

CIVIL COVER SHEET

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

Zuobiao Yuan et. al

(b) County of Residence of First Listed Plaintiff Hennepin (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number) Richard Q. Liu (Innovative Legal Services, P.C., 400 S. 4th St. Suite 401, 626.344.8949)

DEFENDANTS

TCM Health Center, Inc., American Academy of Traditional Chinese Medicine, Inc., Changzhen Gong, and Wei Liu

County of Residence of First Listed Defendant Hennepin (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

Andrew J. Pieper, Emily C. Atmore (Stoel Rives, 33 S Sixth Street, Suite 4200, Minneapolis, MN 55402, 612.373.8800)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff, 2 U.S. Government Defendant, 3 Federal Question (U.S. Government Not a Party), 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship options: Citizen of This State, Citizen of Another State, Citizen or Subject of a Foreign Country, Incorporated or Principal Place of Business In This State, Incorporated and Principal Place of Business In Another State, Foreign Nation.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Click here for: Nature of Suit Code Descriptions.

Large table with categories: CONTRACT, REAL PROPERTY, CIVIL RIGHTS, PRISONER PETITIONS, TORTS, PERSONAL INJURY, LABOR, IMMIGRATION, FORFEITURE/PENALTY, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding, 2 Removed from State Court, 3 Remanded from Appellate Court, 4 Reinstated or Reopened, 5 Transferred from Another District, 6 Multidistrict Litigation - Transfer, 8 Multidistrict Litigation - Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity): 29 U.S.C. § 201 et seq. Brief description of cause: Failure to pay straight time and overtime wages

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, F.R.Cv.P. DEMAND \$ > \$5,000,000 CHECK YES only if demanded in complaint: JURY DEMAND: [X] Yes [] No

VIII. RELATED CASE(S) IF ANY

(See instructions): JUDGE DOCKET NUMBER

DATE SIGNATURE OF ATTORNEY OF RECORD

April 9, 2021 s/ Richard Q. Liu

FOR OFFICE USE ONLY

RECEIPT # AMOUNT APPLYING IFP JUDGE MAG. JUDGE

INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

- I.(a) Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.
- (b) County of Residence.** For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)
- (c) Attorneys.** Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".
- II. Jurisdiction.** The basis of jurisdiction is set forth under Rule 8(a), F.R.Cv.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.
 United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here. United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.
 Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.
 Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; **NOTE: federal question actions take precedence over diversity cases.**)
- III. Residence (citizenship) of Principal Parties.** This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.
- IV. Nature of Suit.** Place an "X" in the appropriate box. If there are multiple nature of suit codes associated with the case, pick the nature of suit code that is most applicable. Click here for: [Nature of Suit Code Descriptions](#).
- V. Origin.** Place an "X" in one of the seven boxes.
 Original Proceedings. (1) Cases which originate in the United States district courts.
 Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441.
 Remanded from Appellate Court. (3) Check this box for cases remanded to the district court for further action. Use the date of remand as the filing date.
 Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.
 Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.
 Multidistrict Litigation – Transfer. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407.
 Multidistrict Litigation – Direct File. (8) Check this box when a multidistrict case is filed in the same district as the Master MDL docket. **PLEASE NOTE THAT THERE IS NOT AN ORIGIN CODE 7.** Origin Code 7 was used for historical records and is no longer relevant due to changes in statute.
- VI. Cause of Action.** Report the civil statute directly related to the cause of action and give a brief description of the cause. **Do not cite jurisdictional statutes unless diversity.** Example: U.S. Civil Statute: 47 USC 553 Brief Description: Unauthorized reception of cable service.
- VII. Requested in Complaint.** Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.
 Demand. In this space enter the actual dollar amount being demanded or indicate other demand, such as a preliminary injunction.
 Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.
- VIII. Related Cases.** This section of the JS 44 is used to reference related pending cases, if any. If there are related pending cases, insert the docket numbers and the corresponding judge names for such cases.

Date and Attorney Signature. Date and sign the civil cover sheet.

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

Zuobiao Yuan, Xiaotian He, and Lili Tian,
individually and on behalf of all other
similarly situated individuals,

Plaintiffs,

vs.

Case No. 0:21-cv-00963

TCM Health Center, Inc.,

The American Academy of Traditional
Chinese Medicine, Inc., doing business as
American Academy of Acupuncture and
Oriental Medicine, Inc.,

**PLAINTIFFS' INDIVIDUAL,
COLLECTIVE, AND CLASS ACTIONS
COMPLAINT
(JURY TRIAL DEMANDED)**

Changzhen Gong,

Wei Liu,

and the successors of the American
Academy of Traditional Chinese Medicine,
Inc. and TCM Health Center, Inc.

Defendants.

Plaintiffs Zuobiao Yuan, Xiaotian He, and Lili Tian (“Plaintiffs”), individually and on behalf of all other similarly situated current and former employees of the American Academy of Traditional Chinese Medicine, Inc., doing business as American Academy of Acupuncture and Oriental Medicine, Inc. and TCM Health Center, Inc., bring this action against the American Academy of Traditional Chinese Medicine, Inc., doing business as American Academy of Acupuncture and Oriental Medicine, Inc., TCM Health Center, Inc., Changzhen Gong, Wei Liu, and the successors of the American Academy of Traditional Chinese Medicine, Inc. and TCM Health Center, Inc. (collectively referred to as “Defendants”), for damages and other relief relating to their unlawful employment practices. Plaintiffs state and allege the following against Defendants:

INTRODUCTION

1. This case is about a Chinese medicine school and its acupuncture clinics' illegal, intentional, and systematic scheme to deprive their acupuncturists and acupuncture instructors of straight time and overtime compensation for all of their hours worked, improper deduction of their pay, and a series of misconduct in violation of state and federal laws.

2. Specifically, Defendants (1) willfully failed to pay straight time wages in violation of the FLSA; (2) willfully failed to pay straight time wages in violation of the MFLSA; (3) willfully failed to pay overtime wages in violation of the FLSA; (4) willfully failed to pay overtime wages in violation of the MFLSA; (5) unlawfully deducted 5% of all wages earned by their acupuncturists and acupuncture instructors in violation of the MFLSA; (6) willfully failed to provide meal breaks in violation of the MFLSA; (7) willfully failed to maintain records of all hours worked in violation of the MFLSA; and (8) willfully failed to maintain and provide proper wage statements in violation of Minnesota Payment of Wages Act.

3. Plaintiffs bring this proposed collective and class action against Defendants on behalf of all individuals who have worked for Defendants as acupuncturists and acupuncture instructors at any time three years prior to the filing of this Complaint to the present.

4. Plaintiffs bring this action as a collective action under the Fair Labor Standards Act, 29 U.S.C. § 201, et seq., ("FLSA") for failure to pay federally mandated straight-time wages and overtime compensation.

5. Plaintiffs also bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure, to remedy violations of Minnesota state law, including but not limited to the Minnesota Fair Labor Standards Act, Minn. Stat. § 177.21, et seq. (“MFLSA”), and the supporting regulations.

6. Defendants have willfully engaged in a pattern, policy, and practice of unlawful misconduct for the actions alleged in this Complaint, in violation of the federal and state rights of Plaintiffs, others similarly situated, and members of the proposed Minnesota Rule 23 Class.

PLAINTIFFS

7. Plaintiff Zuobiao Yuan (“Mr. Yuan”) is an adult resident of the State of Minnesota. Mr. Yuan had worked for Defendants as an acupuncturist and acupuncture instructor from April 2018 to October 2020. Pursuant to 29 U.S.C. § 216(b), Mr. Yuan had consented in writing to be a party to the FLSA claims asserted in this action. His signed consent form is attached as Exhibit A.

8. Plaintiff Xiaotian He (“Ms. He,” pronounced as “Her”) is an adult resident of the State of Minnesota. Ms. He is a current acupuncturist and acupuncture instructor and has been working in these roles for Defendants since September 2016. Pursuant to 29 U.S.C. § 216(b), Ms. He had consented in writing to be a party to the FLSA claims asserted in this action. Her signed consent form is attached as Exhibit B.

9. Plaintiff Lili Tian (“Ms. Tian”) is an adult resident of the State of Minnesota. Ms. Tian is a current acupuncturist and acupuncture instructor and has been working in these roles for Defendants since September 2013. Pursuant to 29 U.S.C. §

216(b), Ms. Tian has consented in writing to be a party to the FLSA claims asserted in this action. Her signed consent form is attached as Exhibit C.

10. Plaintiffs and others similarly situated are current and former employees of Defendants within the meaning of the FLSA, 29 U.S.C. § 203(e)(1).

11. Plaintiffs and the proposed Minnesota Rule 23 Class are current and former employees of Defendants within the meaning of Minn. Stat. § 177.23, Minn. Stat. § 177.24, and other applicable laws.

12. Plaintiffs, others similarly situated, and members of the proposed Minnesota Rule 23 Class have been employed by Defendants within the three years prior to the filing of this lawsuit.

DEFENDANTS

13. Defendant American Academy of Traditional Chinese Medicine, Inc., doing business as American Academy of Acupuncture and Oriental Medicine, Inc. (“Defendant AAAOM”) is a Minnesota corporation with its principal place of business located in Roseville, Minnesota. Defendant AAAOM is a private educational institution that focuses on teaching traditional Chinese medicine and techniques. It is operated in conjunction with Defendant TCM Health Center, Inc.

14. Defendant AAAOM is or has been an enterprise engaged in commerce or in the production of goods or services for commerce within the meaning of 29 U.S.C. § 203(s)(1), and, upon information and belief, Defendant AAAOM has had an annual gross volume of sales made or business done of not less than \$500,000 at all relevant times.

15. Defendant TCM Health Center, Inc. (“Defendant TCM”) is a Minnesota corporation with its principal place of business located in Roseville, Minnesota.

Defendant TCM operates a group of clinics that offer acupuncture and massage services to the public. It is the clinical arm of Defendant AAAOM.

16. Defendant TCM is or has been an enterprise engaged in commerce or in the production of goods or services for commerce within the meaning of 29 U.S.C. § 203(s)(1), and, upon information and belief, Defendant AAAOM has had an annual gross volume of sales made or business done of not less than \$500,000 at all relevant times.

17. Plaintiff, and all those similarly situated, are or were individual employees of Defendant AAAOM and Defendant TCM engaged in commerce or in the production of goods or services for commerce as required by 29 U.S.C. § 207.

18. At all relevant times, Defendant AAAOM and Defendant TCM are, and have been, “employers” of Plaintiff, those similarly situated, and the proposed Minnesota Rule 23 Class within the meaning of the FLSA, 29 U.S.C. § 203(d) and the MFLSA, Minn. Stat. §§ 177.23 and 177.24.

19. Defendant Changzhen Gong (“Defendant Gong”) and Defendant Wei Liu (“Defendant Liu”) jointly operate AAAOM and TCM and jointly own AAAOM and TCM during the relevant time periods.

20. Based upon information and belief, during the relevant time periods, Defendants Gong and Liu had treated the bank accounts of AAAOM and TCM as their personal bank accounts and had withdrawn large sums of cash for their personal use and commingling their personal assets with the assets of AAAOM and TCM.

