

DUKE SHEPARD
DEPUTY COMMISSIONER

# **BUREAU OF LABOR AND INDUSTRIES**

# BEFORE THE COMMISSIONER OF THE BUREAU OF LABOR AND INDUSTRIES OF THE STATE OF OREGON

In the Matter of:

Case No. 115-20

FINDINGS OF FACT CONCLUSIONS OF LAW OPINION

**NEXT STEP CARPET, LLC,** 

Respondent.

SYNOPSIS

ORDER

The Agency established that Next Step Carpet, LLC ("Next Step"), engaged in unlawful employment practices in that it discriminated against and discharged Complainant Natasha Burgess ("Burgess") because of her sex (pregnancy) in violation of ORS 659A.030(1)(a), (b). The forum awarded Burgess \$3,780 in lost wages and \$120,000 in emotional, mental, and physical suffering damages. The forum also required Next Step managers and supervisors to undergo approved training on unlawful discrimination in the workplace.

The above-entitled case was assigned to Cynthia L. Domas, designated as Administrative Law Judge ("ALJ") by Val Hoyle, Commissioner of the Bureau of Labor and Industries for the State of Oregon.

The hearing was held on January 12, 2021, via the GoToMeeting application. The Notice of Hearing set the hearing to begin at 9:30 a.m., but as set forth below, the proceedings did not commence until 10:00 a.m.

The Bureau of Labor and Industries ("BOLi") was represented by Administrative Prosecutor Rachel Diamond-Cuneo ("Diamond-Cuneo"), an employee of the Agency. Neither Brent ("B. Moulton") nor Greg Moulton ("G. Moulton") appeared at hearing.

No appearance was made by Next Step or any other person on its behalf at hearing, nor was any notice given to the forum explaining its failure to appear. Nonetheless, the Agency presented its prima facie case, as required by OAR 839-050-0330(3).

The Agency called Zachary Zerzan ("Zerzan"), Senior Civil Rights Investigator, and Complainant Natasha Burgess ("Burgess") as witnesses. No other witnesses were called or testified. The forum received into evidence: (a) Administrative exhibits X1 through X14 and (b) Agency exhibits A1 through A5.

Having fully considered the entire record in this matter, I, Val Hoyle, Commissioner of the Bureau of Labor and Industries, hereby make the following Findings of Fact (Procedural, On the Merits, and Ultimate<sup>1</sup>), Conclusions of Law, Opinion, and Order.

#### FINDINGS OF FACT - PROCEDURAL

- 1) On April 29, 2019, Burgess filed a complaint alleging Next Step terminated her employment after she notified Owner G. Moulton that she was pregnant. (Ex. A1).
- 2) On October 4, 2019, Zerzan sent Next Step a request for information seeking information regarding Burgess' employment with Next Step. Next Step did not respond to the request for information. (Ex. A4)

<sup>&</sup>lt;sup>1</sup> The Ultimate Findings of Fact required by OAR 839-050-0370(1)(b)(B) are subsumed within the Findings of Fact – The Merits.

- 3) The Agency subsequently issued a Notice of Substantial Evidence Determination in which it was determined that there was substantial evidence of an unlawful employment practice (termination on the basis of sex/pregnancy) in violation of ORS 659A.030(1)(a-b). (Ex. A5)
- 4) On July 23, 2020, the forum issued a Notice of Hearing to Respondent, the Agency, and Burgess stating the time and place of the hearing as January 12, 2021, beginning at 9:30 a.m., at Worksource Oregon Employment Department, 1901 Adams Ave., La Grande, Oregon, 97850. Together with the Notice of Hearing, the forum sent a copy of the Agency's Formal Charges, a document entitled "Summary of Contested Case Rights and Procedures" containing the information required by ORS 183.413, a document entitled "Servicemembers Civil Relief Act (SCRA) Notification," a multilanguage notice explaining the significance of the Notice of Hearing, and a copy of the forum's contested case hearings rules, OAR 839-050-000 to 839-050-0445. (Ex. X2)
- 5) The Formal Charges alleged that Next Step engaged in an unlawful employment practice under ORS 659A.030(1)(a) and (b), OAR 839-005-0021(2), OAR 839-005-0026(1) and (2) and OAR 839-005-0030(4)(a) and (d) in that Next Step discriminated against and discharged Burgess on the basis of sex(pregnancy). The Formal Charges sought damages for physical, mental, and emotional distress in the amount of "at least \$120,000.00" and "[I]ost wages in an amount estimated to be at least \$3,700.00." The Formal Charges also sought a cease and desist order and requested that Next Step be trained, at its expense, "on preventing discrimination based on sex in the workplace." The Agency did not seek out-of-pocket expenses. (Ex. X2)

