

STATE OF MINNESOTA  
Department of Labor and Industry

In the Matter of A Squad Carpets LLC  
and Jason L. Colbeth, Individually

**ADMINISTRATIVE ORDER  
WITH PENALTY PURSUANT  
TO MINN. STAT. § 181.723**

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**I. ORDER**

The Commissioner of the Minnesota Department of Labor and Industry (“Commissioner”) issues this Order against A Squad Carpets LLC and Jason L. Colbeth, individually (“Respondents”).

Pursuant to Minn. Stat. §§ 181.723; 326B.082, subd. 7 and 326B.083 (2012) the Commissioner hereby assesses against Respondents, jointly and severally, a monetary penalty of \$7,000, \$2,000 of which shall be forgiven if Respondents demonstrate to the Commissioner by the 31<sup>st</sup> day after this Administrative Order is issued that Respondents successfully registered with the Commissioner in the Minnesota Construction Contractor Registration Program (“Registration Program”).

The Commissioner also hereby orders Respondents to cease and desist from violating the laws cited in the “Conclusions of Law” section of this Administrative Order. Specifically, the Commissioner orders Respondents to cease and desist from performing public or private sector commercial or residential building construction or improvement services for which registration in the Registration Program is required. The cease and desist order remains in effect until the monetary penalty assessed herein is paid and compliance with the registration requirements of Minn. Stat. § 181.723, subd. 4a (b) (2012) are achieved.

The Commissioner takes the above action based upon the following findings of fact and conclusions of law:

**II. FINDINGS OF FACT**

1. Respondents are engaged in the business of providing building construction or improvement services, but have not registered with the Minnesota Department of Labor and Industry’s (“Department”) Registration Program.
2. According to the records of the Minnesota Secretary of State, Respondent A Squad Carpets LLC, has a registered address at 6314 – 152<sup>nd</sup> Street, Hugo, Minnesota.
3. On January 2, 2014, the Department opened an investigation of Respondents based on information that indicated Respondents may have engaged in violations of the Minnesota statutes and rules governing worker classification in the construction industry.
4. On February 7, 2014, a Department investigator mailed a subpoena duces tecum via first-class and certified mail to Respondents at their registered address. The subpoena required the production of documentation relating to Respondents’ subcontractors, contractors, and

employees. The certified letter was accepted and the first-class letter was not returned by the USPS.

5. On June 3, 2014, the Department investigator mailed a second request for information to Respondents at the Hugo address. This letter was not returned by the USPS.
6. On June 11, 2014 Respondent Colbeth called the Department investigator and asked that a copy of the subpoena be mailed to him. The investigator mailed a copy of the subpoena via first-class mail to the Respondents Hugo, Minnesota address. This letter was not returned by the USPS.
7. Both the subpoena and supplemental request for information required a response from Respondents within 30 days of the Commissioner's service of the same.
8. The Commissioner has received no reply from Respondents as of the date of this Order.

### **III. CONCLUSIONS OF LAW**

1. Respondents committed a violation of applicable law. Minn. Stat. §§ 181.723 and 326B.082, subd. 7 (2012).
2. Respondents failed to comply with a subpoena issued by the Commissioner. Minn. Stat. § 326B.082, subd. 11 (b)(6) (2012).
3. Respondents failed to register with the Department's Registration Program. Minn. Stat. § 181.723, subd. 4a (b) (2012).

### **IV. DETERMINATION OF PENALTY AMOUNT**

In determining the amount of the penalty, the Commissioner considered: the extent of deviation from compliance; whether the violation was willful; the gravity of the violation; the number of violations; whether there is a history of past violations; whether Respondents gained economic benefit in not complying with the law; and other factors as justice may require.

### **V. REQUEST FOR HEARING**

Pursuant to Minn. Stat. § 326B.082, subd. 8 (2012), Respondents shall have 30 days after issuance of this Administrative Order to request a hearing. A request for hearing must be in writing and must be served on or faxed to the Commissioner at the following address or fax number by the deadline.

Minnesota Department of Labor and Industry  
CCLD – Enforcement Services Unit  
Attention: Charlie Durenberger  
443 Lafayette Road North  
St. Paul, MN 55155  
Fax number: (651) 284-5746

The date on which a request for hearing is served by mail shall be the postmark date on the envelope in which the request for hearing is mailed. The request for hearing must specifically state the

reasons for seeking review of the order. If the request for hearing is served by fax it cannot exceed 15 pages in length and must be received no later than 4:30 p.m. central time on the last day permitted for serving a request. Respondent's review rights are more thoroughly described in Minn. Stat. § 326B.082, subs. 4 and 8 (2012).

If Respondents submit to the Commissioner a timely request for hearing, the Administrative Order shall be stayed unless otherwise ordered by a judge, and a contested case hearing will be conducted. The contested case procedures are set out in chapter 14 of Minnesota Statutes, the Rules of the Office of Administrative Hearings, Minn. Rules 1400.5010 to 1400.8400 (2011), and Minn. Stat. § 326B.082, subd. 8 (2012). These materials may be purchased from the Minnesota Book Store, telephone (651) 297-3000, and are also available at [www.revisor.mn.gov](http://www.revisor.mn.gov).

## VI. EFFECT OF FINAL ORDER


If Respondents do not request a hearing or Respondents' request for a hearing is not served on or faxed to the Commissioner by the deadline specified in the "Request for Hearing" section of this Administrative Order, this Administrative Order shall become a final order of the Commissioner and will not be subject to review by any court or agency. *See* Minn. Stat. § 326B.082, subd. 8 (2012).

The penalty imposed upon Respondents by this Administrative Order, other than the forgivable portion, is due and payable ten days after the date the Administrative Order becomes final. If the Commissioner determines that Respondents failed to register successfully with the Registration Program within the 31-day period required, then the forgivable portion of the penalty is due and payable 20 days after the Commissioner serves notice of this determination or on the date this Administrative Order becomes final, whichever is later. *See* Minn. Stat. § 326B.083, subd. 3 (2012).

When this Administrative Order becomes final, the Commissioner may file and enforce any unpaid portion of the penalty as a judgment in district court without further notice or additional proceedings. *See* Minn. Stat. §§ 16D.17 and 326B.083, subd. 2 (2012). Failure to pay a monetary penalty owed may result in the revocation, suspension, or denial of any or all licenses, permits, certificates, and registrations issued by the Commissioner. *See* Minn. Stat. § 326B.082, subd. 17 (2012). Also, pursuant to Minn. Stat. § 16D.13 (2012), Respondent is hereby notified that thirty (30) days after the date this Administrative Order becomes final, simple interest computed in accordance with Minn. Stat. § 16D.13, subd. 2 (2012) will begin to accrue on the unpaid portion of the penalty.

Dated: 8/25/14

KEN B. PETERSON  
Commissioner

BY:   
CHARLIE DURENBERGER  
Director of Licensing and Enforcement  
Construction Codes and Licensing Division  
Department of Labor and Industry