21. Based upon information and belief, during the relevant time periods, Defendants Gong and Liu had failed to follow the necessary corporate formalities on more than one occasions, including without limitation, failure to hold annual meetings of directors and shareholders, failure to keep accurate and detailed records of important decisions that are made at the meetings, failure to make sure that corporate officers and agents abide by the corporate bylaws.

22. In the past few years, the Minnesota Office of Higher Education (“OHE”), the enforcement agency regulating private educational institutions in Minnesota, has been investigating Defendants for allegedly prostituting and trafficking its students and interns for profit. On February 22, 2020, OHE issued a report “determine[ing] there is a theme of prostitution and/or human trafficking related to [Defendants’] students and/or internship sites.” Exhibit D. On June 2, 2020, Defendant Gong, with the consent of Defendant Liu, entered into a consent order with OHE, agreeing to shut down Defendants’ operation in exchange for OHE to stop its investigation. Exhibit E.

23. Based upon information and belief, Defendants Gong and Liu had since improperly transferred the ownership and assets of AAAOM and/or TCM to an unknown entity to shield themselves from criminal liabilities associated with OHE’s investigation as well as from legal liabilities in anticipation of this lawsuit. The name of the successor entity, which is acting as the alter ego of Defendants, is unknown at this time. Plaintiffs reserve the right to add additional parties to this litigation should their identities become known through discovery.

JURISDICTION

24. This Court has subject matter jurisdiction under 29 U.S.C. § 216(b) and 28 U.S.C. § 1331. Plaintiffs' claims arise under § 207(a) of the FLSA. Additionally, this Court has personal jurisdiction over Defendants since Defendants conduct business in the District of Minnesota.

25. The Court also has supplemental jurisdiction, pursuant to 29 U.S.C. § 1367, over the state law claims asserted, as the state and federal claims derive from a common nucleus of operative fact.

VENUE

26. Venue is proper in this District under 28 U.S.C. § 1391(b)(1) as Defendants are domiciled within this District and under 28 U.S.C. § 1391(b)(2), as a substantial part of the events giving rise the claims occurred in this District.

COLLECTIVE AND CLASS ACTION DEFINITIONS

27. The group of similarly situated employees sought to be certified under the FLSA, 29 U.S.C. § 216(b), as a collective action is defined as:

All current or former acupuncturists and acupuncture instructors employed by Defendants at any time since three years prior to filing this Complaint to the present (the "FLSA Collective").

28. The class of similarly situated employees sought to be certified under Fed. R. Civ. P. 23(a) and 23(b) as a class action under the MFLSA is defined as:

All current and former acupuncturists and acupuncture instructors employed by Defendants at any time since three years prior to filing this Complaint to the present (the “Minnesota Rule 23 Class”).

FLSA COLLECTIVE ACTION ALLEGATIONS

29. Plaintiffs re-allege and incorporate by reference all allegations in the preceding paragraphs.

30. Plaintiffs, those similarly situated, and the members of the proposed FLSA Collective and Minnesota Rule 23 Class are or were employed by Defendants as acupuncturists and acupuncture instructors providing acupuncture-related services.

31. Defendants have suffered and permitted Plaintiffs to regularly work more than forty (40) and/or forty-eight (48) hours in certain workweeks. Upon information and belief, Defendants have also suffered and permitted the members of the FLSA Collective, and members of the Minnesota Rule 23 Class to regularly work more than forty (40) and/or forty-eight (48) hours in certain workweeks.

32. Plaintiffs and those similarly situated were not compensated in accordance with the FLSA and/or the MFLSA because they were not paid proper straight time wages for all hours worked and overtime wages for all hours worked over forty (40) and/or forty-eight (48) hours per workweek.

33. Specifically, Defendants failed to pay Plaintiffs and those similarly situated for the straight time they had worked, and only paid for the time they spent when seeing patients, while requiring Plaintiffs to perform additional tasks without pay, including

without limitation, being staffed at the clinics, communicating with patients, billing patients, collecting bills, setting schedules with patients, and cleaning clinics.

34. Further, where Plaintiffs had worked overtime seeing patients, rather than paying them 1.5 times their regular rate of pay for all hours worked over forty (40) in a workweek, which is required by the FLSA (29 U.S.C. § 207), and/or over forty eight (48) in a workweek, which is required by the MFLSA (Minn. Stat. § 177.25), Defendant paid them “straight time” for all of their overtime hours worked.

35. Defendants are aware, or should have been aware, that Plaintiffs, the FLSA Collective, and members of the Minnesota Rule 23 Class perform work that requires them to work overtime.

36. During their employment with Defendants, Plaintiffs’ hours have varied from week to week. In certain workweeks, Defendants required Plaintiffs to work long hours due to staffing/scheduling needs. As a result, Plaintiffs routinely worked long hours to ensure patients received the care needed, sometimes as much as approximately fifty (50) to (80) hours per week, depending on the needs of the client each workweek.

37. During their employment with Defendants, Defendants deducted 5% of all wages earned by Plaintiffs.

38. During their employment with Defendants, Defendants failed to provide meal breaks to Plaintiffs.

39. During their employment with Defendants, Defendants failed to maintain records of all hours worked.

40. During their employment with Defendants, Defendants failed to maintain and provide proper wage statements reflecting the pay and deductions.

41. During their employment with Defendants, Plaintiffs had repeatedly requested such records from Defendants. Defendants refused to provide such records to Plaintiffs.

MINNESOTA RULE 23 CLASS ACTION ALLEGATIONS

42. Plaintiffs re-allege and incorporate by reference all allegations in the preceding paragraphs.

43. Pursuant to Fed. R. Civ. P. 23(a) and 23(b), Plaintiffs bring this action individually and on behalf of all similarly situated individuals in the Minnesota Rule 23 Class.

44. The persons in the Minnesota Rule 23 Class are so numerous that joinder of all members of the proposed Minnesota Rule 23 Class is impracticable. While the precise number of class members has not been determined at this time, Defendants, based upon information and belief, have employed at least 50 individuals as acupuncturists and acupuncture instructors during the applicable statute of limitations period. Plaintiffs and the proposed Minnesota Rule 23 Class have been equally affected by Defendants' violations of law.

45. There are questions of law and fact common to the proposed Minnesota Rule 23 Class that predominate over and questions solely affecting individual members of the proposed Minnesota Rule 23 Class, including but not limited to the following:

- a. Whether Defendants violated Minnesota law for failure to pay all straight time and overtime wages due and owing;
- b. Whether Defendants violated Minnesota law for deducting 5% of all wages paid to its accompanists and acupuncture instructors;
- c. Whether Defendants violated Minnesota law for failure to provide meal breaks;
- d. Whether Defendants violated Minnesota law for failure to maintain and provide records of all hours worked;
- e. Whether Defendants violated Minnesota law for failure to maintain and provide proper wage statements;
- f. The proper measure and calculation of damages; and
- g. Whether Defendant's actions were willful or in good faith.

46. Plaintiffs' claims are typical of those members of the Minnesota Rule 23 Class. Plaintiffs, like other members of the proposed Minnesota Rule 23 Class, was subject to Defendant's practices and policies described in this Complaint. Further, Plaintiffs' job duties are typical of the Minnesota Rule 23 Class, as all class members are or were acupuncturists and/or acupuncture instructors.

47. Plaintiffs will fairly and adequately protect the interest of the proposed Minnesota Rule 23 Class and has retained counsel experienced in complex wage and hour class and collective action litigation.

48. This action is properly maintainable as a class action under Fed. R. Civ. P. 23(b)(3) because questions of law or fact predominate over any questions affecting

individual class members, and a class action is superior to other methods in order to ensure a fair and efficient adjudication of this controversy because, in the context of wage and hour litigation, individual plaintiffs lack the financial resources to vigorously prosecute separate lawsuits in federal court against large corporate defendants. Class litigation is also superior because it will preclude the need for unduly duplicative litigation resulting in inconsistent judgments pertaining to Defendant's policies and practices. There do not appear to be any difficulties in managing this class action.

49. Plaintiffs intend to send notice to all members of the proposed Minnesota Rule 23 Class to the extent required by Fed. R. Civ. P. 23.

CAUSES OF ACTION

COUNT I – FAILURE TO PAY STRAIGHT TIME WAGES UNDER THE FLSA

29 U.S.C. § 201, et seq. On Behalf of Plaintiffs and the FLSA Collective

50. Plaintiffs individually, and on behalf of the FLSA Collective, re-allege and incorporate by reference all allegations in all preceding paragraphs.

51. The FLSA requires employers to pay non-exempt employees the regular rate of pay for all hours worked.

52. Defendants suffered and permitted Plaintiffs and the FLSA Collective to routinely work without compensation, tasks included, without limitation, being staffed at the clinics, communicating with patients, billing patients, collecting bills, setting schedules with patients, cleaning clinics, preparing for classes, communicating with students, handling student-oriented tasks outside of the classroom time.

53. Defendants knew, or showed reckless disregard for the fact, that they failed to pay these individuals proper straight time compensation in violation of the FLSA.

54. Defendants' failure to comply with the FLSA regular pay protections caused Plaintiffs and the FLSA Collective to suffer loss of wages and interest thereon.

55. Plaintiffs and the FLSA Collective are entitled to unpaid straight time, liquidated damages, and attorney's fees and costs under the FLSA.

COUNT II – FAILURE TO PAY OVERTIME WAGES UNDER THE FLSA 29

U.S.C. § 201, et seq. On Behalf of Plaintiffs and the FLSA Collective

56. Plaintiffs individually, and on behalf of the FLSA Collective, re-allege and incorporate by reference all allegations in all preceding paragraphs.

57. The FLSA, 29 U.S.C. § 207, requires employers to pay non-exempt employees 1.5 times the regular rate of pay for all hours worked over forty (40) hours per workweek.

58. Defendants suffered and permitted Plaintiffs and the FLSA Collective to routinely work more than forty (40) hours in a workweek without proper overtime compensation as required by the FLSA, 29 U.S.C. § 201 et seq. and its implementing regulations.

59. Defendants knew, or showed reckless disregard for the fact, that they failed to pay these individuals proper overtime compensation in violation of the FLSA.

60. Defendants' failure to comply with the FLSA overtime protections caused Plaintiffs and the FLSA Collective to suffer loss of wages and interest thereon.

61. Plaintiffs and the FLSA Collective are entitled to unpaid overtime, liquidated damages, and attorney's fees and costs under the FLSA.

**COUNT III – FAILURE TO PAY STRAIGHT TIME WAGES UNDER THE
MINNESOTA FAIR LABOR STANDARDS ACT - Minn. Stat. § 177.21, et seq. On
Behalf of Plaintiffs and the Proposed Minnesota Rule 23 Class**

62. Plaintiffs, individually and on behalf of the proposed Minnesota Rule 23 Class, re-allege and incorporate all allegations in all preceding paragraphs.

