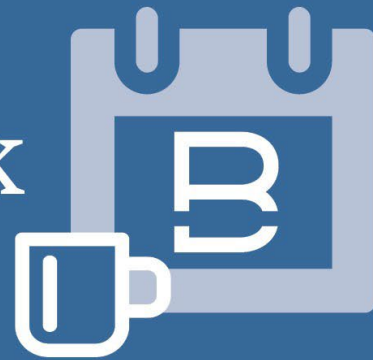


The Work Week

Bassford Remele Employment Practice Group



May 12, 2025

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

[Bassford Remele Employment Practice Group](#)

Minnesota's First Wage-Theft Conviction and Sentence: How to Avoid Becoming the Next Headline

[Andrew T. James](#)

On June 6, 2025, Frederick Newell was sentenced in Hennepin County District Court to three years of probation for stealing more than \$37,000 in wages from five workers at an affordable housing development in Minneapolis. Back in April, we [wrote about](#) Minnesota's Wage Theft Prevention Act (the "WTPA") and three ongoing cases in Minnesota (including a brief comment on the conviction of Newell).

The felony sentence imposed on Newell—believed to be the first of its kind under the WTPA—sent shockwaves across Minnesota employers and serves as an unmistakable reminder that the consequences for wage theft are severe. Employers of Minnesota employees should internalize the message that compensation-related issues, including those involving terminated or departing employees, demand meticulous attention. Failure to comply can lead to not just civil penalties, but potentially felony charges and significant restitution.

From Contract to Conviction

Frederick Newell's company, Integrated Painting Solutions ("IPS"), secured a contract in 2020 for painting work on a publicly funded affordable apartment complex in Minneapolis. As a government-funded project by virtue of tax-increment funding, IPS was legally obligated to pay its employees prevailing wages and to maintain accurate payroll records. For painters and general laborers on this project, that meant rates around \$36 per hour, plus benefits.

Several employees came forward alleging that Newell paid them significantly less—ranging from \$15 to \$25 per hour. The City of Minneapolis' Civil Rights Division (and later the Hennepin County Attorney's Office) investigated and found a pattern of intentional underpayment and deception by IPS and Newell. Newell was found to have not only paid workers far below the required rates, but even further, to have

actively concealed the actual hours worked by his employees. He was also found to have submitted falsified payroll records to the general contractor. In one egregious instance, a laborer who worked 32 hours in June 2020, earning approximately \$1,779.84, never received a paycheck for that work, and IPS falsely reported that the hours had not been worked. In total, the subsequent investigation revealed that Newell underpaid five employees by over \$37,000.

After a bench trial, Newell was convicted of both wage theft and theft by swindle. The felony wage-theft charge arose from Newell's intentional failure to pay employees the legally owed prevailing wages, coupled with an intent to defraud. Newell's sentence included three years of supervised probation, 200 hours of community service, over \$42,000 in restitution (paid to the general contractor who had already covered the underpaid wages), and Newell is prohibited from bidding on new public contracts during his probation.

Avoiding Felony Charges and Reputational Ruin

Very few employers believe they are engaging in wage theft or appreciate the severe consequences associated with that conduct. The best time to address these issues is now; it is easier and less expensive to make proactive changes before any complaints, investigations, charges, or lawsuits materialize. The sentence in Newell—notable not just for the felony conviction, but also because IPS is now prohibited from bidding on new contracts for the three-year probation period—is a signal that employers with any connection to Minnesota should prioritize taking protective action:

- **Understand and Comply with Applicable Wage & Hour Laws:** This includes minimum wage, overtime, and prevailing wage laws (where applicable). Ignorance of the law is not a defense. All employers need to stay updated on statutory and regulatory changes.
- **Maintain Meticulous Records:** Complete and accurate records of hours worked, wages paid, deductions, and employee acknowledgments are paramount. These records are your primary defense in any wage claim or investigation. More specifically, the WTPA specifically mandates certain information on pay stubs and requires written notice to employees at the start of employment regarding their pay, benefits, and employment status. Employers should keep signed copies of these notices.
- **Regular Audit Payroll Practices:** Consider conducting regular internal audits of your payroll system and processes. This will help ensure all employees are being paid correctly, including for all hours worked, breaks, and any required overtime or prevailing wages. This can help catch errors before they become significant issues.
- **Provide Clear and Timely Communication:** Ensure employees fully understand their rate of pay, pay periods, and how their wages are calculated. Any changes to these terms must be communicated in writing *before* they take effect. Transparency builds trust and can prevent misunderstandings.
- **Address Employee Concerns Promptly:** Take all employee complaints regarding wages seriously. Investigate them thoroughly and address any discrepancies immediately. Proactive resolution can prevent minor issues from escalating into major legal problems or formal complaints.

- **Seek Legal Counsel:** Given the complexities of wage-and-hour laws and the severe penalties for non-compliance, consulting with experienced legal counsel is crucial. A proactive legal review of your compensation policies and practices can help identify and mitigate risks before they lead to costly litigation or criminal charges.

The Newell conviction and sentence is a bellwether for increased scrutiny of employer wage practices in Minnesota. By taking these preventative measures seriously, employers can protect their businesses, maintain their reputations, and, most importantly, ensure their employees are compensated fairly and legally.

Bassford Remele's award-winning [Employment Practice Group](#) is here to help with these issues and more. Please reach out to discuss ways that we can help you protect your business or protect your rights.

LEARN MORE ABOUT OUR EMPLOYMENT PRACTICE » »

Copyright © 2025 Bassford Remele, All rights reserved.