

IN THE COURT OF APPEALS OF THE
STATE OF OREGON

Anthony E. AYALA,
Plaintiff-Appellant,

v.

CULBERTSONS LLC,
Defendant-Respondent.

Marion County Circuit Court
24CV31689; A189068

Lindsay R. Partridge, Judge.

Argued and submitted September 10, 2026.

Brian A. Buchanan argued the cause for appellant. Also on the brief was Oregon Center for Employee Rights.

Curtis C. Caldwell argued the cause for respondent. Also on the brief was Caldwell Law, PC.

Before Tookey, Presiding Judge, Egan, Judge, and Kistler, Senior Judge.

EGAN, J.

Affirmed.

EGAN, J.

In this civil case, plaintiff appeals from a general judgment entered after the trial court granted defendant's cross-motion for summary judgment and denied plaintiff's motion for summary judgment. Plaintiff contends that defendant unlawfully deducted \$1,000 from his wages to repay personal loans that defendant had previously made to him. We affirm.

I. BACKGROUND

The material facts are undisputed. Plaintiff was employed by defendant. During his employment, defendant advanced money to plaintiff on multiple occasions before the corresponding pay periods. Each advance was documented by an "Official Employee Loan Agreement" that acknowledged plaintiff's debt to defendant and authorized specified future payroll deductions to repay the advance. Defendant deducted the agreed amounts from later paychecks, recorded the deductions in its books and on plaintiff's paystubs, and charged no interest or fees. The eleven deductions totaled \$1,000, and none was made from plaintiff's final paycheck or upon termination of employment.

Plaintiff filed suit alleging that the deductions were unlawful under ORS 652.610(3)(b) because they were not for plaintiff's benefit. The parties cross-moved for summary judgment. The trial court concluded that the deductions were allowed under the statute, granted summary judgment to defendant, and entered a judgment of dismissal. This appeal followed.

II. ANALYSIS

Where, as here, an appeal arises from cross-motions for summary judgment, "the granting of one motion and the denial of the other are both reviewable." *Butler Family LP v. Butler Brothers, LLC*, 283 Or App 456, 462, 388 P3d 1135 (2017) (internal citation omitted). We review a trial court's grant of summary judgment for errors of law and will affirm if there are no genuine disputes about any material fact and the moving party is entitled to judgment as a matter of law. *Thompson v. Portland Adventist Medical Center*, 309 Or App

118, 121, 482 P3d 805 (2021). In determining whether summary judgment was appropriate, “we view the facts in the light most favorable to the nonmoving party.” *Id.*

ORS 652.610(3)(b) provides that an employer may not withhold, deduct or divert an employee’s wages unless “deductions are voluntarily authorized in writing by the employee, are for the employee’s benefit, and are recorded in the employer’s books.” Similarly, ORS 652.610(3)(c) allows an employer to make deductions when “[t]he 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.” Additionally, ORS 652.610(3)(f) permits deductions from the payment of wages upon employment termination pursuant to a written agreement between the parties for the repayment of a loan.

At the hearing on the cross-motions for summary judgment, parties agreed that ORS 652.610(3)(f) was inapplicable because defendant did not make any deductions from plaintiff’s final paycheck. The parties then argued whether the deductions satisfied ORS 652.610(3)(b) and (c).

The trial court concluded that a benefit under ORS 652.610(3)(b) need not be solely for the employee, that plaintiff received a genuine and direct benefit because he obtained funds he had requested and was not otherwise entitled to receive, and that the case was distinguishable from *Taylor v. Werner Enterprises, Inc.*, 329 Or 461, 988 P2d 384 (1999), because the employer in *Taylor* had imposed a bond to protect its own assets. The court concluded that defendant satisfied the statutory requirements for written authorization, employee benefit, and bookkeeping. Subsequently, the court denied reconsideration, again distinguishing the court’s discussion of “potential liability” in *Taylor* from the employee-requested advances at issue here.

On appeal, the dispositive issue is whether the deductions satisfied ORS 652.610(3)(b). That subsection permits a deduction when it is authorized in writing by the employee, is for the employee’s benefit, and is recorded in the employer’s books. The record establishes that plaintiff

signed written loan agreements authorizing the deductions and that defendant recorded the advances and deductions in its payroll records and on plaintiff's paystubs. Therefore, the dispute concerns the requirement that the deduction be "for the employee's benefit."

Plaintiff argues that repayment of a debt owed by an employee to the employer cannot satisfy the requirement that the deduction be for the employee's benefit. He relies principally on *Taylor*, where the Supreme Court held that "[p]otential liability of an employee to the employer is not a reason that supports a lawful deduction." *Taylor*, 329 Or at 470. But *Taylor* involved a materially different arrangement. There, the employer withheld money from the employee's paychecks as a bond for potential damage to the employer's equipment. *Id.* at 463. Upon termination of employment, the employee sued alleging that the deductions violated ORS 652.150, which limits the circumstances in which employers may withhold employees' wages. *Id.* at 464. The court held that the deductions were unlawful because the employee received no benefit from the withholding. *Id.* at 470. Instead, they were made to cover any liability that the employee owed to his employer at the time of employment termination, making the employer the ultimate recipient of the money. *Id.*

Here, by contrast, plaintiff requested the advances; defendant had no contractual obligation to provide them; plaintiff was not otherwise entitled to the funds under his employment agreement; the advances gave him immediate access to money before he had earned it; he would not have received the advances without agreeing to repayment through payroll deductions; and no deductions were taken from wages due and owing upon termination. Defendant charged no interest or fees. Therefore, the trial court properly concluded that plaintiff received a direct benefit from the overall arrangement, making the repayment deductible from his regular wages.

While a federal district court decision is not binding on a state court, our conclusion is consistent with *Gessele v. Jack in the Box, Inc.*, 427 F Supp 3d 1276 (D Or 2019). As defendant explains, the court in *Gessele* construed ORS

652.610(3)(b) to permit an arrangement that benefited both the employer and employee, distinguishing the statute's "for the employee's benefit" language from the text of statutes that expressly require a deduction to be solely for the employee's benefit. We agree with that analysis, which the trial court found persuasive as well.

The fact that the deductions ultimately returned money to defendant does not change the analysis. The question under subsection (3)(b) is whether the deduction was for the employee's benefit. The undisputed facts establish that plaintiff received the money before the deduction and that he would not have received it without agreeing to the repayment arrangement.

Finally, plaintiff's statutory-penalty claims are derivative of his contention that the deductions were unlawful. Plaintiff seeks the deducted wages and penalties under ORS 652.615 and ORS 652.150. Because the deductions were lawful under ORS 652.610(3)(b), they were not "illegally deducted wages," and the predicate for those derivative claims is absent.

III. CONCLUSION

The undisputed facts establish that plaintiff requested and received wage advances, authorized repayment of the amounts advanced through written payroll deductions, and received a direct benefit from obtaining funds before he otherwise would have earned them. The deductions satisfied the requirements of ORS 652.610(3)(b). *Taylor* does not compel a different result because the deduction there involved an employer-imposed bond designed to protect the employer, whereas the deductions here were part of an employee-requested advance arrangement that directly benefited plaintiff. Because the deductions were lawful, plaintiff's derivative claims for unpaid wages and statutory penalties fail as well.

Affirmed.