



August 12, 2022

**VIA EMAIL AND CERTIFIED MAIL**

Steve Gordon, MD, MPP, FACP  
Interim President and CEO of St. Charles Health System  
2500 NE Neff Road  
Bend, Oregon 97701

Re: Unlawful Demand For Payroll Deduction

I serve as General Counsel for the Oregon Nurses Association. This letter concerns a legal matter relating to St. Charles' attempt to collect alleged overpayments from its employees. If you are represented by counsel on this matter, please direct this letter to the appropriate person.

The purpose of this letter is to demand that St. Charles cease and desist from its illegal attempts to collect alleged "overpayments" from Oregon Nurses Association members. Failure to rescind its recent letters to St. Charles employees by 0900 on August 15, 2022, will result in forwarding of this letter and associated documentation to the Oregon Bureau of Labor and Industries (BOLI) with a BOLI charge on behalf of all affected St. Charles employees. I would like to review the facts and law in the balance of this letter so that there is no misunderstanding as to the unlawful nature of St. Charles' actions.

It appears that a letter was sent to St. Charles employees on or about August 10, 2022, indicating that St. Charles believed that it had overpaid its nurses over six months ago as part of a failure on the part of St. Charles' payroll vendor. We are not aware of any prior notice to employees and certainly no contact with ONA member leaders or representatives. Reportedly, the total amount it is seeking to extract from its employees exceeds two-million dollars. Remarkably, St. Charles has the temerity to assert that it is owed money by its employee with no documented support. Yet, St. Charles is directing its employees to pay back money through payroll deductions. The text of the "debt collection" attempt was as follows:

The purpose of this communication is to provide you with notification of an overpayment made to you and establish a plan for repayment of those wages issued in error. The overpayment is a result of the UKG (Kronos) outage reconciliation that compares your attestation form submissions to actual timecard entries.

St. Charles Health System recovers the overpayment of wages when a caregiver receives an amount greater than earned and entitled. Overpayments are collected via payroll deduction in one lump sum, installment payments or ETO reduction. Installment agreements are limited to four pay periods; the number of pay periods impacted by the

UKG outage. Caregivers electing repayment through ETO reduction must have adequate hours to collect the entire overpayment obligation.

Based on these criteria, the following options are available for repayment.

**Your response and choice, indicating option 1, 2 or 3 is required within 14 business days.**

**OPTION 1**

I, \_\_\_\_\_, (enter name here) authorize St. Charles Health System to deduct the gross wage overpayment in one installment of: \$ \_\_\_\_\_ (enter gross amount here) which will be deducted from my \_\_\_\_\_ paycheck (effective date of deduction can be no later than 9/9/22).

**OPTION 2**

I, \_\_\_\_\_, (enter name here) authorize St. Charles Health System to deduct the gross wage overpayment in: \_\_\_\_\_ (four pay periods max) installments of \$ \_\_\_\_\_ (enter gross amount of overpayment here) which will begin with my \_\_\_\_\_ paycheck (effective date of first deduction can be no later than 9/9/22).

**OPTION 3**

I, \_\_\_\_\_, (enter name here) authorize St. Charles Health System to deduct the gross wage overpayment from my ETO accrual balance in one installment of: \$ \_\_\_\_\_ (enter gross amount here). I understand that this will result in a reduction of my ETO balance only. I acknowledge that I have sufficient ETO to cover this obligation.

I understand and agree that the overpayment of wages described above occurred and authorize St. Charles Health System to deduct this overpayment via my selection noted above.

Thus, St. Charles is asking directing its employees to agree to a payroll deduction that is either directly out of the employee's paycheck or through a reduction in accrued paid time off. We expect that St. Charles is aware of that Oregon statutes prohibit this request.

ORS 652.610(3) provides:

(3) An employer may not withhold, deduct or divert any portion of an employee's wages unless:

(a) The employer is required to do so by law;

(b) The deductions are voluntarily authorized in writing by the employee, are for the employee's benefit and are recorded in the employer's books;

**(c) The employee has voluntarily signed an authorization for a deduction for any other item, provided that the ultimate recipient of the money withheld is not the employer and that the deduction is recorded in the employer's books;**

**(d) The deduction is authorized by a collective bargaining agreement to which the employer is a party;**

(e) The deduction is authorized under ORS 18.736; or

(f) The deduction is made from the payment of wages upon termination of employment and is authorized pursuant to a written agreement between the employee and employer for the repayment of a loan made to the employee by the employer, if all of the following conditions are met:

(A) The employee has voluntarily signed the agreement;

(B) The loan was paid to the employee in cash or other medium permitted by [ORS 652.110 \(Method of paying employees\)](#);

(C) The loan was made solely for the employee's benefit and was not used, either directly or indirectly, for any purpose required by the employer or connected with the employee's employment with the employer;

(D) The amount of the deduction at termination of employment does not exceed the amount permitted to be garnished under [ORS 18.385 \(Wage exemption\)](#); and

(E) The deduction is recorded in the employer's books.

(emphasis added).

BOLI is very clear on this issue – paycheck deductions going to the employer to pay for an alleged “overpayment” or loan are not for the employee's benefit and are therefore unlawful. We are asking that the employer rescind this letter immediately and void any payroll deduction authorizations that were obtained from our members.

By its actions and threats, St. Charles is already in violation of Oregon Wage and Hour law. These actions can result in significant civil penalties through BOLI enforcement and/or class action in civil court. Again, we will not hesitate to pursue these legal remedies if St. Charles does not rescind its payment demands immediately.

In conclusion, ONA will vigorously defend its members rights to be free from this unlawful activity. The fact that St. Charles believes it made an error does not surprise anyone. St. Charles use of unlawful debt collection demands against its employees to correct its own error is beyond the pale. Doing all of this without contacting ONA, as the exclusive representative of these employees, so that we can educate you on the legal protections for our members has compounded the error and has subjected St. Charles to even greater financial peril. Please confirm by publication to all St. Charles employees that St. Charles is withdrawing its payment demand no later than 0900 on August 15, 2022 or we will pursue further legal actions.

Sincerely,

Thomas Doyle  
ONA General Counsel