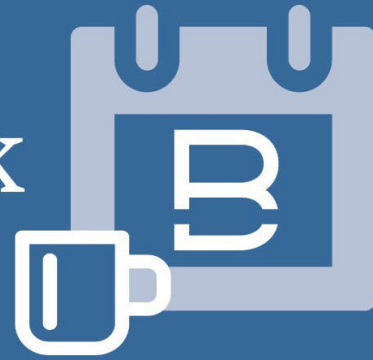


The Work Week

Bassford Remele Employment Practice Group



May 4, 2026

Welcome to another edition of *The Work Week with Bassford Remele*. Each Monday, we will publish and send a new article to your inbox to hopefully assist you in jumpstarting your work week.

[Bassford Remele Labor & Employment Practice Group](#)

A Seven-Figure Life Lesson: Wage Compliance Matters

[Beth L. LaCanne](#)

A seven-figure settlement is a stark reminder of the importance of complying with Minnesota's wage theft statute. Last week, the Minnesota Department of Labor and Industry (DLI) announced a \$1.28 million settlement for back wages owed to 26 workers related to alleged wage violations across multiple construction sites. While the case focused on subcontractors in the construction industry, the implications are much broader.

Background

DLI entered into [Consent Orders](#) with Advantage Construction Inc. ("Advantage") as well as Property Maintenance & Construction LLC, and Property Maintenance and Construction, Inc. (collectively "PMC"). The settlement related to alleged wage theft involving PMC who performed work under Advantage's subcontract. Workers were denied overtime, underpaid, or not paid at all in some instances. The conduct stretched across years and multiple construction projects. Although Advantage denied it employed any of the individuals, DLI pursued Advantage under the joint employer doctrine. Despite denying it employed the individuals, Advantage is paying the largest portion of the settlement.

Joint Employer Doctrine

Under the joint employer doctrine, two entities are deemed the employer of the same worker, and both are subject to the same liability, fines, penalties, and sanctions for violations of state and federal labor laws. Last week, we discussed the [NLRB and its reversion to a prior joint employer test](#). Minnesota courts apply a similar test. The factors are: (1) interrelation of

operations; (2) common management; (3) centralized control of labor relations; and (4) common ownership.

Upstream Risk in the Construction Industry

Unfortunately for those in the Minnesota construction industry, the joint employer doctrine is not the only basis for liability risk related to another entity's noncompliance with labor laws. Prior to August 1, 2023, general contractors and property owners could generally shield themselves from subcontractor misconduct related to construction projects. The enactment of the Construction Worker Wage Protection Act (CWWPA) effectively eliminated that shield, subjecting general contractors and property owners of commercial and multi-family house projects to liability for wage violations committed by subcontractors.

The CWWPA was not implicated in the DLI/Advantage/PMC settlement because the conduct occurred prior to August 1, 2023. Had the conduct occurred under a contract entered into on or after August 1, 2023, Advantage may not have been the only entity upstream from PMC that faced liability.

Mitigating Liability Exposure

Labor compliance in subcontracting network creates multiple layers of risk, including financial, reputational, and work disruption. We provided some recommendations to mitigate risk associated with a joint employer situation last week. To mitigate risk under the CWWPA, upstream contractors and property owners should consider

- vetting bids with a critical eye toward whether the bid is realistic considering the scope of work to be performed;
- adding provisions in contracts that require clear documentation of wages, hours, and worker classification, as well as audit rights and penalties for violations;
- enforcing audit rights; and
- training project managers and site supervisors to look for warning signs such as subcontractors paying workers in cash, no overtime despite long hours, or inconsistent or missing payroll records.

Whether you find yourself in a joint employer situation or operating within Minnesota's construction industry, the lesson is the same: learn from others' mistakes. The line between "their employees" and "your responsibility" is increasingly blurred. Businesses that take a proactive role—through careful vetting, strong contractual protections, and consistent oversight—will be far better positioned to mitigate the significant financial and reputational consequences arising from another entity's poor labor practices.

The Bassford Remele Employment Law Group closely monitors regulatory and legal developments at both the state and federal levels. We advise clients on the practical implications of these developments. We also defend clients before administrative agencies and in state and federal courts related to worker misclassification.

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