SJM.
4. Meldahl is also the Chief Executive Officer of S.J.M. Properties, Inc. a Minnesota for-profit corporation formed under Minnesota Statutes 302A on October 3, 2000. Meldahl operates a rental property and real estate business through S.J.M. Properties, Inc. The registered address with the SOS is the same as SJM’s.

**I. MELDAHL BREACHED HIS FIDUCIARY DUTIES AS OFFICER AND DIRECTOR OF SJM.**

5. In 2019 the AGO sued Meldahl for various landlord-tenant violations.

6. In May 2024, Meldahl also plead guilty to one count of tax evasion. Meldahl admitted providing improper documentation to stores like Menards that SJM was exempt from paying sales tax. Meldahl used SJM's purported tax-exempt status to purchase building materials for his rental business.

7. Specifically, Meldahl testified that his rental properties were titled under his personal name since 2013 and were not owned by SJM.

8. Meldahl testified that SJM did not receive any income and had no expenses and that his rental properties were run by himself and not through SJM or S.J.M. Properties, Inc.

9. All Meldahl's rental licenses were in his own personal name.

10. As part of his rental practice, approximately one-third of the time, Meldahl had renters address rent payment checks to SJM. However, it was Meldahl that pocketed the rent payments, not SJM.

11. Meldahl testified that he would deposit tenant's rent payments into a Wells Fargo account that was in his name but doing business as SJM. He would use money from this account for his personal living expenses and all his business expenses.

12. Meldahl testified that, at one point, he grossed over \$1 million dollars from the sale of his rental properties and that he kept the proceeds for his personal use and did not donate any of the funds to charity. In fact, the majority of the proceeds were used to build a house in Florida.

13. Additionally, by prioritizing his own personal financial interests above the interests of SJM, Meldahl failed to advance SJM's charitable purpose and redirected rental income away from SJM, which was not in the best interests of SJM.

14. These actions and inactions by Meldahl violated Minnesota charities law including but not limited to Minn. Stat §§ 317A.251, subd. 1 (breach of director fiduciary duties), 317A.361 (breach of officer duties), and 317A.255 (director conflicts of interest) and provide grounds for equitable relief under Minn. Stat. § 317A.751, subd. 5.

**II. SJM VIOLATED MINNESOTA CHARITIES LAWS RELATING TO THE GOVERNANCE OF THE NONPROFIT CORPORATION.**

15. From 2008 to date, SJM failed to manage the business and affairs of SJM under the direction of a board as required by Minnesota law. Rather, Meldahl ran SJM without board oversight.

16. SJM's bylaws require that "the organization shall be managed by a Board of Directors consisting of 3 director (s)." Minnesota law also requires a nonprofit corporation to consist of three or more individuals. Minn. Stat. § 317A.203. SJM violated these requirements because Meldahl was the only board member.

17. SJM's bylaws and the Nonprofit Act state that an annual meeting shall be held once each calendar year for the purpose of electing directors and conducting other business. Meldahl acknowledges that SJM has never held an annual meeting. SJM has also never filed annual reports with the AGO.

18. Further, although SJM initially registered as a nonprofit corporation with the Minnesota Secretary of State in 2008, it did not apply for tax-exempt status as a 501(c)(3) until 2021 and failed to file any Forms 990 with the IRS. In the AGO registration paperwork, SJM indicated that it had just been formed in 2021 and had no income and no expenses.

19. SJM's failure to submit required tax paperwork also prevented government officials from gaining insight into SJM's finances.

20. SJM was involuntarily dissolved by the SOS on January 25, 2023, and has not been reinstated.

21. These actions and inactions by Meldahl violated Minnesota charities law including but not limited to Minn. Stat §§ 317A.201 (board direction and control over nonprofits), (317A.231 (board meetings must be held at last once per year), 317A.203 (board of directors must consist of three or more individuals), 317A.251, subd. 1 (breach of director fiduciary duties), 317A. 361 (breach of officer fiduciary duties), 317A.255 (director conflicts of interest), 317A.305, subd. 2 (President shall have active management of corporation) and provide grounds for equitable relief under Minn. Stat. § 317A.751, subd. 5.

### **III. THE COURT SHOULD ORDER PERMANENT DISSOLUTION OF SJM.**

22. Minn. Stat. § 317A.751, subd. 1 provides that “a court may grant equitable relief if it considers just and reasonable in the circumstances or may dissolve a corporation and liquidate its assets and business...”

