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STATE OF MINNESOTA
Department of Labor and Industry
Division of Labor Standards

In the Matter of the Investigation of:
Mounds View Baugus Corporation d/b/a Subway, Baugus Group Corporation, and Marvin Charles Baugus II, individually

To: Mounds View Baugus Corporation d/b/a Subway, Baugus Group Corporation, and Marvin Charles Baugus II, individually
145 Railway St W – PO Box 327
Loretto, MN 55357-0327

File No.: ICR - 202400062

Mounds View Baugus Corporation d/b/a Subway, Baugus Group Corporation, and Marvin Charles Baugus II, individually
2436 County Hwy 10, Suite 100
Mounds View, MN 55112

CONSENT ORDER

Mounds View Baugus Corporation d/b/a Subway, Baugus Group Corporation, and Marvin Charles Baugus II, individually
5810 Archer Ln N
Plymouth, MN 55446

NOTICE: THE ATTACHED EXHIBIT 1 CONTAINS DATA CLASSIFIED AS PRIVATE OR CONFIDENTIAL

Nicole Blissenbach, Commissioner of the Minnesota Department of Labor and Industry ("Department"), Mounds View Baugus Corporation d/b/a Subway ("Respondent MV BC"), Baugus Group Corporation ("Respondent BGC"), and Marvin Charles Baugus II, individually, ("Respondent Baugus") (collectively "Respondents") agree that the Department's claims against Respondents as set forth in the Compliance Order issued on June 20, 2025, may be resolved by this Consent Order as follows:

A. PARTIES

This Agreement applies to and is binding upon the following parties, collectively referred to herein as "the Parties":

1. Nicole Blissenbach, in her official capacity as the Commissioner of the Minnesota Department of Labor and Industry ("Commissioner"), and the Minnesota Department of Labor and Industry ("Department"); and

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2. Mounds View Baugus Corporation d/b/a Subway ("Respondent MV BC"), which has a registered office address with the Office of the Minnesota Secretary of State located at 2436 County Hwy 10, Suite 100, Mounds View, MN 55112; and

3. Baugus Group Corporation ("Respondent BGC"), which has a registered office address with the Office of the Minnesota Secretary of State located at 5810 Archer Ln N, Plymouth, MN 55446; and

4. Marvin Charles Baugus II, individually ("Respondent Baugus"), who is listed as the Chief Executed Officer of Respondent MV BC and Respondent BGC and operates from 145 Railway St., PO Box 327, W, Loretto, MN 55357.

B. SCOPE OF CONSENT ORDER AND RELEASE

1. **Effective Date.** As used herein, Effective Date means the date this Consent Order is signed by Respondent Baugus and the Commissioner or designee.

2. **Affected Employees.** As used herein, "Affected Employees" means those individuals listed on Exhibit 1. Exhibit 1 is specifically incorporated herein and made a part of this Consent Order.

3. **Release.** This Consent Order is made and entered into to resolve: (1) the Department's investigation of Respondents' Mounds View location for the Department's Audit Period of January 1, 2024 to May 31, 2024; (2) the Compliance Order, which was brought in connection with the Department's investigation, and (3) Respondents notice of objection to the Compliance Order. The Parties agree to not subsequently litigate the Department's allegations asserted in the Compliance Order against Respondents.

4. **Claims Not Waived by the Commissioner; Other Remedies Reserved.** The Parties to this Consent Order acknowledge that by signing this Consent Order, the Commissioner or designee and the Department, do not release or waive the following: (a) any rights or claims arising outside of the Audit Period; (b) any rights or claims relating to Respondents' employees other than the Affected Employees; and, (c) any right to bring an action for the purposes of enforcing this Consent Order pursuant to section G. The Parties further acknowledge that this Consent Order shall not limit or affect the authority of the Commissioner or the Department to conduct investigations and take actions regarding any matter within the scope of the Commissioner's or the Department's authority. Nothing in this Consent Order shall relieve Respondents of the obligation to comply with all applicable state and federal laws and regulations.

5. **Scope of the Consent Order.** The terms of this Consent Order apply to Respondents' facilities, business operations, and employees located or working in Minnesota. The terms of this Consent Order also apply to any facilities or business operations opened or acquired by Respondents in Minnesota after the Effective Date of this Consent Order.

