

SUPREME JUDICIAL COURT OF MAINE

Lee v. Town of Denmark

206 A.3d 907 (Me. 2019) · Decided April 11, 2019

SUMMARY

The Maine Supreme Judicial Court affirmed summary judgment for the Town of Denmark on Michael A. Lee's claim under Maine's Whistleblowers' Protection Act. The court held that Lee's dispute over the interpretation and alleged breach of his employment contract did not constitute a report of unlawful activity, and that his subjective belief that the Town violated Maine law or its charter was insufficient to satisfy the Act's reasonable-cause requirement.

CASE DETAILS

COURT	Supreme Judicial Court of Maine
WRITING FOR THE COURT	Saufley, C.J.
JURISDICTION	Maine
DECIDED	April 11, 2019
DISPOSITION	affirmed
PROCEDURAL POSTURE	Lee appealed from a summary judgment entered for the Town of Denmark on his claim under Maine's Whistleblowers' Protection Act.
STANDARD OF REVIEW	Because the material facts were undisputed, the court reviewed the interpretation of the Whistleblowers' Protection Act de novo.
PRECEDENTIAL VALUE	Published, precedential opinion of the Supreme Judicial Court of Maine
PARTIES	Michael A. Lee v. Town of Denmark

TOPICS

[whistleblower](#) [retaliation](#) [employment contracts](#) [municipal law](#) [statutory interpretation](#)

PRACTICE AREAS

[employment law](#) [municipal law](#) [contracts](#)

QUESTIONS PRESENTED

1. Whether Lee engaged in activity protected by Maine's Whistleblowers' Protection Act when he reported that the Town's interpretation or breach of his employment contract violated Maine law and the Town's charter.
2. Whether an employee's dispute over the interpretation or ordinary breach of an employment contract, without more, constitutes a report of unlawful activity under the Act.

HOLDINGS

1. A dispute over the interpretation of an employment contract, without more, is not a report of illegal activity and does not constitute protected activity under the Maine Whistleblowers' Protection Act.
2. A subjective belief that an employer's conduct is unlawful is insufficient; the belief must also be objectively reasonable, meaning that a reasonable person might have believed illegal activity occurred.

KEY QUOTATIONS

“A dispute over the interpretation of an employment contract, without more, as is the case here, does not constitute a report of illegal activity.” (¶10)

“subjective belief alone is insufficient to meet the WPA's 'reasonable cause' requirement” (¶11)

FACTUAL BACKGROUND

Michael A. Lee served as the Town of Denmark's part-time code enforcement officer under a written employment contract. After a new town manager directed Lee to report to the manager rather than the Board of Selectmen, Lee asserted that the directive breached his contract and violated Maine statutes and the Town's charter. Lee later objected to a new job description on similar grounds, and the town manager suspended him while investigating alleged falsification of work hours; the Board later rescinded the suspension after finding that Lee had not falsified his hours.

PROCEDURAL HISTORY

The Town moved for summary judgment under Maine Rule of Civil Procedure 56. The Superior Court for Oxford County granted the motion, concluding that Lee had not engaged in activity protected by the Maine Whistleblowers' Protection Act. Lee timely appealed, and the Supreme Judicial Court of Maine affirmed.

DISPOSITION

affirmed

CASES CITED

- Remmes v. Mark Travel Corp., 2015 ME 63, ¶ 3, 116 A.3d 466
- Remmes v. Mark Travel Corp., 2015 ME 63, ¶ 19, 116 A.3d 466
- Galouch v. Department of Professional & Financial Regulation, 2015 ME 44, ¶ 12, 114 A.3d 988
- Stewart-Dore v. Webber Hospital Ass'n, 2011 ME 26, ¶ 11, 13 A.3d 773

- *Bard v. Bath Iron Works Corp.*, 590 A.2d 152, 153-54 (Me. 1991)
- *Holland v. Sebunya*, 2000 ME 160, ¶ 9 n.6, 759 A.2d 205

OPINION

SAUFLEY, J.

SAUFLEY, C.J. [¶1] Michael A. Lee appeals from a summary judgment entered by the Superior Court (Oxford County, Stokes, J.) in favor of his employer, the Town of Denmark, on Lee's claim that the Town violated Maine's Whistleblowers' Protection Act (WPA), 26 M.R.S. §§ 831 -40 (2018),¹ by suspending Lee after he engaged in WPA "protected activity." Lee argues that the court erred as a matter of law in concluding that Lee did not engage in protected activity when he informed the Town that it had breached his employment contract and in so doing had violated Maine statutes and the Town's charter.

We affirm the judgment. [¶2] The pertinent facts in this case are not complicated and are undisputed. We draw the facts from the parties' statements of material facts, all of which are supported by references to the evidentiary record, viewing them in the light most favorable to Lee as the nonprevailing party. See *Remmes v. Mark Travel Corp.*, 2015 ME 63, ¶ 3, 116 A.3d 466. [¶3] From 2003 to 2014, Lee worked under a written employment contract with *909the Town to serve as a part-time Code Enforcement Officer (CEO).

The contract provided that Lee was to "perform all duties as specified by the Law and ordinance and to perform such other proper duties... as assigned by the Board of Selectmen." (Emphasis added.) [¶4] In September 2014, the Town's newly hired Town Manager directed Lee to report directly to him as the Town Manager, rather than to the Board.² Lee complained to the Town Manager and the Board that the directive was "illegal and a violation" of Lee's employment contract with the Town because he interpreted the contract to require that he report to the Board, not the Town Manager.