23. Minn. Stat. § 317A.751, subd. 1 allows the AGO to obtain equitable relief, including dissolution, for a variety of factors, including: when a corporation should not have been formed as a nonprofit, the corporation has committed multiple or flagrant violations, has abandoned its corporate purpose, failed to file statutory fees, and failed to respond to a reasonable written interrogatory from the AGO, among other provisions. Minn. Stat. § 317A.751, subs. 5(2), (4), (6), (9), and (11).

24. Permanent dissolution is just and reasonable. SJM should never have been formed as a nonprofit under Minn. Stat.ch. 317A. In May 2024, Meldahl plead guilty to one count of tax evasion. Meldahl admitted providing improper documentation to stores like Menards that SJM was exempt from paying sales tax to avoid the sales tax for his private business. Meldahl used SJM’s purported tax-exempt status to purchase building materials for his for-profit rental business.

25. As part of a plea agreement and a term of his probation in Court File Number 27-CR-23-16925, Meldahl agreed to cooperate with the AGO to dissolve SJM. Meldahl consents to the Court ordering permanent dissolution of SJM.

26. Minnesota law requires that nonprofit corporations be “managed by or under the direction of a board of directors.” Minn. Stat. § 317A.201. Nonprofit corporations must have no fewer than three members on the board of directors, or a greater amount as specified in the organization's articles or bylaws. Minn. Stat. § 317A.203. SJM does not currently have a functioning board of directors at all, in violation of these statutes.

27. SJM has never engaged in any activities that legally qualify as fulfilling the stated charitable mission of providing affordable housing to low-income residents. SJM has no bank accounts or charitable assets, in part because no natural person is currently acting as a representative of SJM to act in its best interests. Because SJM has no charitable assets, it has therefore failed to protect, maintain, and utilize any of its charitable assets in furtherance of its charitable mission, and must be legally considered to have abandoned its charitable purpose.

28. Meldahl also violated his duty of loyalty to SJM by placing his own financial interests ahead of SJM and diverting assets intended for SJM into his own pockets.

29. These and other allegations set out above constitute multiple violations of a single provision of Minnesota Statutes chapter 317A.

30. These and other allegations set out above constitute flagrant violations of Minnesota Statutes chapter 317A.

31. These and other allegations set out above constitute violations of more than one provision of Minnesota Statutes chapter 317A.

32. Attempts to serve a Civil Investigative Demand (“CID”), containing interrogatories and requests for production of documents at SJM’s registered address in May 2024 were unsuccessful.

33. The AGO then mailed the CID to Meldahl’s home address in Eden Prairie via certified mail. SJM did not respond to the CID.

34. On June 4, 2024, the AGO served the SOS with the CID, along with an Affidavit of Not Found. SJM did not respond to the CID. Minnesota law requires nonprofit organizations to answer interrogatories from the AGO within 20 days of service and produce requested documents within 15 days of reasonable written notice. *See* Minn. Stat. § 8.31, subd. 2(a), (b). Any person that fails to comply may be compelled to comply. *Id.* at § 8.31, subd. 2a.

35. SJM was also involuntarily dissolved in January of 2023 and has failed to pay fees, charges or penalties required to be reinstated.

36. SJM’s actions and inactions constitute grounds for dissolution under Minnesota Statutes section 317A.751, sub. 5 (2), (4), (6), (9) and (11), among other provisions.

37. Although SJM has already been administratively dissolved by the SOS, and its federal tax-exempt status has been revoked by the IRS, an order for permanent dissolution, as requested and consented to herein, will prevent Meldahl or anyone else from reinstating SJM.

38. SJM 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.”

## INJUNCTIVE RELIEF

39. SJM 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.

40. Other than what is required to effectuate the terms in this Assurance and wind down SJM's affairs, Meldahl shall not hereinafter, whether directly, indirectly, individually, representatively, or through or in combination with any other person or entity, engage in any of the following conduct in Minnesota:

- (a) act as a director, officer, employee, agent, or representative of a nonprofit organization, or otherwise receive compensation from or act for, in concert with, or on behalf of a nonprofit organization; have access to or exercise any control over, manage, supervise, oversee, or otherwise administer a nonprofit organization's finances, operations, or other affairs; and
- (b) engage in any activity that results in having any control or responsibility for property held for a charitable purpose, or from otherwise acting as a "trustee" as the term is defined in Minnesota Statutes section 501B.35, subdivision 4.