- 6) On August 17, 2020, Next Step filed an Answer to Formal Charges in which it denied the allegation that it discriminated against and/or discharged Burgess on the basis of sex. (Ex. X3)
- 7) On August 19, 2020, the forum issued an Interim Order Re Requiring Case Summaries to be Filed and Setting Contested Case Deadlines, in which it was ordered that Case Summaries be filed no later than December 29, 2020. (Ex. X4)
- 8) On August 19, 2020, the forum issued an Interim Order Re Temporary Procedures as a result of the impact of the COVID-19 outbreak. The Agency and Respondent both indicated that they consented to accept filings by email. (Ex. X5)
- 9) On November 17, 2020, the forum issued an Interim Order Re Virtual Hearing and Updated Document Filing Procedures. (Ex. X6)
- 10) On December 1, 2020, Next Step's attorney of record filed a Motion to Withdraw as Attorney of Record for Respondent. (Ex. X7)
- 11) On December 2, 2020, the forum sent an email to Next Step's attorney of record requesting confirmation that Next Step had been provided with all filings and orders in the matter, which was received that same day. (Exs. X8, X9)
- 12) On December 2, 2020, the forum issued an Interim Order Re Attorney Withdrawal granting the motion of Respondent's attorney to withdraw as attorney of record:

"On December 1, 2020, Respondent's attorney, Wyatt Baum, filed a Motion to Withdraw as Attorney for Respondent. The motion was accompanied by Mr. Baum's Declaration that good cause existed to grant his withdrawal. In the Declaration, Mr. Baum provided the last known mailing and email address for Respondent.

"On December 2, 2020, the forum requested assurance from Mr. Baum that copies of all filings and interim orders had been provided to Respondent. Mr.

Baum promptly provided assurance that he had provided the documentation to Respondent.

"Therefore, Mr. Baum's motion to withdraw as attorney of record for Respondent is GRANTED."

(Ex. X10)

- 13) On December 10, 2020, the forum issued an Interim Order Re Virtual Hearing that included information regarding the GoToMeeting application. (Ex. X11)
- 14) On December 10, 2020, the forum issued an Interim Order Requiring Respondent to be Represented by Authorized Representative or Counsel. The order included:

"On December 2, 2020, the forum issued an interim order allowing attorney Wyatt Baum to withdraw as attorney of record for Respondent. The hearing in this matter is set for January 12, 2021. To date, the forum has not been informed that Respondent has retained new counsel or that that Respondent has an Authorized Representative appointed as required.

"Next Step Carpet, LLC is a limited liability company and limited liability companies are unincorporated associations. ORS 63.001(17). OAR 839-050-0110(1) requires that unincorporated associations must be represented at all stages of the proceeding either by counsel or by an authorized representative. An authorized representative includes an authorized officer or regular employee of the limited liability company. OAR 8390-050-0110(2). Before a person may appear as an authorized representative, the corporation that is a party to the contested case proceeding must file a letter specifically authorizing the person to appear on behalf of the party. OAR 839-050-0110(3).

"Respondent Next Step Carpet, LLC is hereby notified that it MUST be represented either by an attorney or by an 'authorized representative' at all stages of this proceeding. From now on, except for a letter authorizing a person to appear on behalf of Respondent Next Step Carpet, LLC as an authorized representative, the forum will disregard any motions, filings, or other communications from Respondent Next Step Carpet, LLC unless they are through an attorney or authorized representative. If Respondent Next Step Carpet, LLC is not represented at the hearing by an attorney or authorized representative, Respondent Next Step Carpet, LLC will be found in default and will not be allowed to participate in the hearing. OAR 839-050-0330 (1)(d).

"An authorized form is attached for Respondent's convenience."