63. Plaintiffs and the proposed Minnesota Rule 23 Class were or are employees of Defendants within the meaning of the MFLSA, Minn. Stat. §§ 177.23 and 177.24.

64. Defendants were or are the employer of Plaintiffs and the proposed Minnesota Rule 23 Class within the meaning of the MFLSA, Minn. Stat. §§ 177.23 and 177.24.

65. The MFLSA requires employers to pay their non-exempt employees for all hours worked at their regular hourly rate of pay.

66. Defendants failed to pay Plaintiffs and the proposed Minnesota Rule 23 Class for all hours worked at their regular hourly rate of pay, in violation of MFLSA.

67. The foregoing conduct constitutes a willful violation of the MFLSA within the meaning of Minn. Stat. § 541.07.

68. As a direct and proximate result of Defendant's unlawful conduct, Plaintiffs and the Minnesota Rule 23 Class have suffered damages in an amount to be determined at trial.

**COUNT IV – FAILURE TO PAY OVERTIME WAGES UNDER THE
MINNESOTA FAIR LABOR STANDARDS ACT - Minn. Stat. § 177.21, et seq. On
Behalf of Plaintiffs and the Proposed Minnesota Rule 23 Class**

69. Plaintiffs, individually and on behalf of the proposed Minnesota Rule 23 Class, re-allege and incorporate all allegations in all preceding paragraphs.

70. Plaintiffs and the proposed Minnesota Rule 23 Class were or are employees of Defendants within the meaning of the MFLSA, Minn. Stat. §§ 177.23 and 177.24.

71. Defendants were or are the employer of Plaintiffs and the proposed Minnesota Rule 23 Class within the meaning of the MFLSA, Minn. Stat. §§ 177.23 and 177.24.

72. The MFLSA requires employers to pay their employees for hours worked over forty-eight (48) in an individual work week at a rate no less than one and one-half times their regular hourly rate of pay.

73. Defendants failed to pay Plaintiffs and the Minnesota Rule 23 Class one and one-half times their regular hourly rate for hours worked over forty-eight (48) in a workweek, in violation of the MFLSA.

74. The foregoing conduct constitutes a willful violation of the MFLSA within the meaning of Minn. Stat. § 541.07.

75. As a direct and proximate result of Defendant's unlawful conduct, Plaintiffs and the Minnesota Rule 23 Class have suffered damages in an amount to be determined at trial.

**COUNT V – SYSTEMATIC WAGE THEFT AND IMPROPER DEDUCTION OF
PAY - Minn. Stat. Ann. § 181.79, on Behalf of Plaintiffs and the Proposed
Minnesota Rule 23 Class**

76. Plaintiffs, individually and on behalf of the proposed Minnesota Rule 23 Class, re-allege and incorporate all allegations in all preceding paragraphs.

77. Defendants have unlawfully withheld monies from compensation earned by Plaintiffs and the Proposed Class.

78. The wage deductions Defendants made from Plaintiffs and Proposed Class Plaintiffs' pay were and are unlawful pursuant to Minnesota law. See M.S.A. § 181.06 Subd. 2; M.S.A. § 181.79 Subd. 1.

79. As a direct and proximate result of Defendants' conduct, Plaintiffs have the Proposed Class have suffered substantial losses and have been deprived of compensation to which he was entitled, including monetary damage in an amount two times the amounts deducted, prejudgment interest, costs and reasonable attorney's fees.

**COUNT VI - VIOLATION OF MFLSA'S MEAL BREAK REQUIREMENTS -
Minn. Stat. § 177.253, on Behalf of Plaintiffs and the Proposed Minnesota Rule 23
Class**

80. Plaintiffs, individually and on behalf of the proposed Minnesota Rule 23 Class, re-allege and incorporate the preceding paragraphs of this Complaint as if fully set forth herein.

81. Minn. Stat. § 177.254 requires that “an employer must permit each employee, who is working eight or more consecutive hours, sufficient time to eat a meal.”

82. Defendants have violated Minn. Stat. § 177.254, by failing to allow Plaintiffs and the proposed class members to take their allowed meal breaks.

83. Under Minn. Stat. § 177.27, Subd. 7 and Subd. 8, Defendants are subject to a penalty, of up to \$1,000 for each violation for each employee. Plaintiffs are also entitled to attorneys' fees and costs incurred in connection with claims incurred under Minn. Stat. § 177.27, and for all other relief as allowed by law.

**COUNT VII – VIOLATION OF THE MFLSA IN FAILURE TO KEEP
ACCURATE RECORDS – Minn. Stat. § 177.30, on Behalf of Plaintiffs and the
Proposed Minnesota Rule 23 Class**

84. Plaintiffs, individually and on behalf of the proposed Minnesota Rule 23 Class, re-allege and incorporate the preceding paragraphs of this Complaint as if fully set forth herein.

85. Defendants are required to make and keep a record of hours worked each day and each workweek by their employees. Minn. Stat. § 177.30.

86. Specifically, Minn. Stat. § 177.30 requires every employer subject to Minn. Stat. §§ 177.21 - 177-44 to make and keep a record of the name, address, and occupation of each employer, their rate of pay and the amount paid each pay period to each employee, and the hours worked each day and each workweek by the employee. The statute requires employers to keep these records for three years.

87. Defendants violated Minn. Stat. § 177.30 by failing to accurately make and keep a record of the hours actually worked by Plaintiffs and the proposed Minnesota Class members. Instead, Defendants record inaccurate and artificially reduced hours worked by Plaintiffs and proposed Minnesota Class members. Specifically, Defendant's policies on compensable time prevented Plaintiffs and the proposed Minnesota Class from recording hours worked other than directly seeing patients.

88. Pursuant to Minn. Stat. § 177.30(b), the Commissioner of the Minnesota Department of Labor and Industry (the "Commissioner") may fine an employer up to \$1,000 for each failure to maintain payroll records as required. In determining the amount of a civil penalty, the size of the employer's business and the gravity of the violation shall be considered.

89. Pursuant to Minn. Stat. § 177.27, Subdivision 7, the Commissioner may order employers who violate Minn. Stat. § 177.30 and other Minnesota wage and hour laws to pay civil penalties, attorneys' fees, and other appropriate relief. Additionally, any employer who is found by the Commissioner to have repeatedly or willfully violated the provisions in Minn. Stat. §§ 177.21-177.44, including Minn. Stat. § 177.30, shall be subject to a civil penalty of up to \$1,000 for each violation for each employee.

90. Pursuant to Minn. Stat. § 177.27, Subdivision 8, employees may seek damages and other appropriate relief that may alternatively be sought by the Commissioner under Minn. Stat. § 177.27, Subdivision 7 and as otherwise provided by law.

91. Minn. Stat. § 177.27, Subdivision 10 provides that in any action brought pursuant to Minn. Stat. § 177.27, Subdivision 8, the court shall order an employer who is found to be in violation “to pay to the employee or employees reasonable costs, disbursements, witness fees, and attorney fees.”

92. Defendants do not maintain accurate payroll records for Plaintiffs and proposed Minnesota Class members in accordance with Minn. Stat. § 177.30(a). The payroll records for Plaintiffs and proposed Minnesota Class members do not accurately reflect the actual hours worked or the actual rate of pay.

93. Defendants are liable to Plaintiffs and the proposed Minnesota Class members for the penalties described above in an amount according to proof at time of trial. Furthermore, Plaintiffs are entitled to an award of attorneys' fees and costs as set forth below, pursuant to Minn. Stat. § 177.27, Subdivision 10.

COUNT VIII – VIOLATION OF MINNESOTA PAYMENT OF WAGES ACT -

Minn. Stat. § 181.032, on Behalf of Plaintiffs and the Proposed Minnesota Rule 23

Class

94. Plaintiffs, individually and on behalf of the proposed Minnesota Rule 23 Class, re-allege and incorporate the preceding paragraphs of this Complaint as if fully set forth herein.

95. Minn. Stat. § 181.032 requires employers, at the end of each pay period, to provide each employee an earnings statement covering that pay period. The statute requires that the wage statement must include: the employee's name, the hourly rate of pay, the total number of hours worked by the employee, the total amount of gross pay,

the list of deductions made from the employee's pay, the net amount of pay after all deductions are made, the date on which the pay period ends, and the legal name of the employer and operating name of the employer if different from the legal name. See Minn. Stat. § 181.032(b).

96. Defendants violated and continue to violate Minn. Stat. § 181.032 because Defendants fail to provide the required information in wage statements and fail to provide freely-accessible wage statements to Plaintiffs and the proposed Minnesota Class members in a timely fashion. When wage statements are provided, if at all, Defendants fail to state the total number of hours actually worked by Plaintiffs and the putative Minnesota Class members on their earning statements.

97. Defendants' violations of the above-named statutes are willful and not the result of mistake or inadvertence.

98. As a direct and proximate result of Defendants' actions, Plaintiffs and putative Minnesota Class Members have been and continue to be damaged, suffering economic harm, lost earnings and benefits, and other damages.

99. Defendants are liable to Plaintiffs and putative Minnesota Class Members for civil penalties, damages, compensatory damages, and other relief including but not limited to injunctive relief, and all costs and attorneys' fees incurred in this action.

**COUNT IX – UNJUST ENRICHMENT - on Behalf of Plaintiffs and the Proposed
Minnesota Rule 23 Class**

100. Plaintiffs, individually and on behalf of the proposed Minnesota Rule 23 Class, re-allege and incorporate the preceding paragraphs of this Complaint as if fully set forth herein.

101. Defendants, using the above-referenced unlawful employment practices, exploited Plaintiffs and the proposed Minnesota Class members to their benefit, and are unjustly enriched.

102. Defendants are liable to Plaintiffs and putative Minnesota Class Members for civil penalties, damages, compensatory damages, and other relief including but not limited to injunctive relief, and all costs and attorneys' fees incurred in this action.

JURY TRIAL REQUESTED

103. Pursuant to Rule 38(b) of the Federal Rules of Civil Procedure, Plaintiffs, on behalf of the putative FLSA Collective and proposed Minnesota Rule 23 Class, demand a trial by jury.

RELIEF SOUGHT

WHEREFORE, Plaintiffs, individually and on behalf of the proposed FLSA Collective, pray for relief as follows:

1. Permitting this case to proceed as a collective action under § 216(b) of the FLSA and ordering notice to the putative plaintiffs at the earliest opportunity to ensure their claims are not lost due to the relevant statute of limitations;
2. Judgment that Plaintiffs and those similarly situated are entitled to the straight-time and overtime protections, as well as other damages under the relevant federal and statutes;

3. Judgment that Defendants' violations were willful;
4. An award to Plaintiffs and those similarly situated in the amount of unpaid straight time, overtime wages, as well as other liquidated damages and civil penalties;
5. An award of any pre- and post-judgment interest;
6. An award of reasonable attorneys' fees and costs;
7. Leave to add additional plaintiffs and/or state law claims by motion, the filing of written consent forms, or any other method approved by the Court; and
8. Such further relief as may be necessary and appropriate.

