

GENERAL ASSEMBLY OF NORTH CAROLINA  
1989 SESSION

CHAPTER 236  
SENATE BILL 125

AN ACT TO ENCOURAGE REPORTING OF FRAUD, WASTE, AND ABUSE IN STATE GOVERNMENT AND ENDANGERMENT TO THE PUBLIC HEALTH AND SAFETY, AND TO PROTECT INFORMANT STATE EMPLOYEES FROM RETALIATION.

The General Assembly of North Carolina enacts:

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

"ARTICLE 14.  
"Protection for Reporting  
Improper Government Activities.

**"§ 126-84. Statement of policy.**

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

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

"§ 126-85. Protection from retaliation.

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

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

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

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

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

**"§ 126-87. Remedies.**

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

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

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

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

"(16) The Auditor shall be responsible for receiving reports of allegations of the improper governmental activities set forth in G.S. 126-84. The Auditor shall provide a telephone hotline to receive such allegations and informant may choose whether to remain anonymous. The Auditor shall implement the necessary policies and procedures to investigate hotline allegations and recommend appropriate action. When the allegation involves issues of substantial and specific danger to the public health and safety, the Auditor shall notify the appropriate agency immediately. In addition, the Auditor shall publicize the hotline number periodically and shall report findings to the agencies involved.

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

Sec. 3. G.S. 126-5 is amended by adding a new subsection to read:

"(c5) Notwithstanding any other provision of this Chapter, Article 14 of this Chapter shall apply to all State employees, public school employees, and community college employees."

Sec. 4. G.S. 1-54 is amended by adding a new subdivision to the end to read:

"(9) As provided in Article 14 of Chapter 126 of the General Statutes, entitled 'Protection for Reporting Improper Governmental Activities'."

Sec. 5. This act shall become effective October 1, 1989 and applies to acts incurring liability on and after that date.

In the General Assembly read three times and ratified this the 6th day of June, 1989.