(Ex. X12)(emphasis in original)

- 15) On December 29, 2020, the Agency timely filed its Case Summary. No Case Summary was filed on behalf of Next Step. (Ex. X13)
- 16) On December 30, 2020, the forum issued an Interim Protective Order noting that Ex. A3, page 4, was a medical record that required protection under the Oregon Public Records law pursuant to ORS 192.355(2)(a). The order noted that Ex. A3, page 4, would be placed in an envelope marked "Confidential Subject to Protective Order." (Ex. X14)
- Agency or the ALJ that it would not appear at the time and place set for hearing. Diamond-Cuneo informed the ALJ that she had responded to an email sent to her by someone on behalf of Next Step the morning of hearing by listing the date and time for hearing and including the log-in information for the GoToMeeting application. Diamond-Cuneo indicated she heard nothing more from Next Step prior to hearing. (Hearing Record)
- 18) The ALJ waited until after 10:00 a.m., and commenced the hearing. At the start of hearing, the ALJ orally informed the participants who were present of the issues to be addressed, the matters to be proved and the procedures governing the conduct of the hearing. (Hearing Record)
- 19) On August 31, 2021, the forum issued an Interim Order Re Reassignment of ALJ.
- 20) On February 18, 2022, the forum issued an Interim Order Re Reassignment of ALJ assigning the matter to the undersigned.

- 21) On March 8, 2022, the ALJ issued a Proposed Order that notified the participants they were entitled to file exceptions to the Proposed Order within ten days of its issuance. The Agency timely filed exceptions on March 18, 2022. The exceptions are addressed in the Opinion section of this Final Order.
- 22) On March 18, 2022, Next Step filed Respondent's Request for 90-day Extension to File Exceptions to Proposed Order. On March 29, 2022, the forum issued an Interim Order Re Respondent's Request for 90-day Extension to File Exceptions to Proposed Order denying the motion.

#### FINDINGS OF FACT – THE MERITS

- 1) At all times material, Next Step was a Domestic Limited Liability Company with its principal place of business located in La Grande, Oregon. (Ex. A2)
- 2) B. Moulton is an owner of Next Step. G. Moulton is B. Moulton's son, and he is listed as Next Step's Registered Agent, Member and Manager. (Ex. A2)
- 3) Burgess began working as a sales associate for Next Step in April 2018. Burgess was a salaried employee who worked between 40 and 45 hours per week. Burgess's average hourly rate was \$15. (Testimony of Burgess)
- 4) In September 2018, Burgess agreed to become a gestational surrogate, which required her to undergo extensive medical screenings. Burgess was also required to notify her family and her employer of her intent to become a gestational surrogate as part of the process of becoming a gestational surrogate. (Testimony of Burgess)
- 5) Burgess notified both B. Moulton and G. Moulton of her intention to become a gestational surrogate at the beginning of the process. (Testimony of Burgess)

6) On February 13, 2019, an embryo was transferred to Burgess, which required her to take time off from work. Burgess returned to work on February 18, 2019, and spoke with B. Moulton about the procedure and how she was feeling. (Testimony of Burgess)

- 7) On February 19, 2019, G. Moulton was waiting for Burgess at her desk when she reported for work. G. Moulton had been out of the office the previous day. G. Moulton asked Burgess if she was pregnant. Burgess, who had recently learned she had received a positive pregnancy test result, confirmed that she was pregnant. G. Moulton informed Burgess that Next Step was letting her go, because "it was best for her to focus on her pregnancy." (Testimony of Burgess)
- 8) Burgess sent a text message to B. Moulton after she left the business asking why he did not tell her the previous day that she was being discharged. B. Moulton responded, "I am truly sorry I hoped it wouldn't come to this and didn't know myself it needed to happen so soon." (Ex. A3; Testimony of Burgess)
  - 9) On March 3, 2019, B. Moulton sent a second text message to Burgess: "Tasha have waited to reach out to you purposely. I wanted to give you time to

use your faith to help you. I want you to know what we had to do. We prayed and thought hard on where we needed to go with the company. It was totally a business decision. Had nothing to do with you as a person you are \* \* \* \* \*."