WHEREFORE, Plaintiffs as class representatives, individually and on behalf of the proposed Minnesota Rule 23 Class, prays for relief as follows:

1. Certification of this action as a class action pursuant to Fed. R. Civ. P. 23 on behalf of the proposed Minnesota Rule 23 Class, and the appointment of Plaintiffs as class representatives and their counsel as class counsel;
2. Judgment against Defendants for an amount equal to Plaintiffs' and the proposed Minnesota Rule 23 Class' unpaid wages;
3. Judgment that Defendants' conduct as described herein be determined and adjudicated to be in violation of the law;
4. A finding that Defendants' violations are willful;
5. An amount equal to Plaintiffs' and the proposed Minnesota Rule 23 Class' damages as liquidated damages and civil penalties;
6. An award of any pre- and post-judgment interest;
7. An award of reasonable attorneys' fees and costs; and

8. Such further relief as the Court deems just and equitable.

Dated: April 9, 2021

Innovative Legal Services, P.C.

/s/ Richard Liu

Richard Liu, Esq. (0398214)

Richard.liu@consultils.com

Innovative Legal Services, P.C.

400 S. 4th St. Suite 401

Minneapolis, MN, US 55415

Tel: 626-344-8949

www.consultils.com

Attorney for Plaintiffs

Exhibit A

OPT-IN CONSENT FORM

Yuan et. al. v. TCM Health Centers et. al. (District of Minnesota)

Name: Zuobiao Yuan

CONSENT TO JOIN COLLECTIVE ACTION

Pursuant to the Fair Labor Standards Act, 29 U.S.C. Section 216(b)

1. I consent and agree to pursue my claims arising out of the work I performed for TCM Health Center, Inc. and the American Academy of Traditional Chinese Medicine, Inc., doing business as American Academy of Acupuncture and Oriental Medicine, Inc. (“Defendants”) in connection with the above-referenced lawsuit.
2. I have worked as an acupuncturist and an acupuncture instructor for the Defendants from about April 2018 (month, year) to about October, 2020 (month, year).
3. I understand that this lawsuit is brought under the Fair Labor Standards Act, 29 U.S.C. §201, et seq. I hereby consent, agree, and “opt-in” to become a plaintiff herein and to be bound by any judgment by the Court or any settlement of this action.
4. I hereby designate Innovative Legal Services, P.C. to represent me for all purposes in this action.
5. I also designate Plaintiffs in this action, the collective action representatives, as my agents to make decisions on my behalf concerning the litigation, including the method and manner of conducting this litigation, entering into settlement agreements, entering into an agreement with Plaintiffs’ Counsel concerning attorneys’ fees and costs (with the understanding that Plaintiffs’ Counsel are being paid on a contingency fee basis, which means that if there is no recovery, there will be no attorneys’ fees), and all other matters pertaining to this lawsuit.

Signature:  Date: 04/05/2021

Exhibit B

OPT-IN CONSENT FORM

Yuan et. al. v. TCM Health Centers et. al. (District of Minnesota)

Name:

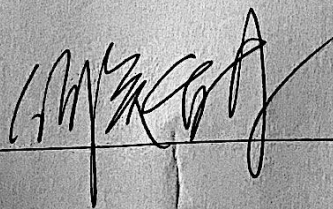
Xiaotian He

CONSENT TO JOIN COLLECTIVE ACTION

Pursuant to the Fair Labor Standards Act, 29 U.S.C. Section 216(b)

1. I consent and agree to pursue my claims arising out of the work I performed for TCM Health Center, Inc. and the American Academy of Traditional Chinese Medicine, Inc., doing business as American Academy of Acupuncture and Oriental Medicine, Inc. ("Defendants") in connection with the above-referenced lawsuit.
2. I have worked as an acupuncturist and an acupuncture instructor for the Defendants from about 9-2016 (month, year) to about present (month, year).
3. I understand that this lawsuit is brought under the Fair Labor Standards Act, 29 U.S.C. §201, et seq. I hereby consent, agree, and "opt-in" to become a plaintiff herein and to be bound by any judgment by the Court or any settlement of this action.
4. I hereby designate Innovative Legal Services, P.C. to represent me for all purposes in this action.
5. I also designate Plaintiffs in this action, the collective action representatives, as my agents to make decisions on my behalf concerning the litigation, including the method and manner of conducting this litigation, entering into settlement agreements, entering into an agreement with Plaintiffs' Counsel concerning attorneys' fees and costs (with the understanding that Plaintiffs' Counsel are being paid on a contingency fee basis, which means that if there is no recovery, there will be no attorneys' fees), and all other matters pertaining to this lawsuit.

Signature



Date

4-6-2021

Exhibit C

OPT-IN CONSENT FORM

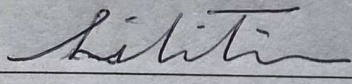
Yuan et. al. v. TCM Health Centers et. al. (District of Minnesota)

Name: Lili Tian

CONSENT TO JOIN COLLECTIVE ACTION

Pursuant to the Fair Labor Standards Act, 29 U.S.C. Section 216(b)

1. I consent and agree to pursue my claims arising out of the work I performed for TCM Health Center, Inc. and the American Academy of Traditional Chinese Medicine, Inc., doing business as American Academy of Acupuncture and Oriental Medicine, Inc. (“Defendants”) in connection with the above-referenced lawsuit.
2. I have worked as an acupuncturist and an acupuncture instructor for the Defendants from about Sept. 2013 (month, year) to about Apr. 2021 (month, year).
3. I understand that this lawsuit is brought under the Fair Labor Standards Act, 29 U.S.C. §201, et seq. I hereby consent, agree, and “opt-in” to become a plaintiff herein and to be bound by any judgment by the Court or any settlement of this action.
4. I hereby designate Innovative Legal Services, P.C. to represent me for all purposes in this action.
5. I also designate Plaintiffs in this action, the collective action representatives, as my agents to make decisions on my behalf concerning the litigation, including the method and manner of conducting this litigation, entering into settlement agreements, entering into an agreement with Plaintiffs’ Counsel concerning attorneys’ fees and costs (with the understanding that Plaintiffs’ Counsel are being paid on a contingency fee basis, which means that if there is no recovery, there will be no attorneys’ fees), and all other matters pertaining to this lawsuit.

Signature: 

Date: 4/6/2021

Exhibit D



February 22, 2020

Dr. Changzhen Gong
American Academy of Acupuncture & Oriental Medicine (AAAOM)
1925 West County Road B2
Roseville, MN 55113

Sent via email and mail

Re: Massage Therapy program

Dear Dr. Gong:

Under the Minnesota Private and Out-of-State Public Postsecondary Education Act, the Minnesota Legislature has charged the Minnesota Office of Higher Education (OHE) with the authority to regulate degree-granting private institutions operating in Minnesota. Part of OHE's regulatory oversight is assuring the authenticity and legitimacy of private postsecondary educational institutions and programs, including reviewing, investigating, and taking appropriate action on an educational institution and its programs.

OHE received a notice from Brooklyn Park's Rental and Business Licensing Division of a concern into the authenticity and legitimacy of AAAOM's Tuina Massage program. After receiving the notice, OHE completed a data practice request on Brooklyn Park's licensing data for massage therapists with credentials from AAAOM. Brooklyn Park provided copies of transcripts from the following students:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Of these transcripts, OHE was not provided files for [REDACTED]. It is OHE's understanding that [REDACTED]'s application for licensure in Brooklyn Park was denied "due to omitting places of employment from their application with ties to prostitution." Only two students from the list above have not yet had their massage

therapist license revoked or deactivated for “ties to prostitution/trafficking”, but their current employer is listed on rubmaps.ch¹ with reviews, which is a link to prostitution.

Therefore, on November 4, 2019, OHE initiated an investigation into AAAOM’s massage therapy program. As OHE continued its investigation, OHE determined there is a theme of prostitution and/or human trafficking related to AAAOM students and/or internship sites. While OHE does not investigate or regulate prostitution and/or human trafficking, any links to prostitution and/or human trafficking indicate a lack of authenticity and legitimacy of a private postsecondary education institution and its programs.

On November 5, 2019, OHE made a site visit at AAAOM and requested the following documentation, due by November 18, 2019:

- *Copies of all student files from AAAOM’s massage therapy program, including the program taught in English and the program taught in Chinese*
- *The names of all employees with permissions and access to print transcripts*
- *The names of all employees with access to transcript paper and seals*
- *Hour logs for all massage therapy students*
- *List of any off-site clinical training sites and supervisor names*
- *Narrative that explains AAAOM’s recruiting and application screening process for the massage therapy program*
- *Copies of all advertisements used for the massage therapy program, including those used outside of the United States*
- *Ledger/student account statements for all massage therapy students. If any payments were made by check or money order, please include copies of those payments.*

On November 6, 2019, OHE requested the following documentation, due by November 18, 2019:

- *Copies of the exit exams for all students in the Chinese Tuina Massage program*
- *The names of all employees with permissions and access to print transcripts*
- *The names of all employees with access to transcript paper and seals*
- *The names and locations of all off-site clinical training supervisors*
- *A list of students for each off-site clinical training supervisor*
- *Narrative that explains AAAOM’s recruiting and application screening process for the massage therapy program*
- *Copies of all advertisements used for the massage therapy program, including those used outside of the United States*
- *Ledger/student account statements for all massage therapy students. If any payments were made by check or money order, please include copies of those payments. You should be able to request this*

¹ rubmaps.com is a “forum based website which allows customers ... to discuss their individual experiences at illicit massage parlors.”

information from your bank. If you do not maintain individual student ledgers, please explain why and the process for reconciling student payments and AAAOM's accounts receivables

- *Detailed narrative of processing payments by check, cash, money order, or credit card*
- *Names of entities and persons that refer massage therapists to your program*
- *Records that validate clinical training experiences and technical skills*
- *Current student files in the Chinese Tuina program*

On November 20, 2019, OHE notified AAAOM of the following requests:

Thank you for the submission of the requested documents on November 6, 2019. The following is an additional information request based on those submissions.

- *Copies of the exit exams for all students in the Chinese Tuina Massage program*

In your submission, you state that an exit exam is not a requirement for students to graduate.

1. *Please provide documentation that validates that an exit exam is not required for student graduation.*
2. *How does AAAOM determine which students must complete the exit exam and which students do not need to complete the exit exam?*
3. *How are students notified of this policy and expectation?*
4. *There appears to be two versions of the exam. Please provide an explanation of the two versions and when each version was in use*
5. *Please provide a key for both versions of the exam*
6. *Please provide names and dates of individuals responsible for grading the exams*
7. *An explanation of what is a passing score for the test*
8. *An explanation of why multiple answers are accepted*

- *The names of all employees with permissions and access to print transcripts*

At OHE's onsite visit, Cate Larson stated that she has no access to the student files or transcripts for the Chinese Tuina massage program. She made it abundantly clear that she had no involvement in the program. Please explain if this statement is accurate. If it is not accurate, please provide documentation that shows Cate Larson has full access to student information for students in the Chinese Tuina program. If available, provide documentation (like metadata) to show who has printed transcripts for students in the Chinese Tuina program.

