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Minnesota Consumer-Fraud Enforcement: Disclaimers Won't Cure Deception, and Penalties Can Add Up

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by Liz Kramer, Daniel Wassim, and Job Okeri

Misleading advertising claims can lead to costly consequences. In *State of Minnesota ex rel. Ellison v. Wall & Associates, Inc.*, No. A25-2064, 2026 WL 3118291 (Minn. App. Oct. 19, 2026), the Minnesota Court of Appeals recently affirmed a bench trial verdict against a tax-relief company and two executives for violations of the Minnesota Consumer Fraud Act ("MCFA") and the Minnesota Deceptive Trade Practices Act ("MDTPA"). The decision, which affirmed a substantial restitution and civil penalty judgment, underscores the broad power of the Minnesota Attorney General to act against deceptive sales practices. The decision also offers practical lessons for businesses seeking to reduce liability risks in consumer-facing communications.

Background

Wall & Associates ("W&A"), a Virginia-based tax-relief company, marketed assistance to taxpayers seeking relief from outstanding federal and state tax liabilities, often with offers in compromise—agreements to settle tax liabilities for less than the amount owed. In its extensive advertising campaigns, W&A represented that its average client received a 90% reduction in their tax debt, that it was a local company with Minnesota offices, that it provided legal services, and that it would "Solve ALL Tax Problems."

In reality, W&A's promises bore little resemblance to what many clients received. Most of W&A's clients saw just a 9.5% reduction in federal tax debt and 1.2% in state tax debt. W&A had no permanent Minnesota offices. And W&A provided neither legal representation nor assistance with filing tax returns—those services required referrals to separate firms for an additional fee. All the while, W&A clients paid upfront and recurring fees, including during periods when W&A did no work on their cases.

Minnesota Attorney General Keith Ellison sued W&A, its founder and owner Ernest Kenneth Wall, and its president and CEO Patrick Mark Yates, alleging violations of, among other laws, the MCFA and the MDTPA. Following a 12-day bench trial, the district court determined that W&A violated the MCFA and MDTPA through its false and embellished advertising. The district court also held Wall and Yates individually liable for

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- Liz Kramer
- Daniel Wassim
- Job Okeri

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those violations because they directed, participated in, and acquiesced in the violations. The district court ordered injunctive relief, $2.7 million in restitution (with Wall and Yates jointly and severally liable for $1.3 million), and civil penalties of $786,517 against W&A, $415,500 against Wall, and $207,750 against Yates. The district court also awarded over $2.5 million in attorneys' fees and costs to the state.

W&A, Wall, and Yates appealed to the Minnesota Court of Appeals, which affirmed the district court's decision on October 19, 2026. Although W&A, Wall, and Yates challenged the judgment on numerous grounds, several highlights of the decision provide important takeaways for consumer-facing businesses.

Individual Reliance Is Not Required for Statutory Liability

W&A argued that Attorney General Ellison had to prove a causal nexus between each violation of the MCFA and MDTPA and the injury to a particular consumer to establish liability. In W&A's view, this required proof that each injured consumer had personally relied on W&A's false representation. The Court of Appeals rejected this argument based on the MCFA's and MDTPA's plain language, which requires no proof of actual deception or confusion by consumers. The Court of Appeals finally pointed to the Minnesota Supreme Court's decision in *State v. Minnesota School of Business, Inc.*, which held that when a defendant's misrepresentations are directed at and affected "a broad group of consumers, proof of direct individual reliance is not required to establish a causal nexus between MCFA violations and the harm suffered by consumers." 935 N.W.2d 124, 135 (Minn. 2019).

The Court of Appeals affirmed, however, that a causal nexus is necessary to support an award of damages under the MCFA and MDTPA. In making that determination, district courts look to various factors, including whether the misrepresentations were "longstanding, pervasive, and widespread in communications directed to consumers," whether the seller intended and understood that consumers would rely on the misrepresentations, and whether the information was of a kind on which consumers would typically rely.

The Court of Appeals' decision continues *Minnesota School of Business*'s broad interpretation of liability under the MCFA and the MDTPA. Coordinated marketing campaigns to a "broad group of consumers" may expose businesses to MCFA and MDTPA liability without customer-by-customer proof of injury. That said, a causal nexus remains an element of an MCFA and MDTPA claim, and businesses involved in litigation should build a clear record at trial and on appeal showing how each of the relevant factors bears on the causal-nexus inquiry.

Contractual Disclaimers Are Not an Automatic Defense to a Misleading Pitch

W&A next argued that disclaimers in its client contracts prevented consumers from claiming they had been misled by its advertising. Reiterating that individual reliance is not required under the MCFA and MDTPA, the Court of Appeals held that a contractual

disclaimer does not necessarily defeat a claim based on a conflicting oral representation. And on the facts of this case, the Court of Appeals agreed with the district court that W&A's contractual disclaimers were insufficient given the extensive misrepresentations by W&A and the unequal bargaining power between it and its customers.

This holding confirms that contractual disclaimers are not a cure-all for misleading advertising or sales practices. Businesses should review the entire customer journey, including pre-contract representations, as those representations may survive a contractual disclaimer to the contrary. And if faced with litigation, businesses should build a strong record, both at trial and on appeal, showing why any disclaimer is effective in context.

The State Has Broad Authority to Seek Restitution

W&A also challenged Attorney General Ellison's authority to seek restitution under the state's *parens patriae* authority to protect residents' collective interests, arguing that injury to only 228 Minnesotans did not affect a sufficiently substantial segment of the population. The Court of Appeals rejected a simple headcount approach, instead explaining that the state had a legitimate interest in protecting residents' economic well-being as a whole. In any event, the Court of Appeals held that if restitution was not appropriate under the state's *parens patriae* authority, then it would still be appropriate under the Attorney General's enforcement powers under Minn. Stat. § 8.31. The decision reinforces that the broader and more sustained the deceptive advertising, the stronger the case for restitution to protect Minnesotans' economic interests.

Civil Penalties Accrue Per Violation, Not Per Defendant

The Court of Appeals finally rejected W&A's claim that the Attorney General's enforcement powers under Minn. Stat. § 8.31 permit only civil penalties of up to $25,000 for each defendant. Rather, the Court of Appeals explained that penalties are limited to $25,000 per *violation*. Multiple violations can therefore produce substantially greater penalties. The Court of Appeals also rejected the argument that restitution made penalties unnecessary: repaying consumers does not eliminate the need to address gains from deceptive conduct and deter future violations.

Final Takeaways

Align every consumer-facing communication. Broad and extensive marketing campaigns can expose businesses to stronger enforcement standards under the MCFA and MDTPA, making it critical that consumer communications remain accurate and consistent from the first advertisement through the final sale.

Plan for layered enforcement exposure. Penalties under the MCFA and MDTPA can add up quickly: W&A, Wall, and Yates ultimately faced more than $6 million in civil penalties, restitution, and attorneys' fees. The decision continues a line of Minnesota cases recognizing the Attorney General's broad consumer-protection authority.

Details matter. Although the Attorney General's enforcement power is broad, it is not boundless. As the Court of Appeals explained, issues of causation, the effectiveness of contractual disclaimers, and the availability of restitution and civil penalties all turn on the specific facts of the case. Effective advocacy at trial and on appeal is critical to developing the facts relevant to liability and damages.