

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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SENATE BILL 125
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Short Title: State Fraud/Abuse Hotline.

(Public)

Sponsors: Senators Sands; Barker, Block, Daniel, Hunt of Moore, Johnson of Wake, Marvin, Richardson, Simpson, and Staton.

Referred to: State Personnel.

February 6, 1989

1 A BILL TO BE ENTITLED
2 AN ACT TO ENCOURAGE REPORTING OF FRAUD, WASTE, AND ABUSE IN
3 STATE GOVERNMENT AND ENDANGERMENT TO THE PUBLIC HEALTH
4 AND SAFETY, AND TO PROTECT INFORMANT STATE EMPLOYEES FROM
5 RETALIATION.

6 The General Assembly of North Carolina enacts:

7 Section 1. Chapter 126 of the General Statutes is amended by adding an
8 Article to read:

9 **“ARTICLE 14.**
10 **"PROTECTION FOR REPORTING**
11 **IMPROPER GOVERNMENT ACTIVITIES.**

12 **"§ 126-84. Statement of policy.**

13 It is the policy of this State that State employees shall be encouraged to report
14 verbally or in writing to their supervisor, department head, or other appropriate
15 authority, evidence of activity by a State agency or State employee constituting:

- 16 (1) A violation of State or federal law, rule or regulation;
17 (2) Fraud;
18 (3) Misappropriation of State Resources; or
19 (4) Substantial and specific danger to the public health and safety.

20 **"§ 126-85. Protection from retaliation.**

1 (a) No head of any State department, agency or institution or other State
2 employee exercising supervisory authority shall discharge, threaten or otherwise
3 discriminate against a State employee regarding the State employee's compensation,
4 terms, conditions, location, or privileges of employment because the State employee, or
5 a person acting on behalf of the employee, reports or is about to report, verbally or in
6 writing, any activity described in G.S. 126-84, unless the State employee knows or has
7 reason to believe that the report is inaccurate.

8 (b) No head of any State department, agency or institution or other State
9 employee exercising supervisory authority shall discharge, threaten or otherwise
10 discriminate against a State employee regarding the employee's compensation, terms,
11 conditions, location or privileges of employment because the State employee has
12 refused to carry out a directive which in fact constitutes a violation of State or federal
13 law, rule or regulation or poses a substantial and specific danger to the public health and
14 safety.

15 (c) The protections of this Article shall include State employees who report any
16 activity described in G.S. 126-84 to the State Auditor as authorized by G.S. 147-
17 64.6(c)(16).

18 **"§ 126-86. Civil actions for injunctive relief or other remedies.**

19 Any State employee injured by a violation of G.S. 126-85 may maintain an action in
20 superior court for damages, an injunction, or other remedies provided in this Article
21 against the person or agency who committed the violation within one year after the
22 occurrence of the alleged violation of this Article.

23 **"§ 126-87. Remedies.**

24 A court, in rendering a judgment in an action brought pursuant to this Article, may
25 order an injunction, damages, reinstatement of the employee, the payment of back
26 wages, full reinstatement of fringe benefits and seniority rights, costs, reasonable
27 attorney's fees or any combination of these. If an application for a permanent injunction
28 is granted, the employee shall be awarded costs and reasonable attorney's fees. If in an
29 action for damages the court finds that the employee was injured by a willful violation
30 of G.S. 126-85, the court shall award as damages three times the amount of actual
31 damages plus costs and reasonable attorney's fees against the individual or individuals
32 found to be in violation of G.S. 126-84.

33 **"§ 126-88. Notice of employee protections and obligations.**

34 It shall be the duty of an employer of a State employee to post notice in accordance
35 with G.S. 95-9 or use other appropriate means to keep his employees informed of their
36 protections and obligations under this Article."

37 Sec. 2. G.S. 147-64.6(c) is amended by adding a new subdivision (16) to
38 read:

39 "(16) The Auditor shall be responsible for receiving reports of allegations of the
40 improper governmental activities set forth in G.S. 126-84. The Auditor shall provide a
41 telephone hotline to receive such allegations and informant may choose whether to
42 remain anonymous. The Auditor shall implement the necessary policies and procedures
43 to investigate hotline allegations and recommend appropriate action. When the
44 allegation involves issues of substantial and specific danger to the public health and

1 safety, the Auditor shall notify the appropriate agency immediately. In addition, the
2 Auditor shall publicize the hotline number periodically and shall report findings to the
3 agencies involved.

4 All records maintained by the State Auditor which involve unsubstantiated
5 allegations of improper governmental activities set forth in G.S. 126-84 shall be
6 destroyed within four years from the date such allegation was received."

7 Sec. 3. This act is effective upon ratification.