- *The names of all employees with access to transcript paper and seals*

Provide information on who is Kristin Weston and her role. OHE also needs information on where transcript paper and seals are stored and information on how transcripts and certificates are issued. For example, are transcripts and certificates a word document template that is filled out manually or are the documents

generated from data within a student database. If transcripts and certificates are printed through a document template, where is that template stored.

- *The names and locations of all off-site clinical training supervisors*

In your submission, you state that you now use a credentialing form for off-site clinical training. Please provide copies of all completed credentialing forms. Additionally, provide a timeline of the “evolutionary process” of AAAOM’s process for approving off-site clinical training experiences and off-site supervisors.

- *A list of students for each off-site clinical training supervisor*
- *Narrative that explains AAAOM’s recruiting and application screening process for the massage therapy program*
- *Copies of all advertisements used for the massage therapy program, including those used outside of the United States*
- *Ledger/student account statements for all massage therapy students. If any payments were made by check or money order, please include copies of those payments. You should be able to request this information from your bank. If you do not maintain individual student ledgers, please explain why and the process for reconciling student payments and AAAOM’s accounts receivables.*

This request was not fulfilled in full. Please provide documentation of the account receivables from AAAOM’s bank accounts.

- *Detailed narrative of processing payments by check, cash, money order, or credit card*
- *Names of entities and persons that refer massage therapists to your program*
- *Records that validate clinical training experiences and technical skills*

The clinical training files, if present, in the student files do not contain a supervisor signature.

1. *Please provide AAAOM’s policies and procedures for students to receive credit for off-site and on-site clinical training experience.*
2. *In addition, the site supervisor files are not legible. Please resubmit legible copies.*

- *Current student files in the Chinese Tuina program*

The submissions include many duplicate files. Please review the submission and submit an accurate and separate record of currently enrolled students.

In addition to the new requests above, OHE is requesting the following:

- *School catalog and/or student handbook for the Chinese Tuina program. The school catalog and student handbook loaded into EdVera is for the Masters and Doctorate program. All students must have*


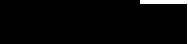
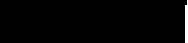
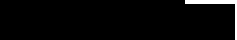
a school catalog and/or student handbook. If one is not used, please include the rationale and how AAAOM believes it is in compliance with Minn. Stat. §136A.65 subd. 4(9).

- *Name and CVs of all instructors that have taught for the Chinese Tuina program*
- *1098-Ts for all Chinese Tuina students*

On December 16, 2019, OHE notified AAAOM that the following documents had not be provided and were due by December 23, 2019:

- *Off-site externship information; including name and location of site, name of person providing supervision to AAAOM students, list of students attending at off-site location*
 - o *Information provided to our office on November 18, 2019, was insufficient to meet this request.*
- *Page 4 of one of the exit exam answer key was missing from the documentation provided to OHE*
- *Hour logs for all Massage Therapy program students*
- *CV's for instructors currently teaching the curriculum courses for the Chinese-language Tuina Massage program*
 - o *The response sent to OHE on December 3, 2019, indicated the CV's were attached but I have been unable to locate a document containing this information*
- *Ledger/student account statements for all massage therapy students*
- *Information on how students enrolled in the Tuina Massage program are notified of the exit exam graduation requirement as the information provided to our office references a "Policy: Tuina Certificate Graduation Policy" updated in January 2017. This document is inconsistent with information provided in the online catalog as reviewed at your website today, December 16, 2019.*

As of December 23, 2019, AAAOM has failed to provide the following requests for documentation under Minn. Stat. 136A.64 subd. 3:

- How students are notified of AAAOM's "updated" 2017 exit exam policy as the policy is inconsistent to the student catalog
- An explanation of how AAAOM reconciles student payments and its student account receivables (for accounting purposes)
- No statement of historical practices of evaluating and approving off-site internship sites
- No statement on the transcript seal storage location (or how)
- The name of the businesses of the clinical site list of 12/23/2019 list of clinical sites
- A timeline of the "evolutionary process" of AAAOM's process for approving off-site clinical training experiences and off-site supervisors
- The following student files:
 - o  (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o 
 - o  (filed a transcript with Brooklyn Park)
 - o 

- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
- [REDACTED] (Account Statement-Tuition Payments 2019 and 11/18/2019 submission #4)
- [REDACTED]

I. File Review

OHE found the following issues with AAAOM’s 2019² student files:

- [REDACTED]
- The supervisor listed on the 12/23/2019 list of Internship Training Location lists Liping Yu, but there appears to be a different supervisor between 8/5/2019 and 8/8/2019, 8/15/2019 and 8/22/2019, 8/29/2019 and 9/2/2019, 9/10/2019, and 9/23/2019 and 10/01/2019
 - The 7/26/2019 payment is paid to the order “U.S. Bank”

- [REDACTED]
- There are two different receipts for the 5/24/2019 (stamps and signature have a different placement)
 - OHE is unable to validate the supervisor signature (in characters vs. pinyin on 12/23/2019 clinical list)

- [REDACTED]
- The site supervisor pre-signed for clinical experiences (on Tuina Treatment log with 5/24/2019)
 - There is a certificate of completion in the file for a [REDACTED] that student was a graduate in 2017 from LA Beauty School. [REDACTED] was denied a massage therapist license by Brooklyn Park due to ties with prostitution.

- [REDACTED]
- Inconsistent name on payment log provided on 12/23/2019 ([REDACTED])
 - Duplicate receipt for the 4/12/2019 payment, but it also has a handwritten note
 - Student addresses do not match
 - The student’s requirement to take the comprehensive exam is not consistent with the submitted policy that students with lower than a B average had to take the comprehensive exam. This student only received A and B grades.

² In lieu of a full file review, OHE first focused on AAAOM’s 2019 students on the Internship list or the Student Account Statement list

- Clinical hours are not completed correctly
- No validation of number of hours or patients to meet graduation requirements

- [REDACTED]
- 2018 payments are attributed to the Account Statement-Tuition Payments 2019 (4/9/18 and 12/13/18 payments)
 - Clinical supervisor signature/name changed throughout clinical site
 - First 4/18/2019 payment was made before admissions application (12/13/2018)
 - File included a Certificate of Completion from LA Beauty & Massage School for a 600-hr Therapeutic Massage Program from 6/15/2018

- [REDACTED]
- Student is not listed in the 2019 data sheets (graduation and payments were made in 2019)

- [REDACTED]
- Duplicate 8/5/2019 and 7/29/2019 receipts
 - Cannot validate the signature/name of supervisor on the Tuina Treatment Log

- [REDACTED]
- File contains an enrollment contract with costs from 2015, but it is not signed
 - Duplicate receipts
 - Student's Clinical Site and employer on the student application with Ying Liu is linked to prostitution³
 - The Treatment Log does not break down time of the massages- it appears as though the student worked for 9 hours straight with no breaks

- [REDACTED]
- 8/12/2019 Cash payment receipt is duplicative, but paid stamps are in a different location
 - 7/05/2019 Check payment receipt is duplicative, but paid stamps are in a different location
 - No copy of the 8/16/2019 check payment

- [REDACTED]
- Two copies of the 7/22/2019 check
 - Two copies of the 6/12/2019 check
 - No receipt for the 7/3/2019 check
 - It looks like student signed supervisor as supervisor's name was supposed to be Liping Yu

³ https://www.swnewsmedia.com/shakopec_valley_news/news/owner-of-vogue-day-asian-massage-in-shakopec-charged-with/article_ff0002c6-1195-5ae4-ad17-b70f6c34f781.html

[REDACTED]

- Name is not consistent in file ([REDACTED] vs. [REDACTED])
- Payment for \$2500 was from Amazing Spa
- [REDACTED] owns [REDACTED]⁴ and her letters of recommendation are the same people that are listed as her internship supervisor
- Payments in student file do not match Account Statement- Tuition Payments 2019

[REDACTED]

- Student completed program in 2015 and took additional classes in 2018
- Paid \$4500 for those additional classes in 2019. No validation of costs for those additional courses
- Amount paid on Account Statement- Tuition Payments 2019 (\$4,650 receipt, \$4500 on Account Statement provided on 12/23/2019, and \$4000 post-it note on the student's Application for Admission)
- No information in file on the reason for the additional coursework

[REDACTED]

- Transcript has a record of transfer hours, but there is no Transfer Credit Assessment Form or accompanying syllabi or transcript from previous school
- No copies of the 4/10/18 and 5/6/19 check
- No validation of cost of the program. Student only made \$4500 in payments.

All transcripts:

- No cumulative GPA to validate whether the comprehensive exam is required
- Tuina Treatment logs are not completed with number of hours and patients (which validates graduation requirements)
- There is no statement to the student on the cost of the program
- Need name of supervisors in characters and spelled out
- Few files have enrollment contract with the total costs of the program, signed

Other issues OHE identified in the files:

- No letters of recommendations on file
 - o [REDACTED]
 - o [REDACTED]
 - o [REDACTED]
 - o [REDACTED]
 - o [REDACTED]
 - o [REDACTED]

⁴ [REDACTED]. If [REDACTED] does own [REDACTED], it would be very problematic for her employees to be her internship supervisor.

Per the student catalog, two letters of recommendations are required for admission to AAAOM's Tuina Massage Program.

- Only one letter of recommendation on file
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

Per the student catalog, two letters of recommendations are required for admission to AAAOM's Tuina Massage Program.

- Students who wrote letters of recommendation for prospective students⁵
 - [REDACTED]
 - [REDACTED]
- Letters of recommendations that are suspect
 - [REDACTED]: both of the student's letters of recommendation have white out over the name on the first line and then writing of a different name
 - [REDACTED]: Both letters of recommendation are the identical but for the signatures

Any level of review of the letters of recommendation as part of the admissions process should have triggered a response from AAAOM and delving deeper into the legitimacy of the student's application. OHE is concerned that the failure to appropriately review admission applications practice poses a threat to perpetuating prostitution and/or human trafficking.

- Transcripts do not have a number⁶
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]
 - [REDACTED]

⁵ While not inherently problematic, OHE is concerned that this practice may pose a threat to perpetuating prostitution and/or human trafficking.

⁶ The "numbering" of transcripts is inconsistent. No explanation was provided on this issue and it is unknown whether this is problematic.

- No student Date of Birth

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] (missing year)
- [REDACTED]
- [REDACTED]

AAAOM has an obligation to ensure all students complete the admissions process as required. This includes fully completing the admissions application. Failure to provide date of birth also compromise's AAAOM's ability to match student records if any students have the same name or have name changes.

- No student Social Security Number

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

AAAOM has an obligation to ensure all students complete the admissions process as required. This includes fully completing the admissions application. Failure to provide a social security number also compromise's AAAOM's ability to match student records if any students have the same name or have name changes.

- Payments do not add up to \$7000

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED] (who appears to be one of the clinical site supervisors for [REDACTED])
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Per AAAOM’s 12/3/2019 letter, student “receipts are placed in student files”. AAAOM has failed to consistently apply this requirement as students are shown to have graduated, but they do not have a record of making any payments on their program.

