

# 2025 Compliance Updates

In 2025, third party complaints filed by FCF resulted in **\$332,625** in wage recoveries going to workers who were shorted their earned prevailing wages. In addition, FCF is currently tracking **55** open complaints we filed with various government agencies regarding prevailing wage violations, misclassification, standard wage theft, overtime violations, and licensing and registration issues. In 2025, FCF filed **25** complaints for probable violations of law.

Some highlights of our 2025 compliance efforts include:

- In July 2024, FCF filed a complaint against LS Drywall for apparent miscoding of carpenters and drywall tapers as laborers, and for the likely underpayment of the prevailing wage rate for laborers. These apparent violations occurred on a cargo hangar project at the Thief River Falls airport. The complaint was filed with the Labor Compliance Unit at MNDOT. In November, FCF received confirmation that LS Drywall underpaid 11 employees on this project, and paid **\$27,387.38** in restitution for back wages to the affected workers.
- In May 2024, FCF filed a complaint against The Joseph Company for apparent failure to pay the required prevailing wage rate to laborers and carpenters performing work on a project at the water treatment plant for the City of Amboy, MN. In October, FCF received a case closure letter and Notice of Findings from DLI. The DLI investigation determined The Joseph Company owed **\$2,841.62** in back wages to 17 employees.
- In June 2024, FCF filed a complaint with DLI against Mammoth Sports Construction for apparent failure to pay employees coded

as laborers the full prevailing wage rate for work on a project at the MSU Mankato Sports Dome. In August, FCF was notified by DLI that Mammoth was found to have miscoded 10 employees performing carpet layer work as laborers, as well as making unauthorized lodging deductions from twelve employees. DLI obtained a total of **\$11,687.39** in restitution for the employees.

- In July 2024, FCF filed a complaint with DLI against Solar Connection for multiple apparent violations on school solar installation projects under the "Solar for Schools" grant program. These projects were in the Southeast, Southwest, and metro regions. The "Solar for Schools" grant program required prevailing wages and specifically stated that most work on these projects should be coded as electrician work. Despite these requirements, the certified payroll reports for Solar Connection showed most employees coded as laborers. In addition, many of Solar Connection's employees were registered with the Construction Codes and Licensing Division as unlicensed electricians. Therefore, in addition to the apparent prevailing wage violations, FCF alerted DLI to potential violations involving the supervision of unlicensed electricians. In October, DLI notified FCF the department found that Solar Connection miscoded nine electricians as laborers, and paid one employee coded as an electrician less than the required prevailing wage. DLI recovered **\$27,021.91** in back wages for the affected employees.

FCF would like to recognize and thank contractors, business agents, organizers, and workers who bring violations to our attention. We are more effective because of their vigilance.

## Niron Magnetics Update



Photo Credit: Niron Magnetics

Agreement in place for the construction, which will practically ensure the facility is built by local contractors and highly skilled local workers.

The plant is expected to be operational in early 2027, and it will produce up to 1,500 tons of high-power magnets annually, which are used in products from cell phones to automobiles to clean energy systems. Importantly, Niron's magnets are produced without the use of rare earth minerals, which have lately been a source of geopolitical tension. The ability to manufacture such magnets domestically will strengthen supply chains for U.S.-based companies.

Ryan Companies is the general contractor for this project. There is currently some initial site work underway, but the majority of the construction will begin in Spring 2026.

## Building for Mining in Nashwauk

Iron workers Noland Blair and Blair Thompson of Local 512 (in the lower basket) work with Casper Penrod, a traveler from Local 387 in Georgia, at the Mesabi Metallics construction site outside of Nashwauk, MN. The \$2 billion project is scheduled to be completed in 2026. The facility will make pellets for emerging electric arc furnace steelmaking.

Photo Credit: FCF-Vince Muzik



## Happy New Year

Everyone at FCF is committed and enthusiastic for 2026. It brings yet another year of working with partners to keep Minnesota's construction industry operating fairly, honestly, and safely. Thank you for continuing to help us achieve this goal.

## Our Mission

The Fair Contracting Foundation promotes prevailing wage law education, compliance and enforcement. It advocates for practices, policies and laws that ensure fair government contracts, a strong local industry and protection of the public interest. We're here to help. Give us a call at 651-797-2726 or toll-free at 1-844-777-0606.

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## 2025: Criminal Cases in Construction



Photo Credit: FCF-Vince Muzik

In 2025, Twin Cities prosecutors secured two criminal convictions and filed charges in a third case against construction contractors following investigations into wage theft, and insurance and tax fraud.

In February, the Ramsey County attorney's office secured a plea deal from Todd Konigson, the owner of Stillwater Masonry, for one count of tax evasion. The case was originally referred to investigators by the Bricklayers and Allied Craftworkers Local 1 MN/ND/SD (BAC Local 1) after the union heard from workers who alleged they were shorted wages.

In April, a district court judge in Hennepin County found Frederick Newell, the owner of Integrated Painting Solutions, guilty of the charges of wage theft and theft by swindle. The referral of this case to criminal investigators came from IUPAT DC 82. In fact, it was representatives from IUPAT DC 82 that made initial contact with the victims in this case,

identified potential criminal violations, and helped to refer the matter to law enforcement.

Finally, in September, the Ramsey County attorney's office charged the owners of Bayvista, Inc. with wage theft, tax evasion, and workers' compensation insurance fraud in connection to work performed on a public housing project in Saint Paul. This matter was originally identified by representatives from the North Central States Regional Council of Carpenters (NCSRCC). Specifically, Jorge Duran from NCSRCC worked diligently to meet with the potential victims, inform workers of their rights, and build trust with workers to come forward and make a police report. These efforts were critical in getting the matter referred to law enforcement for investigation.

