

GC/JT:scg

SSIC 3700

89-1029

[ ]

FROM: Assistant General Counsel

Hattie M. Ulan

SUBJ: [ ] Nonstandard Bylaw Amendment, Article XIX, Section 3

DATE: November 24, 1989

You have asked for our comments on the above-referenced FCU's request for a nonstandard bylaw amendment that would eliminate the right of FCU members to dismiss FCU employees. We have no objection to granting the amendment.

#### ANALYSIS

Article XIX, Section 3 of the FCU Standard Bylaws provides:

Notwithstanding any other provisions in these bylaws, any director, committee member, officer, or employee of this credit union may be removed from office by the affirmative vote of a majority of the members present at a special meeting called for the purpose, but only after an opportunity has been given him to be heard.

The proposed bylaw amendment deletes the reference to officers and employees, limiting the right of members to dismiss only the board and committee members. The FCU has questioned the ability of the members to dismiss employees that they do not have the authority to hire.

Neither the FCU Act nor NCUA's Rules and Regulations provide members with the authority to remove FCU employees. Under general principles of corporate law, it is the party that has the authority to hire that also has the authority to terminate employment. We have no legal objection to the proposed amendment. We defer to your judgment on whether it should be granted.