A former executive at Sunstone Way sued the shelter provider for $4.5 million in Multnomah County Circuit Court, **alleging that the nonprofit's leaders overspent on Portland office space, staff retreats to Bend, and bloated contracts with related organizations,** then retaliated against her after she questioned expenses. Sunstone Way was Multnomah County's 11th-largest contractor in the 2024 fiscal year. Previously known as All Good Northwest, it operates homeless shelters for the city and the county. Kate Fulton joined Sunstone Way as finance manager on Oct. 2,

NEWS

Shelter Provider Sunstone Way Sued by Whistleblower Alleging Profligate Spending and Mismanagement

Leaders at the nonprofit spent public money on expensive office space and big bar tabs, the former director of finance says.

By Anthony Effinger
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/ Multnomah County)

A former executive at Sunstone Way has sued the shelter provider for $4.5 million in Multnomah County Circuit Court, alleging the nonprofit's leaders overspent on Portland office space, staff retreats to Bend, and bloated contracts with related organizations, then retaliated against her after she questioned expenses.

Sunstone Way was Multnomah County's 11th-largest contractor in the 2024 fiscal year. Previously known as All Good Northwest, it operates homeless shelters for the city and the county, including Weidler Village, a 38-unit cluster in Northeast Portland and the 70-bed Delta Park Motel Shelter, a former Motel 6 converted just last June.

Kate Fulton joined Sunstone Way as finance manager on Oct. 2, 2023. She was promoted to director of finance in early 2024, giving her a bird's eye view of the nonprofit's books.

"By July 2024, it became apparent to plaintiff that Sunstone Way was being mismanaged financially," the complaint says. "That month, the organization nearly failed to make payroll for its employees and was able to do so only through plaintiff's negotiation with Sunstone Way's bank to avoid a default."

Fulton's whistleblower suit is the latest threat to Sunstone Way. Last April, it lost the contract to manage the city's 100-bed pod village in Southwest Portland. Its Market Street Shelter, run for the county, is set to close in March.

Sunstone Way has a history of accounting issues. In 2022, leaders there overbilled Multnomah County by $525,000, according to a report by County Auditor Jennifer McGuirk. Some $330,000 of that amount came from duplicated payroll expenses submitted for the same pay period in separate invoices, the auditor said.

A Sunstone Way spokeswoman didn't immediately return an email seeking comment.

Among the first signs of trouble for Fulton, according to the complaint, was chief executive Andy Goebel's decision in mid-2024 to move Sunstone Way's offices from the repurposed Washington High School to more expensive space across the river on Southwest Naito Parkway "despite the lease not having expired on the previous offices."

"In other words, defendant Goebel decided to move the offices to a more expensive building while still paying rent on the old, now empty offices," the complaint says. The Naito office cost about $20,000 per month more than the Washington High School space, the complaint says.

As Sunstone Way faced "mounting financial pressure," the complaint says, Goebel directed Fulton to contact the Joint Office of Homeless Services (now the county's Homeless Services Department) to request more money.

"Goebel was unconcerned about the availability of additional funding, apparently having been bailed out by JOHS in the past when he failed to maintain a proper budget," the complaint says.

Multnomah County's press office didn't immediately return an email seeking comment.

Sunstone Way had revenue of $13.3 million in the fiscal year ended June 2024, according to federal tax filings. Goebel was paid $131,711 that year, the filing shows.

Fulton shouldered more responsibility in September 2024, when Sunstone Way chief financial officer Hollie Miller resigned during a leave of absence she had taken for "work-related stress," the complaint says, ending a three-year stint at the nonprofit.

A month later, Goebel tapped Fulton to give a financial presentation to the board of directors. She told the board that Sunstone Way was waiting on a "contract advance from JOHS to address severe cash flow pressures," according to her complaint.

The board was "shocked," and one member exclaimed "something to the effect of 'We're broke? When did that happen?'" the complaint says. Goebel took over the presentation soon after and "downplayed the organization's financial troubles."

From then on, Fulton wasn't invited to board meetings and was "restricted" from being forthright in her reports, which were presented thereafter by Goebel, the complaint says.

Sunstone Way's questionable business practices went beyond internal functions, Fulton's complaint says. Sunstone Way is a spin-off, of sorts, from another shelter provider, Do Good Multnomah. Sunstone Way was created as All Good Multnomah by Do Good executives in 2021 to provide shelter services during the pandemic. Goebel left Do Good, where he was director of emergency management, to become CEO of Sunstone Way.