C. STIPULATED FACTS

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1. The audit period for this investigation ran from January 1, 2024 to May 31, 2024 ("Audit Period").

2. Respondents are each employers with at least one employee working in Minnesota during the Audit Period.

3. Respondent MV BC is engaged in operation as a fast-food restaurant doing business as "Subway." Respondent MV BC's registered address with the Office of the Minnesota Secretary of State is 2436 County Hwy 10, Suite 100, Mounds View, MN 55112. Its registered agent is Respondent Baugus.

4. Respondent BGC is engaged in overseeing all business activities of entities owned by Respondent Baugus doing business as "Subway." Respondent BGC's registered address with the Office of the Minnesota Secretary of State is 5810 Archer Ln N, Plymouth, MN 55446. Its registered agent is Respondent Baugus.

5. Respondent Baugus is the chief executive officer and sole owner of both Respondent BGC and Respondent MV BC and is listed with the Office of the Minnesota Secretary of State as having a chief executive office for both entities located at 145 Railway St W, PO Box 327, Loretto, MN 55357-0327.

6. Between April 3, 2024 and June 6, 2024, the Department attempted to engaged with Respondents via the Department's inform and educate process to obtain information and documentation from Respondents confirming that Respondent MV BC was in compliance with Minnesota's Earned Sick and Safe Time ("ESST") law (Minn. Stat. §§ 177.50 and 181.9445 to 181.9448), which was effective as of January 1, 2024.

7. After not receiving the requested information and documentation, the Department opened an investigation of Respondents for the above-referenced Audit Period. On June 13, 2024, the Department personally served and mailed a Demand for the Submission of Records to Respondent MV BC. The Department also mailed a separate Demand for the Submission of Records to Respondent BGC on July 12, 2024. By August 27, 2024, Respondents had substantially complied with the demands.

8. The Department's investigation found that employees at the Respondent MV BC Subway location in Mounds View, Minnesota, had not been provided sufficient notice of their rights under the ESST law, nor had they been provided with the required ESST accrual during the Audit Period. Employees, including some managers, were generally not aware of the ESST law after the law's effective date.

9. The Department's investigation also found that, on or around January 1, 2024, Respondents began adding a 1.5% "ESST" surcharge to customers orders, which was shown on receipts between the "Sub Total" and "General Sales Tax (8.525%)" lines, indicating Respondents' knowledge of the ESST law as of its effective date.

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10. The Department identified additional violations in its investigation related to some employees at the Mounds View Subway location being due unpaid overtime or regular wages and unpaid rest periods of less than 20 minutes, as well as Respondents' failure to provide notice of employment terms to employees in accordance with Minn. Stat. § 181.032 after being directed to do so by the Department in earlier communications.

11. On June 20, 2025, the Department issued a Compliance Order to Respondents. Respondents timely submitted a notice of objection to the Compliance Order, dated June 27, 2025. Respondents have denied wrongdoing or liability.

12. The Parties subsequently agreed to resolve this matter and enter in this Consent Order.

D. VIOLATIONS

Based upon the above STIPULATED FACTS, the Parties agree the following violations of the law occurred:

1. Respondents violated Minn. Stat. § 181.032(d) and (f) by failing to provide 49 employees with a written notice at the start of their employment containing the terms of their employment and written notices of changes to the terms of their employment.

2. Respondents violated Minn. Stat. § 181.032(d) by knowingly failing to provide written notices to four Affected Employees after prior requests from the Department to do so.

3. Respondents violated Minn. Stat. § 181.101 by failing to pay all wages earned to six Affected Employees at least every 31 days on a regular payday designated in advance by the employer.

   a. Respondents failed to pay one Affected Employee their correct salary on a regular pay date.

   b. Respondents failed to pay three Affected Employees for rest periods of less than 20 minutes as required by Minn. R. 5200.0120, subp. 1.

   c. Respondents failed to pay two Affected Employees one and one-half times their regular rate of pay for all hours worked in excess of 40 hours in a workweek, which reflects the greatest rate of pay allowable under any applicable legal authority. *See* Fair Labor Standards Act, 29 U.S.C. § 207(a)(1).

4. Respondents violated Minn. Stat. § 181.9447, subd. 9(a), by failing to provide notice regarding employee rights and remedies related to ESST by January 1, 2024, to 15 Affected Employees at Respondent MV BC's registered address.