Lee also asserted that the CEO position was controlled by the laws of the State of Maine. See 30-A M.R.S. §§ 2601, 2601-A, 4451 (2018). [¶5] In April 2015, the Board of Selectmen approved a new job description for the CEO position, which was offered to Lee. Lee objected to the new job description, stating that it breached his contract and "to change the CEO [j]ob description, [the Town] would need to form a Charter Commission and then have a public meeting to call a special election." [¶6] In May 2015, the Town Manager placed Lee on paid administrative leave, later changing it to leave without pay and recommending Lee's termination, pending an investigation into whether Lee had falsified work hours.

Shortly thereafter, the Town Manager resigned, and the Denmark Board of Selectmen voted unanimously to rescind Lee's suspension upon finding that he had not falsified his hours. [¶7] Lee filed a complaint with the Maine Human Rights Commission and, after receiving a right-to-sue

letter, see 5 M.R.S. § 4612(6) (2018), he filed a complaint against the Town in the Superior Court (Oxford County) for a violation of the Maine WPA, 26 M.R.S. §§ 831 -40.

The Town moved for summary judgment pursuant to M.R. Civ. P. 56, and the court granted the Town's motion, concluding that Lee had not engaged in WPA-protected activity, a necessary element to succeed in a WPA claim.³ See 26 M.R.S. § 833(1)(A) (2018). Lee timely filed a notice of appeal. M.R. App. P. 2B(c)(1). [¶8] Because the material facts are not in dispute, we review the court's interpretation of the WPA de novo.

See Remmes, 2015 ME 63, ¶ 19, 116 A.3d 466. To satisfy the first element of a WPA claim, the record must establish that Lee reported to his employer what he had reasonable cause to believe was his employer's unlawful activity.⁴ See *Galouch v. Dep't of Prof'l & Fin. Regulation*, 2015 ME 44, ¶ 12, 114 A.3d 988. "The reasonable cause requirement is met only when the employee presents evidence showing she had a subjective belief" that the employer engaged in illegal activity and the "belief was objectively reasonable in that a *910reasonable person might have believed" illegal activity occurred.

Stewart-Dore v. Webber Hosp. Ass'n, 2011 ME 26, ¶ 11, 13 A.3d 773 (quotation marks omitted). [¶9] Notwithstanding the absence of explicit language in the contract regarding an alleged "reporting" requirement,⁵ Lee argues that the Town breached his employment contract by requiring him to report to the Town Manager as opposed to the Board and by suggesting that a new employment contract would be imposed to clarify his reporting responsibilities, and that "he reasonably believed" these alleged breaches were illegal.

He argues, in essence, that three sections of statute- 30-A M.R.S. §§ 2601, 2601-A, 4451 -and the CEO job description, formed by the Town's charter, neither of which identifies the person or entity to whom the CEO must report, demonstrate the presence of an illegality. [¶10] His argument fails.

As we have previously held, to satisfy the reasonable cause requirement, the employee must report something other than an ordinary breach of an employment contract to bring himself within the provisions of the Whistleblower Protection Act. See *Galouch*, 2015 ME 44, ¶¶ 15-16, 114 A.3d 988; *Bard v. Bath Iron Works Corp.*, 590 A.2d 152, 153-54 (Me. 1991). A dispute over the interpretation of an employment contract, without more, as is the case here, does not constitute a report of illegal activity.⁶ [¶11] Moreover, even if Lee subjectively believed that the Town's action violated Maine law or the Town's charter, his "subjective belief alone is insufficient to meet the WPA's 'reasonable cause' requirement" because neither the law nor the charter, "by any reasonable reading," makes the Town's actions unlawful.

See *Galouch*, 2015 ME 44, ¶¶ 15, 15 n.4, 114 A.3d 988 (quoting 26 M.R.S. § 833(1)(A)). We affirm the court's judgment. The entry is: Judgment affirmed. The court also granted summary judgment to the Town on Lee's defamation, slander, and unpaid wages claims, see 26 M.R.S. §§

664, 670 (2018). Lee does not appeal these portions of the judgment, and we do not discuss them further.

See *Holland v. Sebunya*, 2000 ME 160, ¶ 9 n.6, 759 A.2d 205 ("The failure to mention an issue in the brief or at argument is construed as... failure to preserve that issue."). The dispute appears to have been precipitated by the new Town Manager's request that, as CEO, Lee should arrange to be available to the public during certain predictable office hours during each month.

Lee objected to that requirement. To establish a *prima facie* claim of retaliation under section 833 of the WPA, an employee must "show that (1) he engaged in activity protected by the WPA; (2) he experienced an adverse employment action; and (3) a causal connection existed between the protected activity and the adverse employment action." *Galouch v. Dep't of Prof'l & Fin.*

Regulation, 2015 ME 44, ¶ 12, 114 A.3d 988 (quotation marks omitted). Here, the court reached only the first element in concluding that Lee did not establish a *prima facie* case of retaliation, and because we agree with the court's conclusion on that element, we also do not reach the second or third element. Pursuant to the contract, the Board has the authority to assign such other duties to Lee.

(Emphasis added.) It does not necessarily follow that the contract requires Lee to report to the Board. This does not mean that a breach of an employment contract cannot also constitute "illegal activity" for purposes of a WPA claim.

For example, the employer's breach of an employment contract that results in requiring the employee to engage in a crime could provide a basis for a Whistleblower action. This, however, is not one of those circumstances.