The two organizations remain connected by personnel. Alicia Hovanas, Sunstone's chief operating officer, is married to Do Good Multnomah CEO Daniel Hovanas.

In mid-October 2024, Chris Aiosa, the chief executive of Do Good Multnomah while Goebel worked there, visited Sunstone Way, Fulton's complaint says. At the time, Aiosa was employed by the U.S. Department of Housing and Urban Development at the Housing Authority of Clackamas County, according to the complaint.

After a lunch meeting with Aiosa, Goebel presented Fulton with an invoice for $10,000 labeled "consulting fee" payable to Aiosa's business, Affordable Housing Initiative, which was registered to Aiosa's apartment (according to public records, that is still the case). On Dec. 10, 2024, Sunstone Way received a contract to manage a shelter program in Clackamas County, the complaint says.

Fulton questioned this payment but paid it "as instructed," the complaint says.

Sunstone Way paid another $20,000 in "consulting fees" to Narwhal Nonprofit Consulting, the complaint says, where, according to his LinkedIn profile, Aiosa worked in 2023 and 2024.

In a telephone interview, Aiosa declined to comment, except to say: "Sunstone Way wrote a check to the Affordable Housing Initiative."

Clackamas County solicited bids to manage Clackamas Village in 2024, county spokesman Scott Anderson confirmed in an email. Sunstone Way won the contract, which it still has. But "Chris Aiosa was not involved in the selection of the vendor," Anderson said. Aiosa had left the county by December of that year, he said.

Given its financial situation, Sunstone Way made more imprudent expenditures in November 2024 when it held one of its twice-yearly retreats, this one near Bend, the complaint says. Goebel drove there for the first night of the retreat, which he spent with Sunstone Way COO Alicia Hovanas, "and/or stayed a day after the rest of the group had left to do the same," the complaint says. Other staff arrived the next day.

During the retreat, Goebel and Hovanas praised Fulton for a presentation she gave and invited her to join them in a hot tub, where Hovanas "made multiple comments" about Fulton's body. "As a result, plaintiff made an excuse and left the two alone," the complaint says.

Back in Portland some weeks later, Fulton went to the office after hours to drop off furniture and found Goebel and Hovanas "holding each other in an intimate fashion, with defendant Hovanas pressed against the kitchenette counter." When they noticed Fulton, they separated, the complaint says.

Hovanas declined to provide an immediate comment on the allegations because she hadn't seen the complaint.

Among the largest accounting errors Fulton found, according to the complaint, was $210,000 in overbilling by Our Streets PDX, a nonprofit that provides food to shelters. Fulton flagged the overpayment to Goebel, who told her not to alert JOHS because he had "made a deal" with Our Streets PDX. Goebel and Our Streets' leaders are personal friends, the complaint says.

As proof that she was fulfilling all the requirements of her job, the complaint says that Fulton was promoted to interim senior director of finance on Dec. 4, 2024.

Soon after, a representative of JOHS told Fulton that Sunstone Way would get no additional funds to cover shortfalls from Goebel's mismanagement, the complaint says. Fulton asked Goebel how much she should tell the board about the rejection. Goebel told her she "need not be overly acute" about it, the complaint says.

Fulton's tenure at Sunstone Way ended on Feb. 21, while she was out of the office for medical treatment, the complaint says. Human resources head Richard Stellner and CFO Scott Takemoto terminated her on a Microsoft Teams call for "undermining the executive team."

As finance director, Fulton got notifications on her phone when the company's Capital One credit cards were used. At 4:01 pm, soon after she was terminated, she got a notice that Goebel's card had been charged $46 at Paddy's Bar & Grill, near Sunstone Way's offices. She texted Goebel instructions to remove her from the account, yet received another notification from Paddy's, this one for $211, at 7:40 pm, the complaint says.

A week later, Fulton sent a "long email" to Hovanas and other staff describing Goebel's mismanagement, the complaint says, including the Our Streets overbilling and Goebel's failure to disclose transactions with related parties.

At the end of the email, Fulton offered to sign a modified severance agreement, waiving her claims, in exchange for a 1,000- word letter from Goebel and “a signed statement and improvement plan from the executive team and board,” the complaint says.

Sunstone Way leaders declined the offer.

When she applied for unemployment benefits, Goebel and Sunstone Way disputed her eligibility but could not prove any misconduct, the complaint says. Even so, the dispute delayed the payment of benefits.

Fulton seeks damages for retaliation against a whistleblower as described in Oregon law, including at least $500,000 for lost wages and benefits and $4 million for mental suffering, emotional distress, humiliation, helplessness and isolation.