(Ex. A3)<sup>2</sup>

10) Both G. Moulton and B. Moulton had previously made comments in Burgess' presence suggesting women should stay home once they become pregnant. Burgess was aware that G. Moulton did not allow his wife to work. Burgess did not think anything of the comments at the time, because she assumed she was protected as an employee. (Testimony of Burgess)

<sup>&</sup>lt;sup>2</sup> The text message included in Ex. A3 appears to have been cut off and is quoted as it appears in Ex. A3.

- 11) Burgess was upset and embarrassed at being discharged. Burgess was particularly upset given the stated reason for her discharge and that she was then required to explain the complex circumstances of her surrogacy efforts. Burgess continues to experience embarrassment and distress whenever she sees G. Moulton or B. Moulton or one of her former co-workers. (Testimony of Burgess)
- 12) Burgess learned shortly after her discharge that she had received a negative test result on her second pregnancy test. Burgess believes it was the stress caused by her discharge that caused her to lose the pregnancy. (Testimony of Burgess)
  - 13) On February 28, 2019, Next Step posted the following on Facebook:

"Next Step Carpet just had its biggest month in company history!! We would like to personally thank all of our loyal customers and supporters. We couldn't have done this without you. Especially in the middle of a crazy snowstorm and a short month! Stay tuned for what we have in store next month!"

(Ex. A3)

- 14) Burgess was unemployed for approximately six weeks before she began working for another carpet store located in La Grande on April 3, 2019. (Testimony of Burgess)
- 15) Burgess' current position is commission based, but she is guaranteed an hourly wage of approximately \$15.00. Burgess currently works approximately 40 hours per week and is earning more than she did when working for Next Step. (Testimony of Burgess)
- 16) On or about April 11, 2019, Burgess observed Next Step had posted a job opening for her former position on a recruitment website. (Ex. A3)

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1) At all times material herein, Next Step was an employer as defined in ORS 659A.001(4) and OAR 839-005-0003(5) that employed Burgess.

CONCLUSIONS OF LAW

- 2) Next Step engaged in an unlawful employment practice in that it discriminated against Burgess in the terms, conditions or privileges of employment because of her sex (pregnancy) in violation of ORS 659A.030(1)(b), OAR 839-005-0030(4)(d), OAR 839-005-0021(2) and OAR 839-005-0026(1) and (2).
- 3) Next Step engaged in an unlawful employment practice in that it discharged, expelled or otherwise discriminated against Burgess because of her sex (pregnancy) in violation of ORS 659A.030(1)(a), OAR 839-005-0030(4)(a), OAR 839-005-0021(2) and OAR 839-005-0026(1) and (2).
- 4) The Commissioner of the Bureau of Labor and Industries has jurisdiction of the persons and of the subject matter herein. The sums of money awarded and the other actions required of Respondents in the Order below are an appropriate exercise of that authority. ORS 659A.800 - ORS 659A.865.
- 5) Pursuant to ORS 659A.850(4)(a)(B), the Commissioner of the Bureau of Labor and Industries has the authority under the facts and circumstances of this case to issue a cease and desist order, including an award of compensatory damages to Complainant, based on Respondents' unlawful practices. The sum of money awarded and the other actions required of Respondents in the Order below are an appropriate exercise of that authority.

### OPINION

It is an unlawful employment practice for "[a]n employer, because of an individual's \* \* \* sex \* \* \* to \* \* \* discharge the individual from employment." ORS

659A.030(1)(a). ORS 659A.030(1)(b) prohibits an employer from discriminating against an individual "in compensation or in terms, conditions or privileges of employment" because of that individual's sex. In pertinent part, ORS 659A.029 provides that "[f]or purposes of ORS 659A.030, the phrase 'because of sex' includes, but is not limited to, because of pregnancy, childbirth and related medical conditions or occurrences." OAR 839-005-0021(1) & (2) and OAR 839-005-0026(1) & (2) echo those provisions.<sup>3</sup>

To prove that Next Step violated ORS 659A.030(1)(a) and (b) by discriminating against and terminating Burgess' employment because of her sex (pregnancy), the Agency must establish a prima facie case consisting of the following five elements: (1) Next Step was an employer; (2) Next Step employed Burgess; (3) Burgess was in a protected class (sex); (4) Next Step discharged Burgess and (5) Next Step terminated Burgess because of her sex (pregnancy). *In the Matter of Cyber Center, Inc.*, 32 BOLI 11, 32 (2012).

