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Minnesota's New Wage Theft Laws Puts Employers on Notice

The Minnesota Department of Labor and Industry's (DLI) award of \$1.2 million in back wages for 25 construction workers is a significant step toward protecting employees from wage theft practices and is a direct result of enforcing the Minnesota Wage Theft Prevention Act that was signed into law in 2019. This law has enhanced protections for workers, adding civil and criminal penalties for employers that commit wage theft, and has provided the resources and staffing needed for investigations of this size.

In the case against Property Maintenance and Construction Inc. (PMC) and Advantage Construction Inc. (Advantage), the DLI uncovered widespread wage theft at 19 different construction sites including Vikings Lakes in Eagan, MN. With assistance from the North Central States Regional Council of Carpenters (NCSRCC), twenty-five workers employed by PMC and Advantage came forward to report unpaid wage violations despite repeated intimidation by the PMC owner to prevent workers from cooperating with the investigation. Workers were paid off-the-books and not paid all wages and overtime owed. This severely impacts the ability for workers to support themselves, their families and their communities.

Since the inception of the Minnesota Wage Theft Prevention Act, employers are required to provide written record of employment terms and status, notice of payment changes, and additional earning statement requirements. These provisions are enforceable safeguards to prevent wage theft and legally regulate unlawful practices. Both the Minnesota Attorney General's Office and the Minnesota Department of Labor and Industry have the authority to enforce this law.

"I commend the DLI for the hard work and commitment to resolving an unprecedented case in both size and magnitude," stated Burt Johnson, NCSRCC General Counsel. "It is rare to see two companies held jointly accountable for willful actions against workers. This is a landmark case that modernizes the approach to these deliberate cases of wage theft towards more enforcement."

The size and nature of this case amplifies the need for stronger worker protections and demonstrates how even stricter wage theft laws and enforcement provide necessary resources to end the exploitation of workers. The Construction Workers Wage Protection Act signed into law in 2023 offers further protections for workers and streamlines the process for workers to seek unpaid wages. General contractors will be liable for wages not paid by their subcontractors.

Construction workers now have the legal right to seek unpaid wages from a general contractor, rather than a subcontractor, who may skirt responsibility by hiding within the layers of contracts and agreements. "General contractors are finally accountable for their job sites and will need to



have stronger oversight of their projects,” said Richard Kolodziejewski, NCSRCC Director of Government Affairs. “The days of turning a blind eye to the mistreatment of workers are coming to an end. Excuses that include not knowing or not having responsibility for the work being done on your jobsite are no longer acceptable. The recent decision from the DLI demonstrates the level of liability contractors will incur if they continue these practices.”

This decision by the DLI opens the door for the Wilf family’s MV Ventures to set an example for all other developers by collecting damages from the subcontractor they were informed was engaging in wage theft practices. They went on record in May 2022 stating that the subcontractor would be held accountable for having breached their contracts. Minnesota should expect no less.

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North Central States Regional Council of Carpenters (NCSRCC) represents 27,000 members in 36 Locals and 17 training centers throughout Iowa, Minnesota, Nebraska, North Dakota, South Dakota and Wisconsin. Members in the six-state area include carpenters, industrial workers, interior systems carpenters, millwrights, pile drivers and floor coverers.