- Payments Exceed \$7000 (excluding noted incidentals like transcripts)
 - [REDACTED]
 - 9/27/16 payments records are duplicate (one is stamped and one is not)
 - The three 11/2/2016 payment records are duplicative, but stamps are in different locations on paper
 - There is no formal receipt for the 4/17/2017 payment of \$3,000, but it is listed on a Student Expense Report with the 9/27/2016 and 11/2/2016 payments
 - [REDACTED]
 - 6/16/17 check payment for \$4000
 - Two checks for \$3500 each
 - [REDACTED]
 - 4/11/2016 check for \$3500
 - 5/14/15 check for \$1000 (but this check appears to be for the student Ling Polley)
 - 8/19/216 check for \$3500
 - [REDACTED]
 - 6/26/2015 payment for \$3250
 - 1/5/2015 payment for \$4000

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

AAAOM has failed to validate and ensure students completed their internship hours when they did not require validation of internship hours and patient requirements, part of the Tuina Massage program requirements.

In addition to these issues, OHE has identified the following problems:

- The documents in the English-speaking students are different than the Chinese-speaking students.

English speaking students have an admission acceptance letter, student enrollment contract, admissions checklist for required documents, student clinical evaluation form, and full student account records (including a Customer QuickReport).

OHE approved AAAOM to operate the same Tuina program in Chinese and English, but it is evident that AAAOM was operated the two different programs with different admissions, evaluation, and graduation expectations, down to the student accounting and paperwork and documentation requirements⁸.

- It appears there may be credit card fees for tuition, but OHE has not seen any disclosures of these fees in AAAOM's schedule of fees, student catalog, or website.

As these fees were not disclosed to students, AAAOM must refund these charges to students and provide OHE confirmation of these refunds by March 22, 2020 as failure to provide a current schedule of fees, charges for tuition, required supplies, student activities, housing, and all other standard charges under Minn. Stat. §136A.65 subd. 4(a)(9)(iii).

- OHE saw no student payments for admission applications or graduation, as stated in the student catalog or found on the English Tuina student account records⁹.

⁸ In fact, the Chinese Tuina student files were not stored with registrar access. During the November 5, 2019 site visit, the Chinese Tuina students were kept in a locked closet in Dr. Gong's locked office. No staff or faculty, including the registrar, had access to the Chinese Tuina student files.

⁹ OHE is concerned that this practice may be discriminatory, but OHE does not have jurisdiction over discrimination.

- AAAOM has been overcharging for transcripts. The Student Expense Report and the Student Catalog state that a student transcript costs \$15, but every student's Student Expense Report shows that students were charged \$25 for their transcript (the fee for the diploma).

Based on how the Student Expense reports were completed, AAAOM must process a \$10 refund to each impacted student. AAAOM must refund these charges to students and provide OHE confirmation of these refunds by March 22, 2020.

- AAAOM files did not have corresponding receipts or copies of checks or other payments and expense reports.

This issue contradicts AAAOM's 11/18/2019 letter that AAAOM issues students a receipt and a copy is placed in the student records. AAAOM is inconsistently applying this policy leading to question whether AAAOM's audited financials and 1098-T are accurate.

- No massage therapists licenses were provided for the following supervisors:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

- [REDACTED]'s internship site
 - No Circle Pines massage therapist license was provided for Zhengwei Qiu
 - A Maple Grove license was provided for Zhengwei Qiu and licenses were provided for Liu Therapeutic Massage and Annabel Liu, but these licenses do not match the information provided on the Chinese Tuina Class Internship and Supervisors¹²
- [REDACTED]'s internship site¹³

¹⁰ [REDACTED] was arrested for prostitution on January 30, 2020 in Shakopee, MN

¹¹ It appears that [REDACTED] is associated with a revoked massage business license in White Bear Lake. https://www.presspubs.com/white_bear/news/massage-business-license-revoked/article_8a7185c6-03e7-11e9-a054-1b5fcb53f544.html. Donggren Liu did not have a valid massage therapist license or a massage business license in 2019.

¹² OHE is concerned that the failure to validate these licenses practice may pose a threat to perpetuating prostitution and/or human trafficking.

¹³ OHE is concerned that this practice may pose a threat to perpetuating prostitution and/or human trafficking.

- The address on the Chinese Tuina Class Internship and Supervisor's list is a residential address/home.
- The license provided for the Current Off-Campus Supervisor Licenses is a different business address.
- It is unclear where the student is completing their internship hours. If the internship is within a personal home, how is AAAOM ensuring the personal safety of its students?
- Shuping Batterson's address for their license does not match the license for Asian Body Massage LLC (no other 2019 Internship location is in Rochester)
- AAAOM's November 18, 2019 submission #5 list of off-site training supervisors is inconsistent with the Internship 2019 list
 - [REDACTED] is also listed as a student, but is also listed as a supervisor in submission #4
 - It appears that [REDACTED] is associated with a revoked massage business license in White Bear Lake. https://www.presspubs.com/white_bear/news/massage-business-license-revoked/article_8a7185c6-03e7-11e9-a054-1b5fcb53f544.html. [REDACTED] did not have a valid massage therapist license or a massage business license in 2019.

II. Violations of the Minnesota Private and Out-of-State Public Postsecondary Education Act

- Failure to administer a program according to Minn. Stat. §136A.65 subd. 4(a)

Minn. Stat. §136A.65 subd. 4(a)(1) requires the school has the organizational framework with administrative and teaching personnel to provide its educational programs.

AAAOM operates several accredited and Title IV federal and MN State financial aid programs which require administrative and financial controls. AAAOM consistently operated the Tuina program outside of these administrative and financial controls. As AAAOM is aware of the internal control requirements of an accredited and Title IV program, OHE has concluded that the Tuina massage program was intentionally operated outside of the same administrative and financial controls required of Title IV and MN State financial aid programs.

For example, on 6/22/2000, AAAOM signed a SELF Loan Participation Agreement.¹⁴ Part of that agreement, AAAOM agreed to be subject to the *Minnesota Financial Aid Manual*¹⁵. As part of participation in the SELF Loan, **schools must** maintain a student account for each student (G, page 116). Additionally, schools must provide the student with an itemized statement of the account at least annually and upon termination of enrollment. As emphasized above, this requirement is for the school, not just programs that participate in state financial aid programs¹⁶.

¹⁴ A SELF Loan Agreement is used to establish a school's participation in OHE's student loan program.

¹⁵ The most recent manual is the 2015-2016 Aid Year manual, found at <https://www.ohe.state.mn.us/pdf/FAManual/Archive/15-16FAManual.pdf>.

¹⁶ It does not appear that the students from the Chinese Tuina program participated in any state financial aid programs.

As AAAOM failed to provide an explanation of how it reconciles student payments and AAAOM account receivables, OHE has determined AAAOM did not keep a student account for each Chinese Tuina student. OHE reviewed the English Tuina student files and the required student accounts were maintained. The spreadsheet process outlined in the 12/3/2019 letter to OHE does not include a statement of tuition and reconciliation between the tuition due and the payments made by or on-behalf of students.

OHE has found sufficient evidence that AAAOM violated Minn. Stat. §136A.65 subd. 4(a)(1) to substantially provide the organizational framework with administrative and teaching personnel to provide the educational programs due to AAAOM's:

- 1) Failure to maintain student accounts for the Chinese Tuina students a violation demonstrates that AAAOM did not offered under Minn. Stat. §136A.65 subd. 4(a)(1).
- 2) Chinese Tuina student receipt and payment inconsistencies
- 3) Chinese Tuina student admissions process inconsistencies
- 4) Failure to evaluate and approve Chinese Tuina student internship sites and supervisors
- 5) Failure to validate the number of internship hour and patients requirements for graduation

Minn. Stat. §136A.65 subd. 4(a)(3) requires that a school operates in conformity with generally accepted accounting principles according to the type of school. Minn. Stat. §136A.64 subd. 1(4) requires AAAOM to submit a fiscal balance sheet on an accrual basis, or a certified audit of the immediate past fiscal year including any management letters provided by the independent auditor. A review of the financial statements that ended December 31, 2018 that were submitted as part of AAAOM's most recent registration renewal, OHE found:

- An auditor's opinion contained the required language that the school's financials complied with U.S. GAAP
- As of the end of December 31, 2018, [REDACTED]. This is inconsistent with the Account Statement-Tuition Payments 2019 document provided to OHE. The document demonstrates that 2018 students made payments in 2019.
- It is OHE's understanding that the process AAAOM outlined in AAAOM's 11/18/2019 letter is not compliant with IRS 1098-T requirements. It is OHE's understanding that when a student make a personal payment towards tuition during the calendar year, then you have to be issued a 1098-T for that calendar year (not when the student completes their program). Therefore, if a student made payments in two or more calendar years was applied to tuition, that student has to receive a 1098-T for each of the years and by the date required by the IRS. Since the 1098-T is used to calculate the federal education tax credits on an individual's personal tax return, the need to follow the IRS regulations is clear.

OHE has sufficient evidence that AAAOM has failed to provide accurate accounting information to its accountants as its tuition, charges, and payments are not properly managed. Therefore, AAAOM's auditor's opinion that the school's financials complied with U.S. GAAP is based on false or inaccurate information and

AAAOM is not operating in conformity with general accepted accounting principles as required under Minn. Stat. §136A.65 subd. 4(a)(3).

Minn. Stat. §136A.65 subd. 4(a)(7)) requires the school uses only publications and advertisements which are truthful and do not give any false, fraudulent, deceptive, inaccurate, or misleading impressions about the school, its personnel, programs, services, or occupational opportunities for its graduates for promotion and student recruitment and (9) the school provides information to students and prospective students concerning: (i) comprehensive and accurate policies relating to student admission, evaluation, suspension, and dismissal.

OHE found discrepancies in AAAOM's published policy on evaluation of student work and graduation requirements for the Tuina program. For example, OHE received the following policies:

In the AAAOM catalog, submitted as part of AAAOM's annual renewal 2019-2020 **and** 2017-2018 renewal (pg. 46): "In order to complete the program and receive the certificate in Chinese Tuina Massage, students must meet the following requirements:

1. Complete all required coursework with at least a cumulative "C" average, and a clinical internship with an "S" grade.
2. Complete at least 40 treatments and 10 different cases utilizing Tuina techniques.
3. Satisfy all financial obligations to the Academy

While there are Academic Progress and Comprehensive Examination policies for the graduate programs, there is no statement policy within AAAOM's catalog that "Tuina students who obtained a lower than B average are required to take a Tuina exit exam. Tuina students who obtained B average or higher are not required to take an exam" as provided to OHE on 12/23/2019.

The 12/23/2019 provided policy is either in violation of §136A.64 subd 4(9)(i) that AAAOM provides information to students and prospective students on concerning comprehensive and accurate policies related to student evaluation or AAOOM submitted false, misleading, or incomplete information to the office under Minn. Stat. §136A.65 subd. 8(2). There is a conflict between AAAOM's website and the catalogs submitted through EdVera and the 12/23/2019 graduation policy that was allegedly in place since 2017. Furthermore, even if the 12/23/2019 graduation policy is used, there is no statement on what the passing score needed for the final score.