The Agency has successfully established each element of its prima facie case based upon the uncontroverted evidence of record. OAR 839-050-0330(2). Next Step was an employer that employed Burgess as a sales associate who was discharged after confirming to G. Moulton that she was pregnant.

"Under the 'specific intent' theory of discrimination, proof of a causal connection may be established through evidence that shows a respondent knowingly and

<sup>&</sup>lt;sup>3</sup> OAR 839-005-0021(1) & (2) provide:

<sup>&</sup>quot;(1) Employers are not required to treat all employees exactly the same, but are prohibited from using sex as the basis for employment decisions with regard to hiring, promotion or discharge; or in terms, conditions or privileges of employment such as benefits and compensation.

<sup>&</sup>quot;(2) Discrimination because of sex includes sexual harassment, discrimination based on pregnancy, childbirth and medical conditions and occurrences related to pregnancy and childbirth."

purposefully discriminated against a complainant because of the complainant's membership in a protected class." *In the Matter of Cyber Center, Inc.*, 32 BOLI 11, 32 (2012); OAR 839-005-0010(1)(d)(A). Specific intent may be shown through direct or circumstantial evidence. *Cyber Center*, 32 BOLI at 32.

In this case, G. Moulton's statement to Burgess at the time of her discharge constitutes direct evidence of a discriminatory motive with regard to the reasons for Burgess' discharge. Further, circumstantial evidence in the form of text messages from B. Moulton to Burgess following her discharge is further evidence of a causal connection between Burgess' discharge and her sex (pregnancy). (Finding of Fact #9.) The forum therefore determines that Next Step engaged in an unlawful employment practice in that it discriminated against and discharged Burgess on the basis of sex (pregnancy) in violation of ORS 659A.030(1)(a) and (b).

#### **DAMAGES**

Back Pay

Burgess is eligible for a back pay award because she was discharged in violation of ORS 659A.030(1)(a). The purpose of a back pay award in employment discrimination cases is to compensate a complainant for the loss of wages and benefits the complainant would have received but for the respondent's unlawful employment practices. *In the Matter of Edgewood Construction, LLC,* 37 BOLI 2, 14-15 (2018)(internal citation omitted). Back pay awards are calculated to make a complainant whole for injuries suffered as a result of the discrimination. *Id.* A complainant who seeks back pay is required to mitigate damages by using reasonable diligence to find other suitable employment. *In the Matter of Blue Gryphon, LLC, and Flora Turnbull,* 34 BOLI 216, 238 (2015).

Burgess was unemployed from February 19, 2019, to April 3, 2019, a period of approximately six weeks. (Finding of Fact #14). Burgess credibly testified she worked between 40 and 45 hours per week for Next Step and was guaranteed an hourly wage of \$15. There is no credible evidence of record showing Burgess failed to mitigate her damages in that she was unemployed for only six weeks following her unlawful discharge from Next Step.

The forum finds the Agency's use of 42 hours per week in the calculation of its damages request to be reasonable and adopts that approach. Therefore, Burgess is entitled to a back pay award of \$3,780 (42 hours per week x \$15 x 6 weeks).

# Emotional Distress Damages

The Agency seeks damages on behalf of Complainant in the amount of at least \$120,000 for emotional, mental and physical suffering. Pursuant to ORS 659A.850, the Commissioner of the Bureau of Labor and Industries has the authority to award money damages for emotional, mental, and physical suffering sustained. *In the Matter of Vision International,* 37 BOLI 187, 200-01 (2019). The commissioner has the authority to fashion a remedy adequate to eliminate the effects of unlawful employment practices. *Id.* In determining an award for emotional and physical suffering, the forum considers the type of discriminatory conduct, and the duration, frequency, and severity of the conduct. It also considers the type and duration of the mental distress and the vulnerability of the aggrieved persons. A complainant's testimony, if believed, is sufficient to support a claim for mental suffering damages. *Edgewood Construction*, 37 BOLI at 15.

Burgess credibly testified she experienced mental and emotional suffering as a

result of her termination. Burgess was visibly upset and emotional while testifying regarding the circumstances surrounding her discharge and the events that followed. Burgess described the embarrassment and hurt she felt every time she ran into either G. Moulton or B. Moulton or any of her former co-workers. She also described the feelings she felt as a result of having to explain the complex nature of the circumstances surrounding the reason given for her discharge. Further, Burgess attributes the loss of her pregnancy a short time after the discharge to the stress she felt as a result of the unlawful employment practice.