5. Respondents violated Minn. Stat § 181.9447, subd. 9(b), by failing to provide an ESST notice in the primary language of the employee, specifically Spanish.

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6. Respondents violated Minn. Stat. § 181.9447, subd. 9(d), by failing to include employee rights and remedies related to Minnesota ESST in the employee handbook by January 1, 2024.

7. Respondents did not provide ESST accrual pursuant to Minn. Stat. § 181.9446 or allow the use of ESST pursuant to Minn. Stat. § 181.9447 for 17 Affected Employees. *See* Minn. Stat. § 177.50, subd. 7.

8. Respondents violated Minn. Stat. §§ 181.9446 through 181.9448 by failing to provide a compliant ESST program to 17 Affected Employees despite regularly charging customers an ESST surcharge.

E. GROUNDS FOR CONSENT ORDER CONDITIONS

Respondents agree that the Commissioner is authorized to issue this Consent Order requiring it to (1) pay back wages, liquidated damages, and civil penalties, and provide other appropriate relief, as specified under the CONDITIONS below, and (2) comply with Minn. Stat. §§ 177.50, 181.9446 through 181.9448, 181.101, and 181.032, as well as Minn. R. 5200.0120, subp. 1.

F. CONDITIONS

Based upon the above sections, Respondents agrees that the Commissioner should issue a Consent Order in accordance with the following conditions:

1. **Back Wages.** Respondents agree to pay the Affected Employees total gross back wages in the amount of **$2,325.39.**

2. **Method of Payment and Due Date.** Respondents shall pay the back wages due to each Affected Employee in the amount specified in Exhibit 1 and provide the following documentation as proof of payment to the Commissioner on or before **thirty (30) days from the Effective Date of this Consent Order** ("Due Date"):

   a. an individual check made payable to each Affected Employee for the gross amount listed, less applicable FICA, Federal and State withholdings;

   b. an earning statement for each Affected Employee set forth in Exhibit 1; and

   c. a last known address and phone number for each Affected Employee.

3. Checks and documentation shall be mailed or delivered on or before 4:30 p.m. on the Due Date to:

Department of Labor and Industry
Division of Labor Standards
Attn: Peter Nikolai
443 Lafayette Road N.,

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St. Paul, MN 55155

4. **Liquidated Damages.** Respondents agree to pay liquidated damages to the Affected Employees. The liquidated damages payable to each Affected Employee are **equal to the gross back wages payable to each Affected Employee** as indicated in Exhibit 1. Respondents shall submit to the Department a separate check payable to each Affected Employee for the amount of liquidated damages due to that employee, along with a corresponding 1099 form for each Affected Employee. These checks and 1099 forms shall be delivered as directed in Condition 3 above.

5. **Civil Penalties.** Respondents shall submit to the Department a check for civil penalties in the amount of **$25,000**. The check made payable to the Minnesota Department of Labor and Industry and shall be mailed or delivered to the Commissioner as directed in Condition 3 above. An additional $55,000 civil penalty is hereby stayed. Within the next two (2) years from the Effective Date of the Consent Order, the stayed amount is due to the Department if the Respondents do not comply with each condition listed in this section. However, any violations or compliance issues discovered during the self-audit described in Condition 7 below or for 2025 year-end reporting described in Condition 8 below will not result in the stayed penalty becoming due to the Department. If Respondents fully comply with each condition in this section, the stayed amount is voided as an obligation.

6. **Entity and Employee Lists.** Respondents will provide the Department with a complete and accurate list of (1) all Subway entities directly or indirectly under Respondent Baugus' common ownership or otherwise commonly owned within the Baugus enterprise (hereinafter the "Baugus Subways"), and (2) all current employees, organized by store location, and all known contact information for each employee, including phone numbers, email addresses, and mailing addresses. This information shall be delivered as directed in Condition 3 above.

7. **Self-Audit.** All Baugus Subways above must complete a comprehensive self-audit to verify compliance with Minnesota ESST requirements. The self-audit must confirm that (1) all current store-level employees have received accurate ESST accruals from January 1, 2024, through May 31, 2024, at a rate of 1 hour of ESST for each 30 hours worked; and (2) employees have been permitted to use ESST as it accrued in accordance with the law. Respondents must submit supporting records verifying that the self-audit was completed to the Department. These records must include (1) accrual and usage records for each employee, including dates of ESST use, amounts accrued, and number of hours used, and (2) data showing total hours worked by each employee during the self-audit period. All ESST accrual and usage data and all hours worked data must be submitted as an Excel export from Baugus payroll data. Respondents shall cure any instances in which employees have not received accurate ESST accruals or were denied usage, without incurring any additional civil penalties. Such instances must be reported to the Department, including the amount of the discrepancy in ESST hours for each employee. For any employees for which discrepancies are reported, Respondents must provide the Department with an earnings statement for each employee showing their updated and accurate ESST balance. The self-audit and any necessary reconciliation of employee ESST balances must be completed within 30 days of the Effective Date of this Consent Order. All documentation must be submitted to the Department as directed in Condition 3 above.

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8. **Year-End ESST Reporting.** Within 30 days of the Effective Date of this Consent Order, Respondents must provide the Department with year-end data for 2025 regarding ESST usage for each employee for all Baugus Subways, organized by store location and by employee. This information shall be delivered as directed in Condition 3 above. Respondents must also provide the same year-end reporting to the Department for 2026 no later than January 30, 2027.

9. **ESST Notice.** All Baugus Subways above must provide a compliant ESST notice to all employees in accordance with section 181.9447, subd. 9, by posting the ESST notice in conspicuous area visible to all store employees at each store location and updating the ESST notice in the Baugus employee handbook. Respondent Baugus must provide a sworn statement to the Department within 30 days of the Effective Date of this Consent Order that the compliant notice has been posted at all Baugus Subways and provide a copy of the posted notice to the Department, as well as a copy of the updated employee handbook and any other policies, if any, referencing ESST. All documentation must be submitted to the Department as directed in Condition 3 above.

10. **Manager ESST Training.** All Respondents' managers and human resources personnel working at or overseeing work at the Baugus Subways must receive a required training regarding ESST within 90 days of the Effective Date of this Consent Order, and upon hire for new hires during the 2 years following the Effective Date of this Consent Order. The training video is located at https://www.youtube.com/watch?v=OQHkF6dbEHw. Respondents must provide DLI with a list of all staff who viewed the training, including the date of viewing, for all current managers or human resources personnel and all managers or human resources personnel hired within 2 years of the Effective Date of the Consent Order. This information must be provided no later than 120 days from the Effective Date of this Consent Order for all current managers and human resources personnel and no later than January 30, 2027, for all other viewings of the training.

11. **ESST Onboarding Video.** Respondents shall require all of its current Minnesota employees to watch the Department's video explaining ESST, located at https://www.youtube.com/watch?v=iq-_rTxCT4w, within 60 days of the Effective Date of this Consent Order. This video will also become part of the required employee onboarding process at the Baugus Subways for all new employees for at least two years from the Effective Date of the Consent Order.

12. **Compliance with ESST law.** Respondents shall comply with all minimum standards and requirements in Minn. Stat. §§ 177.50 and 181.9446 to 181.9448, including but not limited to:

a. Providing ESST notice to all employees in accordance with Minn. Stat. § 181.9447, subd. 9, by providing a paper or electronic copy of the notice to employees;

b. Providing ESST to all employees based on at least 1 hour earned per 30 hours worked and allow for employees to carryover at least 80 accrued and unused ESST hours into the new accrual year as required by Minn. Stat. § 181.9446;

c. Providing all employees a written or electronic statement at the end of each pay period showing their total number of ESST hours available and used that pay period in accordance with Minn. Stat. § 181.9447, subd. 10(b); and

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d. Allowing all employees to use accrued ESST in accordance with Minn. Stat. § 181.9447.

G. JUDICIAL RELIEF

The Parties agree that, upon the Effective Date, this Consent Order becomes a final order of the Commissioner, pursuant to Minn. Stat. § 177.27, subd. 4. If Respondents fail to comply with this Consent Order, the Commissioner may bring an action in District Court to enforce or require compliance with this Consent Order without further notice pursuant to Minn. Stat. § 177.27, subd. 5. If Respondents fail to pay any portion of the penalty, the Commissioner may file and enforce any unpaid portion of the penalty as a judgment in district court without further notice or additional proceedings, and this Consent Order shall be deemed a final penalty order under Minn. Stat. § 16D.17. Additionally, pursuant to Minn. Stat. § 177.27, subd. 7, interest shall accrue on and be added to the unpaid balance from the date this Order is signed until it is paid at an annual rate computed in accordance with Minn. Stat. § 549.09.

H. WAIVER OF RIGHTS

For the purposes of this Consent Order, Respondents waive all procedures and proceedings before the Commissioner, Court of Administrative Hearings, or District Court to which it may be entitled pursuant to the Minnesota and United States Constitutions, statutes, regulations, or rules. This includes waiver of the right to dispute the STIPULATED FACTS in section C above, the VIOLATIONS set forth in section D above, and/or the CONDITIONS set forth in section F above in a contested case proceeding pursuant to Minnesota Statutes, Ch. 14. Respondents waive the right to any judicial review of the Consent Order by appeal, writ of certiorari, or otherwise.

I. ADDITIONAL ENFORCEMENT ACTION

Except as set forth in Section F.7, above, this Consent Order pertains only to the facts specified herein and shall not in any way limit the initiation of an enforcement proceeding based upon unrelated or unknown facts or violations. This Consent Order may be used in the future against Respondents to prove repeated violation(s) of the statutory provisions stated in Minn. Stat. §177.27, subd. 4. Pursuant to Minn. Stat. §177.27, subd. 7, a repeat or willful violator is subject to additional civil penalties of up to $10,000.00 for each violation for each employee.

J. GENERAL TERMS

1. **Government Data.** Pursuant to the Minnesota Government Data Practices Act, this Consent Order (other than any attached exhibits) is classified as public data upon its issuance by the Commissioner. All data in the record shall maintain the data classification to which it is entitled pursuant to the Minnesota Government Data Practices Act, Minnesota Statutes, Ch. 13. The data shall not, to the extent it is not already public data, become public merely because it is referenced herein.

2. **Voluntary Agreement.** The Parties acknowledge that no person has exerted undue pressure on them to sign this Consent Order. Each party is voluntarily choosing to enter into this Consent Order. The Parties acknowledge that they have read and understood the terms of this Consent Order, that they have been represented by legal counsel and that they are voluntarily entering into this Consent Order to resolve the dispute among them.

3. **Severability.** The provisions of this Consent Order are severable, and should any provisions be declared by a court of competent jurisdiction to be unenforceable, the remaining provisions of this Consent Order remain in full force and effect.

4. **Entire Agreement.** This Consent Order constitutes the entire agreement between the parties relating to: (1) the Department's investigation for the Audit Period; and (2) the Department's Compliance Order. No party has relied upon any promises or representations that are not stated in this document. No changes to this Consent Order are valid unless they are in writing, identified as an amendment to this Consent Order, and signed by all parties. There are no inducements leading to the execution of this Consent Order except as explicitly contained herein.

5. **Warranty.** The persons signing this Consent Order warrant that they have full authority to enter into this Consent Order on behalf of the party each represents, and that this Consent Order is valid and enforceable as to that party.

6. **Governing Law.** This Consent Order shall be construed and interpreted in accordance with the laws of the State of Minnesota.

7. **Counterparts.** This Consent Order may be executed in multiple counterparts, which shall be construed together as if one instrument. Any party is entitled to rely on an electronic or facsimile copy of a signature as if it were an original.

8. **Service.** A copy of this Consent Order shall be served by regular first-class mail and first-class certified mail upon Respondents at the addresses listed above. The Consent Order shall be effective and deemed issued when it is signed on behalf of the Commissioner.

Baugus Group Corporation and Mounds View Baugus Corporation

Signed by:
By: Marvin Baugus
B9EB78CBD85E473...
Marvin Charles Baugus II
Its Owner

Dated: 4/8/2026 | 10:37 AM PDT

Minnesota Department of Labor and Industry

By: Prairie Bly
Prairie Bly, Assistant Director
Division of Labor Standards

Dated: 4/9/2026

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Upon consideration of the forgoing Consent Order and based upon all the facts, records and proceedings herein, the Commissioner makes the following:

ORDER

NOW THEREFORE, IT IS HEREBY ORDERED that all terms of the Consent Order are approved and adopted.

Dated: ___4/10/2026_____Nicole Blissenbach
Commissioner

By: _____
Jessica Grosz, Director
Division of Labor Standards
Minnesota Department of Labor and Industry