

Chair Taylor, Members of the Committee,

My name is Nancy Faubel, I'm the owner of the Sourdough Bakery in Winchester Bay. We are a microbusiness, having as few as 3 employees in the offseason, up to maybe ten in the full season. We provide year around good jobs at considerably more than minimum wage, with benefits.

My history of having employees goes back 30 years, and my very first employee taught me a lesson about learning and complying with labor law that is with me to this day. I happened to catch him sleeping on the clock, and I terminated his employment. He successfully argued at the unemployment hearing that I did not have a written policy prohibiting sleeping on the job, and he collected unemployment for the full six months, which was naturally charged against my account.

I tell this story because it illustrates how I first learned the importance of having a working knowledge of labor law. With having a very small company, I've always tried to have a family type relationship with my employees--we easily spend more time together than most people do with their real families, but it's always in the back of my mind that a disgruntled employee will come after me like I'm a fortune 500 company.

Anyway, at the end of the summer season in 2014, I hired a woman to manage my bakery as I embarked on a new gourmet food venture. I trusted her completely to run the store.

I went out of my way to be fair to her, and even gave her full time employment over the winter when we had historically reduced employee hours as necessitated by reduced business income. I trusted her with the money, deposits, store, products, employees, I trusted her with everything, which is why it took me completely by surprise when she filed a wage claim against me. I did everything I could to keep her with the company, but unfortunately, the job was ultimately above her skill level, and after trying to keep her on board at a lower position, we finally parted ways.

When I was notified about the wage claim with BOLI, I responded with a 7 page letter to the BOLI notice, and was working within the system when she decided to withdraw her BOLI complaint, hire a lawyer, and sue me. Her attorney's demand letter made full use of the labor laws in this state to pad out a disputed \$3500 to right around \$14,000, with 12 days to pay up, which I couldn't do during the winter off season even if I wanted to.

Her attorney requested her personnel file, which we provided, presumably so he could go through it with a fine-tooth comb looking for any items he could add to the case. He was unable to find anything incorrect, everything in the file was up to labor law standards, thanks to my diligence in learning the labor laws of this state.

I would like to mention as an aside that I spent 20 years in aviation, owning a flight school and Fixed Base Operation, and I'm very comfortable with regulations and complying with them. This is one of the big things with this situation, we always comply with labor law and still we were caught up in this. We don't pay under the table, we do payroll on time, we make the proper withholdings, we pay overtime when earned, we don't alter employee hours, we don't designate employees as salaried so we can avoid paying overtime. Some of the stories I've heard employees tell about other local employers just stun me, yet I'm the one who was sued.

We elected to fight this claim in spite of the risks, that my lawyer pointed out to me when he explained how slanted labor laws were to the employee benefit. This suit went on for months, and even though we ultimately prevailed, I spent many a sleepless night imagining how wrong this could go. I could easily have been forced into bankruptcy and lost my whole company, and put all my employees out of work, because the way the law is written, there was no downside to my ex-employee sticking it out to the bitter end, especially after she'd been promised a windfall of close to \$15,000, with no liability for attorney's fees or my costs if we prevailed.

Aside from the considerable emotional toll this took, I spent close to \$15,000 to defend against this. But this was something I had to do, not only because I was right, but because of

the difficulty I would have forever if my employees knew they could sue me and get easy money.

I've had employees in 5 different states that all have slightly different labor laws, and have successfully defended all unemployment/employee claims made against me. We keep scrupulous records, if an employee isn't doing their job we give them every chance before terminating employment, it is our goal that no employee is caught off guard if their employment is terminated.

As much as I love Oregon, if I had known in advance how employment law was structured in this state, I probably would not have moved here and started a business. The risk is just too great with the way the laws are written now.

My new gourmet food business is picking up and doing well, and we're in conversations to create a manufacturing plant that will ultimately employ around 20-25 people in high paying jobs with benefits.

We sell our products nationwide to stores like Whole Foods, New Seasons and Market of Choice, and we are in export conversations with Panama, South Korea, China and Colombia. We already export to Canada and we're looking at Mexico. We will need good employees to fill the jobs we create, and we need a level playing field from a labor law perspective.

It is clear that Oregon supports businesses like mine, via grants, tax abatements and other programs we are involved with, but one lawsuit from one employee can easily neutralize every benefit Oregon offers. What happened to me as an employer was a great injustice in terms of the 15 thousand I spent to defend,, the time and energy and resources it took for this, and the emotional stress of how much I could stand to lose, if things had gone the other way.

The system is in place to protect law abiding employers like myself, but the system failed me greatly. For the future of small businesses in Oregon, please correct this law. Thank you for your time in listening to my story.