Based on the above and the amount of damages awarded in comparable BOLI Final Orders, the forum finds that \$120,000 is an appropriate sum. *In the Matter of Leo Thomas Ryder dba Leo's BBQ Bar & Grill*, 34 BOLI 67, 76-77 (2015) (\$120,000 awarded for emotional and mental suffering following a termination); *In the Matter of Cyber Center, Inc.*, 32 BOLI 11, 40-41 (2012) (also awarded \$120,000 for emotional and mental suffering comparable to that experienced by Complainant in this case).

## ADDITIONAL RELIEF REQUESTED BY THE AGENCY

The Agency asks that the forum issue a cease and desist order against Respondent requiring it to stop committing any unlawful employment practices the forum concludes occurred. BOLI's Commissioner is authorized to issue an appropriate cease and desist order reasonably calculated to eliminate the effects of any unlawful practice found. ORS 659A.850(4). Among other things, that may include requiring a respondent to:

- "(a) Perform an act or series of acts designated in the order that are reasonably calculated to:
  - "(A) Carry out the purposes of this chapter;

- "(B) Eliminate the effects of the unlawful practice that the respondent is found to have engaged in, including but not limited to paying an award of actual damages suffered by the complainant and complying with injunctive or other equitable relief; and
- "(C) Protect the rights of the complainant and other persons similarly situated[.]"

The forum finds the Agency's requested cease and desist order to be appropriate relief in this case. The forum further finds the Agency's request that Next Step's managers, supervisors, and human resources personnel complete training, at the expense of Next Step, on preventing discrimination based on sex in the workplace appropriate relief. The training must be completed by the Bureau of Labor and Industries' Technical Assistance Unit, or another trainer agreeable to and approved by the Agency.

#### **EXCEPTIONS TO THE PROPOSED ORDER**

On March 18, 2022, the Agency filed eight exceptions requesting that the forum make corrections to scrivener's errors. The Agency's exceptions are well taken and are GRANTED as reflected above.

#### ORDER

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Α. NOW, THEREFORE, as authorized by ORS 659A.850(2) and ORS 659A.850(4), and to eliminate the effects of Respondent Next Step Carpet, LLC's violations of ORS 659A.030(1)(a) and (b), and as payment of the damages awarded, the Commissioner of the Bureau of Labor and Industries hereby orders Respondent Next Step Carpet, LLC to deliver to the Fiscal Services Office of the Bureau of Labor and Industries, 1045 State Office Building, 800 NE Oregon Street, Portland, Oregon

97232-2180, a certified check payable to the **Bureau of Labor and Industries in Trust**for Complainant Natasha Burgess in the amount of:

- 1) THREE THOUSAND SEVEN HUNDRED EIGHTY DOLLARS(\$3,780), less lawful deductions, representing wages lost by Natasha Burgess between February 19, and April 3, 2019, as a result of Next Step Carpet, LLC's unlawful employment practice found herein; plus,
- 2) ONE HUNDRED TWENTY THOUSAND DOLLARS (\$120,000), representing compensatory damages for emotional and mental suffering Natasha Burgess experienced as a result of **Respondent Next Step Carpet, LLC** unlawful employment practice of discriminating against and terminating her employment; plus,
- 3) Interest at the legal rate on the sum of ONE HUNDRED TWENTY THREE THOUSAND EIGHTY DOLLARS (\$123,780) until paid.
- B. NOW, THEREFORE, as authorized by ORS 659A.850(2) and ORS 659A.850(4), and to eliminate the effects of **Respondent Next Step Carpet, LLC** violations of ORS 659A.030(1)(a) & (b), the Commissioner of the Bureau of Labor and Industries hereby orders and Next Step, LLC to require its current employees, if any, to attend training on recognizing and preventing discrimination in the workplace based on sex/pregnancy. Such training may be provided by the Bureau of Labor and Industries Technical Assistance for Employees unit or another trainer agreeable to the Agency.
- C. Cease and desist from discriminating against any employee based upon the employee's gender.

Val Hoyle Commissioner

Bureau of Labor and Industries

Issued On: June 21, 2012