FCF assisted our affiliates in gathering information on the projects in question, identified potential investigative and enforcement agencies, and helped to set up referrals. These collaborative efforts underscore the importance of working together as an industry to root out fraud and the criminal exploitation of construction workers. FCF applauds everyone for their hard work and commitment; efforts which resulted in accountability in 2025. FCF would especially like to highlight the efforts of BAC Local 1, IUPAT DC 82, and NCSRCC for advancing justice for all construction workers in Minnesota.

## Minnesota to Address Mental Health and Suicide Prevention in Construction

During the 2025 legislative session, Minnesota lawmakers passed a bill to appropriate \$500,000 in both 2026 and 2027 to fund grants for mental health support in the construction industry. The grants will fund programs that "create outreach and engagement programming and develop resources and worksite strategies to promote mental health and prevent suicide in the construction industry." The grants will be awarded through the Dept. of Labor & Industry, and the first round of recipients will be announced on Dec. 31, 2025.

Mental health and suicide prevention is a critical issue for the construction industry. The Centers for Disease Control reports that between 2001 and 2021, the suicide rate for American workers (ages 16-64) increased 33 percent, with men at significantly higher risk than women. Given that as more than 90 percent of the construction workforce are men, this is a major concern. Across all industries, construction had the second highest rate of suicide among workers, behind only mining.

Minnesota deserves recognition for taking this problem seriously. We wish nothing but success for the initial grant recipients, and hope this program will be expanded in future years.

If you or someone in your life is struggling with mental health, substance abuse, or thoughts of suicide, please call or text '988' to reach the Suicide & Crisis Lifeline. Trained counselors are available 24/7/365. Learn more about this service by visiting the 988 Lifeline website at <https://988lifeline.org>.



## Bad Economies are Bad for Construction



Photo Credit: FCF Staff

When the economy is bad, or even if there are fears that it will become bad, the construction industry tends to suffer. And the converse is equally true; when the economy is doing well, construction tends to benefit. That is why it is increasingly concerning that many states are beginning to show signs of recession, including Minnesota. But what does it mean for an economy to be in recession? The National Bureau of Economic Research's defines a recession as "...a broad-based, persistent decline in economic activity."

Currently, 22 states in the U.S. are at risk of entering a recession, or are already in a recession. A further 12 states are currently classified as "treading water", meaning that they have not been experiencing any decrease or increase in economic activity. As you might imagine, when

nearly half the states in the country are facing economic stagnation or contraction, the overall economy tends to slow, which has a chilling effect on the construction industry. And although the U.S. economy isn't experiencing a recession yet, many sectors are "shedding jobs," including the construction industry.

Some economists are especially concerned that the U.S. is heading toward a "K-shaped economy," where people in higher income brackets are thriving, while people in lower income brackets are struggling. The main issue with this is, as some people's net worth increases, they spend a smaller fraction of their increased wealth in the market, meaning that our economy benefits less when wealth is concentrated at the top. In fact, nearly three-quarters of the growth in consumer spending in 2025 can be attributed to this outcome, which economists call the "wealth effect."

These concerns about the economy can result in governments, and private businesses, taking a more conservative approach to funding construction projects, which leads to less construction and fewer work opportunities for the highly-skilled members of the building trades.

## Fraud Extends into the Construction Trades

From the creation of the U.S. Department of Government Efficiency (DOGE), to the Feeding Our Future scandal in Minnesota, the elimination of "fraud, waste, and abuse" of government resources was a hot-button topic in 2025.

Federal prosecutors have reported that 59 people have been convicted in the State of Minnesota for fraud related to social services that were billed to the State, but were never provided. Further, prosecutors have relayed that more than \$1 billion in taxpayer money has been misappropriated in three additional cases under investigation. And while investigating and prosecuting direct fraud is a good starting place, too often other types of fraud persist in our communities, which can have significant negative effects.

Fraud against the government can take a variety of forms: from the direct fraud of government programs that are the subject of current prosecutions, to payroll fraud (aka "wage theft"), where an employer misclassifies a worker as an independent contractor, as opposed to an employee. In the latter circumstance, while it may be obvious that workers miss out on crucial benefits, like unemployment insurance and workers compensation, you might not realize the scale at which the State misses out as well. In fact, a 2021 study looking at Minnesota's construction industry estimated that upward of 23 percent of construction workers were misclassified, which not only resulted in

each worker losing approximately \$30,000 annually, but also cost the State of Minnesota approximately \$136 million in tax revenue.

The Minnesota Legislature took aim at the multi-faceted fraud of misclassification when it modified M.S.A. § 181.723 in 2024. Just because a contractor doesn't want to pay employment taxes, workers compensation and unemployment insurance, or any other legally-required benefit for employees, does not mean that a contractor can mislabel their worker as an independent contractor, rather than an employee. In fact, the State of Minnesota was recently victorious in defending the updated version of the construction worker misclassification law in a federal lawsuit filed by Associated Builders and Contractors and the Builders Association of Minnesota.

FCF will continue to work tirelessly with our building trades affiliates to investigate fraud of all types in the construction industry, and pass along verified referrals to our federal, state, and local enforcement partners. Working together, we can achieve a fair, competitive, and high-quality construction industry.

*"Just to be clear. There will be no pardons for fraudsters in Minnesota."*

- Tim Walz (11/30/25 on X/Twitter)