Furthermore, AAAOM provided no documentation that could demonstrate that AAAOM validated Tuina student completion of 40 treatments and 10 different cases utilizing Tuina techniques.

- Failure to provide requested information under Minn. Stat. §136A.64 subd. 3 &4;

Under Minn. Stat. §136A.64 subd. 3, the office may request additional information to determine the nature and activities of a school and subd. 4, the office may verify the accuracy of submitted information by inspection,

visitation, or any other means it considers necessary. As stated above, AAAOM failed to provide the following information¹⁷:

- How students are notified of AAAOM’s “updated” 2017 exit exam policy as the policy is inconsistent to the student catalog
- An explanation of how AAAOM reconciles student payments and its student account receivables (for accounting purposes)
- No statement of historical practices of evaluating and approving off-site internship sites
- No statement on the transcript seal storage location (or how the seals are secured)
- The name of the businesses of the clinical site list of 12/23/2019 list of clinical sites
- A timeline of the “evolutionary process” of AAAOM’s process for approving off-site clinical training experiences and off-site supervisors
- The following student files:
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED]
 - o [REDACTED] (filed a transcript with Brooklyn Park)
 - o [REDACTED]
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (listed on the Internship 2019 and Account Statement-Tuition Payments 2019)
 - o [REDACTED] (Account Statement-Tuition Payments 2019 and 11/18/2019 submission #4)
 - o [REDACTED] n

OHE is particularly concerned about AAAOM’s refusal to provide a timeline of the “evolutionary process” of AAAOM’s process for approving off-site clinical training experiences and off-site supervisors. In AAAOM’s 12/13/2019 letter, AAAOM stated “presently a formal credentialing process is utilized.” As OHE has not received any completed credentialing forms, OHE is left to assume that the “evolutionary process” from 12/3/2019 was created only after OHE questioned AAAOM’s internship process in November and that AAAOM used no formal process to evaluate and approve student internship sites for the Chinese Tuina program. This practice poses a threat of prostitution and/or human trafficking to AAAOM’s students as several of the internship sites and supervisors are associated with prostitution and/or losing their personal and business massage licenses.

Based on the information above, OHE is revoking AAAOM’s registration under Minn. Stat. §136A.65 subd. 8 for the following reasons:

1. Violation of Minn. Stat. §136A.65 subd. 4(a)(1)
2. Violation of Minn. Stat. §136A.65 subd. 4(a)(3)

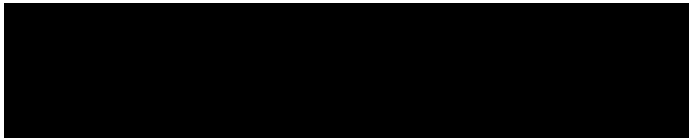
¹⁷ OHE made several requests twice, but did not receive the requested information.

3. Violation of Minn. Stat. §136A.65 subd. 4(a)(7)
4. Violation of Minn. Stat. §136A.65 subd. 4(a)(9)(i)
5. Violation of Minn. Stat. §136A.65 subd. 4(a)(9)(iii)
6. For providing false, misleading, or incomplete information (Minn. Stat. §136A.65 subd. 8(a)(2))
7. For refusing to supply reasonable information after a written request by the office (Minn. Stat. §136A.65 subd. 8(a)(4)).

AAAOM may appeal this order in accordance with Minnesota Chapter 14. AAAOM must submit its request for an appeal to OHE within 30 days of this order. While this order for revocation is not effective until the final determination of the filed appeal or the court orders immediate effect, OHE anticipates the school's closure under Minn. Stat. §136A.645.

AAAOM must submit the following documents to our office by **February 28, 2020**:

- Spreadsheet containing the following information for all student enrolled within the last 365 days:
 - Student Name
 - Mailing Address
 - School and Personal email address
 - Program Name
 - Number of credits completed
 - Number of credits remaining
 - Anticipated graduation date
 - Current enrollment status
- An electronic record of all student transcripts uploaded to:



(If electronic records are unavailable, you must notify our office to arrange delivery of physical files.)

- Information on transfer credit or articulation agreements in place with other institutions
- Faculty information
- Course syllabi
- Student ledgers and Financial Aid information for students enrolled within the last 365 days

Lastly, OHE's legal counsel is Assistant Attorney General Marty Casserly. Ms. Casserly can be contacted at [REDACTED]

If you have any questions or concerns, please contact me at [REDACTED]

Sincerely,



Betsy Talbot, Manager
Institutional Registration & Licensing

Cc: Andrew Pieper, Stoel Rives, LLP, andrew.pieper@stoel.com

[REDACTED]

Exhibit E



Minnesota Office of Higher Education
1450 Energy Park Drive, Suite 350
St. Paul, MN 55108
In the Matter of:

American Academy of Acupuncture & Oriental Medicine
Registration Revocation

**STIPULATION AND
CONSENT ORDER**

American Academy of Acupuncture & Oriental Medicine (AAAOM)
1925 West County Road B2
Roseville, MN 55113

I. Introduction

1. This Stipulation and Consent Order is entered into by and between the Minnesota Office of Higher Education (OHE) and American Academy of Acupuncture and Oriental Medicine (AAAOM), by their respective authorized representatives, for the purpose of resolving a revocation of AAAOM's registration under Minnesota Statute §136A.65 subd. 8.

II. Definitions

2. For purposes of this Stipulation and Consent Order, the following definitions shall apply:
- (a) "Act" means the Minnesota Private and Out-of-State Public Postsecondary Education Act, Minnesota Statute §136A.61 to §136A.671;
 - (b) "AAAOM" means American Academy of Acupuncture and Oriental Medicine;
 - (c) "ACAOM" means the Accreditation Commission of Acupuncture and Oriental Medicine;
 - (d) "OHE" means the Minnesota Office of Higher Education;
 - (e) "Compliance Plan" means the processes and procedures to ensure compliance with the Act and the Rules at AAAOM during the teach-out period, as summarized in the Appendix hereto;
 - (f) "Effective Date" means the date on which the parties have signed the Stipulation and Consent Order;
 - (g) "Execution Date" means the date on which this Stipulation and Consent Order is signed by the last of the Parties to do so;
 - (h) "Divest" means that the owners, officers, management, and related parties of aforementioned groups sell all ownership of AAAOM and cease oversight and

management of the school, including membership of a Board of that oversees AAAOM. Divestment includes a prohibition that the current owners, officers, management, and related parties cannot own the property that AAAOM uses or leases educational activities and clinical experiences and;

- (i) “Parties” means OHE and AAAOM;
- (j) “Teach-out partner” means a school that will accept the equitable transfer of students to complete the student’s educational program in which they were enrolled. Equitable transfer includes the transferring of academic credit and financial charges to students;
- (k) “Rules” means the Minnesota Administrative Rule 4840; and
- (l) “Violations” means the violations of outlined in OHE’s 2-21-2020 revocation order.

III. Background

3. On February 21, 2020, OHE issued a revocation order to AAAOM based on an OHE investigation of AAAOM’s Chinese Tuina Massage Program. In that revocation, OHE outlined violations of the Act and grounds for revocation. Specifically, OHE revoked AAAOM’s registration for:

- (a) Violation of Minn. Stat. §136A.65 subd. 4(a)(1)
- (b) Violation of Minn. Stat. §136A.65 subd. 4(a)(3)
- (c) Violation of Minn. Stat. §136A.65 subd. 4(a)(7)
- (d) Violation of Minn. Stat. §136A.65 subd. 4(a)(9)(i)
- (e) Violation of Minn. Stat. §136A.65 subd. 4(a)(9)(iii)
- (f) For providing false, misleading, or incomplete information (Minn. Stat. §136A.65 subd. 8(a)(2))
- (g) For refusing to supply reasonable information after a written request by the office (Minn. Stat. §136A.65 subd. 8(a)(4)).

4. Because a revocation taking effect on March 21, 2020 is not in the best interest of students, the Parties have agreed to enter into this Stipulation and Consent Order to which both AAAOM and OHE intend to be legally bound.

IV. Agreement

5. The Parties acknowledge that any proceeding that might result from the Violations referred to in Paragraph 3 above would be time-consuming and require substantial expenditure of public and private resources. In order to conserve such resources, to resolve the matter, and to promote teaching out students enrolled at AAAOM, the Parties are entering into this Stipulation and Consent Order, in consideration of the mutual commitments made herein.

6. AAAOM and OHE agree to be legally bound by the terms and conditions of this Stipulation and Consent Order. Both AAAOM and OHE each represent and warrant that its signatory is duly authorized to enter into this Stipulation and Consent Order on its behalf. AAAOM agrees that OHE has jurisdiction over the matters contained in this Stipulation and Consent Order.

7. The Parties agree and acknowledge that this Stipulation and Consent Order shall constitute a final settlement between AAAOM and OHE concerning AAAOM’s Violations, as discussed herein.

8. In express reliance on the covenants and representations in this Stipulation and Consent Order, OHE agrees that it will not use the Violations in any action against AAAOM, provided that AAAOM satisfies all of its obligations under this Stipulation and Consent Order. In the event that AAAOM fails to satisfy any of its obligations under this Stipulation and Consent Order, OHE may take any enforcement action available pursuant to the Act and the Rules with respect to each Violation, and/or the violation of this Stipulation and Consent Order.

9. AAAOM hereby stipulates that it violated the Act to the extent described in Paragraph 3 above.

10. OHE agrees to grant conditional registration approval through Minn. Stat. §136A.65 subd. 7 for 364 days from the date of the February 21, 2020 Revocation Order, provided that there are no issues other than the Violations that would preclude granting of the conditional approval.

11. AAAOM represents that, in addition to its existing policies and procedures, it has adopted, is currently in the process of implementing, and agrees to abide by the Compliance Plan summarized in the Appendix for the purpose of ensuring compliance with the Act. AAAOM agrees, to the extent that it has not already done so, to implement this Compliance Plan no later than thirty (30) days after the Effective Date and to keep such Compliance Plan in effect for the period until the conclusion of the conditional approval or if AAAOM divests ownership and management of AAAOM.

12. AAAOM represents that, as of the date of its execution of this Stipulation and Consent Order, AAAOM fully comports with the Act except as described in Paragraph 3 above.

13. AAAOM agrees that it is required to comply with each individual condition of this Stipulation and Consent Order. Each specific condition is a separate condition of the Stipulation and Consent Order as approved. To the extent that AAAOM fails to satisfy any condition, the Act, or Rule, in the absence of OHE alteration of the condition or Rule, it will be deemed noncompliant and may be subject to possible enforcement action, including, but not limited to, revocation of the relief, revocation without right to Appeal under Minnesota Chapter 14, and/or forfeitures.

14. The Stipulation and Consent Order will not be binding on AAAOM's successors-in-interest and assigns. AAAOM agrees that any future assignment or transfer of control or ownership will include pre-transfer or assignment approval by OHE.

15. AAAOM waives any and all rights it may have to seek administrative or judicial reconsideration, review, appeal, or stay, or to otherwise challenge the validity of this Stipulation and Consent Order.

