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NEWS RELEASE

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Stillwater building contractor pleads guilty in tax fraud case *Local masonry contractor kept employee withholdings and failed to report income.*

Saint Paul, MN – A local contractor recently pled guilty to one count of Failure to Report Taxes and related wages owed by his business, Stillwater Masonry Restoration, Inc. (Stillwater Masonry). In December 2023, the Ramsey County Attorney’s Office (RCAO) filed a criminal complaint against Todd A. Konigson after it initiated an investigation upon receiving reports that Stillwater Masonry was failing to timely pay wages to its employees in connection with a larger failure to fulfill contractual obligations owed to small businesses, churches, and non-profit organizations in and around the Twin Cities. Mr. Konigson received a felony sentence of three years’ probation provided he fulfills numerous sentencing terms, including paying restitution to the State of Minnesota and forfeiting his state contractor’s license.

“This resolution is the culmination of a multi-agency cooperative investigation and prosecution effort to hold this business owner accountable for the promises he made to his employees as well as to the State of Minnesota,” said Ramsey County Attorney John Choi. “In addition to the hard work of both our fraud prosecutor and in-house wage theft investigator, I want to call out the diligence of the Minnesota Department of Revenue (Revenue) investigators for their efforts to bring justice for the taxpayers of Minnesota, including those employees of Stillwater Masonry whose wages were not reported to Revenue. This resolution holds Mr. Konigson accountable for his illegal business practices in which he pursued unfair and unlawful advantages over other contractors who both pay their employees the wages they are owed and comply with their tax and other legal obligations. The RCAO is committed to prosecuting employers who commit wage theft and related crimes that make it more difficult for legitimate employers to both compete and operate their businesses.”

“This conviction is a win for the taxpayers of Minnesota and those honest businesses that take seriously their obligation to follow Minnesota’s tax laws,” said Revenue’s Criminal Investigation Division Director Melanie Leslie. “We’re appreciative of the work that the RCAO put into this case and look forward to partnering with them in future cases that fight fraud and protect taxpayer money.”

According to the criminal complaint, the RCAO Wage Theft Investigator began an investigation of Konigson’s business related to work it performed for the historic Masonic Temple in Saint Paul. The investigation identified numerous prior civil actions in Minnesota, alleging that Konigson and Stillwater Masonry failed to pay workers, sub-contractors, and vendors. The RCAO also uncovered information alleging Stillwater Masonry failed to fulfill contractual

obligations for small businesses, churches, and non-profit organizations in and around the Twin Cities.

Revenue joined the case to investigate tax issues related to Konigson's operation of Stillwater Masonry. Revenue's criminal tax investigation addressed tax periods from 2017 through 2022. Revenue determined Konigson and his business, Stillwater Masonry, failed to timely report at least \$2.5 million in income for tax purposes during these years. Revenue further determined that Konigson failed to report at least \$495,680 in wages paid to employees for withholding tax purposes. Revenue estimates that Konigson accrued a tax liability of at least \$106,903.72 for state income taxes and withholding taxes for the time periods at issue.

As part of the settlement agreement, Konigson agrees to the following:

- Cooperate with any and all information or audit requests from DOR and must make reasonable efforts to pay his MN tax liabilities.
- Cease and desist from acting or holding out as a residential building contractor, residential remodeler, or otherwise performing or offering to perform masonry work in the State of Minnesota.
- Is prohibited from applying for a license or registration issued by the Minnesota Department of Labor and Industry ("DLI") and is expressly prohibited from holding a position of fiduciary, managerial, ownership, or supervisory authority with another licensed residential building contractor, licensed residential remodeler, or any other entity performing masonry work in the State of Minnesota.
- Fully cooperate with any attempts by past customers to seek compensation from the Minnesota Contractor Recovery Fund.
- Shall not receive solicitations, the award of a contract by a governmental body, or sell any products or services to state agencies in the State of Minnesota for a period of three years.
- Effectively "debarred" within the meaning of Minnesota Rule 1230.0150, subpart 7 and Minnesota Rule 1230.1150.
- Payment of restitution of \$70,178.00 to Revenue
 - ✓ the State would agree to an early discharge from probation upon Konigson's payment in full of this restitution amount to Revenue
 - ✓ if Konigson fails to pay this restitution amount to Revenue prior to the expiration of the period of probation, Konigson will be deemed to have failed to comply with the restitution term of his probation, and his sentence will be imposed as a stay of execution of the felony sentence upon his discharge from probation (i.e. rather than a stay of imposition of sentence).

In 2022, the RCAO became one of the first county attorney's office in Minnesota to hire a full-time wage theft investigator to prioritize these types of crimes. Community members are encouraged to come forward with information about other employers in Ramsey County that are believed to engage in wage theft or to have violated other legal obligations owed to their employees by contacting the Ramsey County Attorney's Office with this information at 651-266-3217.