41. For the purposes of this section of this Assurance, the following definitions apply:

- (a) The term "associated with" shall mean the persons and entities referenced in Minn. Stat. § 317 A.255.
- (b) "Contribution" shall have the meaning given the term by Minnesota Statutes section 309.50, subdivision 5.
- (c) "Director" shall have the meaning given the term by Minnesota Statutes section 317 A.0 11, subdivision 7.
- (d) "Member" shall have the meaning given the term by Minnesota Statutes section 317 A.0 11, subdivision 12.
- (e) "Nonprofit organization" shall mean the following: (i) any corporation governed by or organized under Minnesota Statutes chapter 317 A, section 322C.1101, or equivalent laws in other states, and (ii) any organization exempt from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3).



(f) "Officer" shall have the meaning given the term by Minnesota Statutes section 317 A.0 11, subdivision 15.

(g) "Trustee" shall have the meaning given the term by Minnesota Statutes section 5018.35, subdivision 4.

42. SJM shall be permanently dissolved as a nonprofit corporation. Such equitable relief is just and reasonable under Minnesota Statute section 317A.751.

43. Meldahl, by his signature, certifies that SJM does not have any remaining assets to liquidate and there will be no proceeds from any liquidation to distribute or deposit.

44. Meldahl shall not have custody, control, or otherwise access or handle SJM's charitable assets, including any proceeds received from the liquidation of SJM's remaining assets and any funds disbursed to SJM pursuant to Paragraph 42 of this Assurance.

45. SJM and Meldahl 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.

46. SJM and Meldahl are hereby enjoined from effecting any change in SJM's or any other entity's form of doing business, organizational identity, organizational structure, affiliations, or management composition as a method of avoiding the terms of this Assurance. Meldahl is further permanently enjoined from effecting any change in his ownership stake in, or management authority over, any entity in which he has such ownership stake or management authority as a method of, or if the effect is, avoiding the terms of this Assurance. Meldahl is further permanently enjoined from engaging in any conduct prohibited by this Assurance through or in combination with a family member or any other person.

47. The State shall have all powers and authority specified by Minnesota Statutes sections 8.31, 317A.813, 501B and all other authority otherwise available to it for purposes of

investigating any suspected violations of this Assurance and securing compliance with the terms of this Assurance.

48. Meldahl consents to the entry of the injunctive relief requested herein, including permanent dissolution of the charity.

### **GENERAL TERMS**

49. This Assurance shall not be considered an admission of a violation for any purpose.

50. SJM and Meldahl understand that, after the date of the approval of this Assurance by the Court, a violation of this Assurance may subject them to sanctions for contempt pursuant to Minnesota Statutes section 8.31, and the AGO may thereafter, in its sole discretion, initiate legal proceedings against the violating party for any and all violations of this Assurance.

51. Nothing in this Assurance shall relieve SJM or Meldahl of their obligations to comply with all applicable Minnesota and federal laws and regulations, and court or administrative orders and directives.

52. If this Assurance is violated, SJM and Meldahl agree 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.

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

54. 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.

55. This Assurance constitutes the full and complete terms of the agreement entered into by Meldahl, SJM, and the AGO.

56. 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:**

Ruby Q. Dasgupta, Assistant Attorney General  
Minnesota Attorney General's Office  
445 Minnesota Street, Suite 1200  
St. Paul, Minnesota 55101  
[ruby.dasgupta@ag.state.mn.us](mailto:ruby.dasgupta@ag.state.mn.us)

**As to SJM:**

SJM Properties  
c/o Craig Buske  
Shulman Buske Reams PLLC  
Minneapolis, MN 55401  
[craig@shulmanbuske.com](mailto:craig@shulmanbuske.com)

**As to Meldahl:**

Steven Meldahl  
18407 Bearpath Trl  
Eden Prairie, MN 55347

57. 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.

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

59. 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 SJM and Meldahl. 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.

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

62. The AGO may file this Assurance with the Court without further notice to SJM and Meldahl, 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: 01/16/2025

By: /s/ Ruby Dasgupta  
Ruby Dasgupta  
Assistant Attorney General

SJM Properties, a Minnesota nonprofit corporation

Dated: 1/10/25

By:   
On behalf of SJM Properties

STEVEN MELDAHL, individually

Dated: 1/10/25

By: 

**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.**