16. AAAOM and OHE agree that the effectiveness of this Stipulation and Consent Order is expressly contingent upon signatures of both parties.

17. AAAOM and OHE agree that, if AAAOM or OHE, brings a judicial action to enforce the terms of this Stipulation and Consent Order, neither AAAOM nor OHE will contest the validity of the Stipulation and Consent Order, and AAAOM and OHE will waive any statutory right to a trial *de novo* with respect to any matter upon which the Stipulation and Consent Order, and will consent to a judgment incorporating the terms of this Stipulation and Consent Order.

18. AAAOM and OHE agree that, in the event that this Stipulation and Consent Order is rendered invalid by any court of competent jurisdiction, it will become null and void and may not be used in any manner in any legal proceeding.

19. This Stipulation and Consent Order may be signed in counterparts and/or by telecopy and, when so executed, the counterparts, taken together, will constitute a legally binding and enforceable instrument

MINNESOTA OFFICE OF HIGHER EDUCATION

By: *Betsy A Talbot*
Betsy Talbot, Manager

Date: 6/2/2020

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of American Academy of Acupuncture & Oriental Medicine, acknowledges that:

- (1) They have read the foregoing stipulation and consent order
- (2) They know and fully understand its contents and effect
- (3) They are authorized to execute this consent order on behalf of American Academy of Acupuncture & Oriental Medicine
- (4) American Academy of Acupuncture & Oriental Medicine was advised of its right to a Chapter 14 appeal and hereby expressly waives those rights; and
- (5) American Academy of Acupuncture & Oriental Medicine consents to the entry of this order by the Minnesota Office of Higher Education.
- (6) American Academy of Acupuncture & Oriental Medicine was represented by legal counsel or has waived its right
- (7) This stipulation and Stipulation and Consent Order constitutes the entire agreement between the parties hereto, there being no other promises or agreements, either express or implied.

Dated: 6/3/2020

American Academy of Acupuncture & Oriental Medicine:

By, print name: Changzhen Gong

By, signature: [Handwritten Signature]

Title: President

State of Minnesota

County of Ramsey ss.

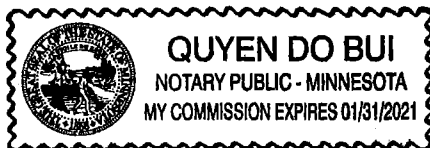
This instrument was acknowledged before me on 3rd day of June, 2020, by [Signature] on behalf of American Academy of Acupuncture & Oriental Medicine and acknowledged that (s)he/they executed the same as his/her/their free act and deed.

[Handwritten Signature]

Notary Public

(Seal) Ramsey County, MN

My commission expires 01/31/2021





APPENDIX
COMPLIANCE PLAN
OF
AMERICAN ACADEMY OF ACUPUNCTURE & ORIENTAL MEDICINE

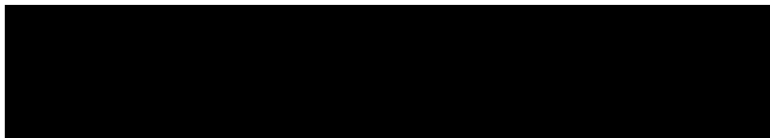
For the duration of the school operations through February 19, 2021, unless a different time period is specified below, AAAOM, will institute and maintain the following procedures to ensure compliance with the OHE's Rules. Unless otherwise provided, all terms defined in the Stipulation and Consent Order apply to this Compliance Plan.

- A. AAAOM will permanently close its Chinese-language Tuina Massage Program after currently enrolled students have completed their program. The clinical training/internship of the currently enrolled students will be at the on-site clinic. If AAAOM is unable to administer the clinical/internship experience at the on-site clinic, any off-campus placement must receive prior approval from OHE. AAAOM must provide the name of the business, name of business owners, and supervisor names and licenses to OHE for approval two weeks prior to the start of the off-campus clinical/internship experience. If an off-campus clinical/internship experience is denied, OHE will provide AAAOM rationale for denial.
- B. AAAOM will participate in ongoing monitoring by OHE during the conditional approval period.
- C. AAAOM will send a spreadsheet by the 25th of each month during the conditional registration period that contains
 - Student name
 - Mailing address
 - School and personal email address
 - Program name
 - Number of hours completed
 - Number of remaining hours
 - Anticipated graduation date, and
 - Current enrollment status
- D. AAAOM will complete the registration renewal process by September 30, 2020.
- E. AAAOM must maintain its accreditation with ACAOM for its accredited programs.
- F. AAAOM will explain and emphasize to the staff and faculty the absolute requirement to follow all OHE Rules, regulations, and policies and will fully explain the obligations imposed by the Compliance plan to all faculty and staff. Should AAAOM learn that any OHE Rule, regulations, policies, the Act, or the Compliance Plan has been violated, AAAOM will notify OHE immediately via email to betsy.talbot@state.mn.us.
- G. AAAOM will have all students sign a disclosure statement that states:

- AAAOM will close by February 19, 2021 unless AAAOM changes ownership or OHE extends the term of this consent decree under Minn Stat. §136A.65 subd. 7(a), not to exceed February 19, 2023.
 - AAAOM makes no guarantees that AAAOM will successfully change ownership prior to February 19, 2021 or that OHE will extend the term of this consent decree.
 - Students that stay enrolled through February 19, 2021 have no guarantee of completing their program at AAAOM.
 - Students that stay enrolled through February 19, 2021 have no guarantee of access of state or federal financial aid through February 19, 2021.
 - **Students participating in the MN SELF Loan program remain responsible to repay loan debt accrued at AAAOM even in the event of the school's closure.**
- H. AAAOM will assist any student that seeks to withdraw or transfer to a new institution. AAAOM will not charge any transcript fee to students that dis-enroll from AAAOM or transfer to a new institution through February 19, 2021.
- I. AAAOM will not re-enroll withdrawn or dismissed students into any program without receiving prior approval from OHE. Requests for approval must be sent by email to betsy.talbot@state.mn.us and must include a copy of the student's transcript and rationale of how it is in the best interest for the student to re-enroll. OHE will provide the rationale for any denial of re-enrollment.
- J. If AAAOM complies with the Compliance Plan requirements A through I as of October 30, 2020, OHE will extend the term of the consent decree and AAAOM may remain open through to end of the Winter Trimester 2021 in order for students to complete the term so long as AAAOM remains in compliance with requirements A through I. OHE may further extend the terms of this consent decree under Minn Stat. §136A.65 subd. 7(a), not to exceed February 19, 2023, if doing so would be in the best interests of currently enrolled students or prospective students.
- K. AAAOM will establish a minimum of two transfer and one teach-out partners for each of its programs with the exception of the Chinese-language Tuina Massage program. A transfer partner is an institution that has mapped how AAAOM's curriculum will transfer to the new institution. A teach-out partner is an institution that will enroll students who are reasonably within one year of graduation with minimal disruption and minimal extension of graduation date. In order to meet the divestment standard for a change of ownership, AAAOM must:
- Receive approval for a Change of Control through ACAOM and the US Department of Education by February 19, 2021.
 - Receive approval for Change of Control and Change ownership through ACAOM and the US Department by February 19, 2021 if the divestment includes a change of for-profit to non-profit status.
- L. AAAOM will provide OHE 14-day notice of any sale, operation, and transition agreement prior to closing for pre-approval to ensure the spirit of the sale, operation, and transition agreement are in the spirit of the divestment requirements of the Stipulation and Consent Order. The 14-day notification must include:
- A copy of the *Contract of Sale, Purchase Agreement or Acquisition Agreement* (if applicable).
 - A copy of the new owner's pro forma opening day balance sheet (must reflect the estimated outstanding unearned tuition as of the date of the sale/purchase of the school, signed and dated by the President and the Board Chair of the school's new owner).
 - The new owner's most recent fiscal year audited financial statement if the new owner is an existing corporation.
 - Organizational chart that represents the ownership change, including percentage of ownership.

breakdown of each entity in the chain of ownership for all individuals, partnerships, LLCs, corporations, trusts, or other forms of ownership.

- Notarized statement from each new owner or member of the board meets the divestment requirements.
- M. AAAOM may continue to offer the currently unaccredited Doctorate of Acupuncture and Oriental Medicine (DAOM) program through February 19, 2021, on a conditional basis in the interest of allowing current students to complete the program or transfer to a new institution/teach-out partner, and OHE will further extend the term for the DAOM program through to end of the Winter Trimester 2021 as provided in Paragraph J. Upon AAAOM's successful change of ownership or control, continuation of the DAOM program beyond the Winter Trimester 2021 is predicated on the successor institution applying for and receiving approval from OHE for the DAOM program. OHE will waive the new program fee for the DAOM program under Minn. Stat. §136A.69 subd. 3 for the successor institution. Any new approval of the DAOM program under the successor institution will restart the five-year provisional approval under Minn. Stat. §136A.65 subd. 7.
- N. AAAOM will transfer all student records to the successor institution if AAAOM has received its pre-acquisition letter of approval from the US Department of Education allowing for Change of Control and/or Change of Ownership status before September 21, 2020. If AAAOM does not receive a pre-acquisition letter of approval from the US Department of Education allowing for Change of Control and/or Change of Ownership status by October 5, 2020, AAAOM will have digitized all student records by November 22, 2020 and transfer digital copies non-enrolled students records to OHE by November 30, 2020 via OHE's FTP site:



The deadlines and the February 19, 2021 close date set forth above may be amended with OHE's consent based on AAAOM's progress toward obtaining a pre-acquisition letter of approval and such consent will not be unreasonably withheld. It will be deemed reasonable for OHE to withhold consent if the deadlines extensions exceed timelines necessary for an orderly wind-down of AAAOM due to lack of approvals through the US Department of Education and ACAOM.

- O. AAAOM will cease new enrollment in all academic programs until such time as it obtains pre-acquisition approval for Change in Control and/or Change of Ownership from ACAOM and the US Department of Education.
- P. OHE will grant AAAOM the right to enroll new students once AAAOM meets the following divestment benchmarks for Title IV financial aid eligibility through the US Department of Education and accreditation through ACAOM:
- AAAOM must complete its pre-acquisition application from the US Department of Education allowing for Change of Control and/or Change of Ownership status by August 14, 2020.
 - AAAOM must receive ACAOM approval, including a provisional or conditional approval, for Change in Control and/or Change of Ownership by August 14, 2020.
 - AAAOM must receive a pre-acquisition letter of approval from the US Department of Education allowing for Change of Control and/or Change of Ownership status by October 5, 2020.
 - The deadlines set forth above may be amended with OHE's consent based on AAAOM's progress toward meeting the divestment benchmarks
- Q. AAAOM will cooperate in the OHE close audit for the Minnesota aid programs under Minnesota

Chapter 136A conducted by OHE that covers the 2019-2020 and 2020-2021 aid years.

- R. If AAAOM ceases operations, AAAOM will transfer digital copies of students' records to OHE within 15 days of when operations cease, or at another mutually agreed-upon reasonable time, via OHE's FTP site:

