

Alert | Appeals & Legal Issues



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Minnesota Supreme Court Expands Tolling Doctrine, Reverses Dismissal of AG Wage Theft Lawsuit

The Minnesota Supreme Court recently issued a decision interpreting Minnesota's attorney general (AG) statute, Minn. Stat. § 8.31, and extending common-law tolling to a statute of limitations. Specifically, the Court held that litigation over a civil investigative demand the AG issued tolled the statute of limitations that applied to the AG's civil action. *State of Minnesota Office of the Attorney General v. Madison Equities, Inc.*, ___ N.W.3d ___ (Minn. Jan. 7, 2026). The dispute started when employees of Madison Equities complained to the AG's office in 2019 that Madison Equities was not paying overtime state law required. The AG issued an investigative demand to look into these claims in the fall of 2019 and Madison Equities sought judicial relief from the demand in district court. The district court case finally concluded, after an interlocutory appeal, in April 2023 and the AG filed its lawsuit against Madison Equities in June 2023, alleging violations of the Minnesota Fair Labor Standards Act, Minn. Stat. §§ 177.21-.35 (2024).

Madison Equities moved to dismiss the case, arguing that the two-year statute of limitations in Minn. Stat. § 541.07(5) (2024) barred the action. The AG argued that its civil investigative demand tolled the statute of limitations. The district court rejected the tolling argument, determined that the AG's case accrued in 2019 and dismissed the case. The court of appeals affirmed. The Minnesota Supreme Court reversed. The Court concluded that it was not simply the AG's service of the civil investigative demand that operated to toll the statute of limitations. Rather, it was the litigation over the demand that tolled the statute.

In tolling the statute of limitations, the Court focused on the requirement in Minn. Stat. § 8.31, subd. 3, that provides the AG can sue “on becoming satisfied” that the law has been violated. The AG did not challenge the district court’s conclusion that its claim accrued in 2019, but nevertheless argued that without conclusion of the civil investigative demand process, it could not be “satisfied” that the wage theft laws were violated and so it was not empowered to sue. The Court agreed, holding that requiring the AG to sue before the civil investigation stage was concluded would “contravene the purpose” of Minn. Stat. § 8.31, subd. 2, which vests the AG with authority to investigate potential violations of the law without commencing a civil action. The Court was also concerned that without tolling, the subjects of civil investigative demands would be incented to delay and litigate civil investigative demands, which would lead to “costly outcomes.”

In a 23-page separate writing, the dissent focused on the fact that the AG did not dispute that its cause of action accrued in 2019, which according to the dissent should have been dispositive of the statute-of-limitations question. The dissent also pointed out that the legislature set the limitations period and that there was no basis in the text of the statute for the Court to extend that period.

Takeaways

The case represents a departure from the Minnesota Supreme Court’s historic reluctance to apply common-law tolling to statutes of limitations, and may suggest the Court’s willingness to do so in other cases. The case may also support a narrowing of the AG’s authority to bring civil claims under section 8.31 until the AG has “become satisfied” within the meaning of subdivision 3, a threshold the Court acknowledged but declined to define.

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