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ATTORNEY GENERAL OPINION NO. 90- 29

William A. Kasting, Administrator
Kansas State Department of Credit Unions
Landon State Office Building, Room 451-A
Topeka, Kansas 66612-1220

Re: Corporations -- Credit Unions -- Directors to Elect
Officers; Duties of Board; Compensation

Synopsis: Members of a credit union's board of directors,
credit committee or supervisory committee may not
be compensated for performing duties in such
capacities, however reimbursement for incidental
expenses may be paid as authorized by statute.
Directors and committee members who are bona fide
employees performing duties separate and apart from
those prescribed by statute for directors and
committee members may be compensated for their
services. Cited herein: K.S.A. 17-2209; 17-2210;
K.S.A. 1989 Supp. 17-2211.

* * *

Dear Mr. Kasting:

As administrator of the Kansas department of credit unions,
you have asked our opinion regarding compensation for
directors and committee members of a credit union.
Specifically, you ask "whether individuals employed by the
credit union and receiving compensation for their services may
also serve as members of the board of directors, credit
committee, or supervisory committee." Additionally, you ask
"whether members of the board of directors, credit committee
or supervisory committee may contract with the credit union on

an individual basis to perform services for the credit union and receive compensation for those services."

Traditionally, directors of corporations were not authorized a salary, and officers could be compensated only pursuant to an express contract. Telephone Co. v. Cory, 117 Kan. 463 (1925) (Director must show contract authorizing payment for his services as secretary-treasurer to recover the money); Trust Co. v. Robinson, 89 Kan. 842 (1913) (President of corporation must show agreement or authorization of payment for services). See also, 18B Am.Jur.2d, Corporations §§ 1914, 1915 (1985).

Current statutory provisions regarding compensation for directors and committee members of a credit union appear at K.S.A. 17-2209(c). That section states in relevant part:

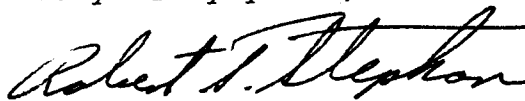
"No member of the board of directors or of the credit or supervisory committee shall receive any compensation as a member of the board or committee. . . . Directors and committee members, while on official business of the credit union, may be reimbursed for necessary expenses incidental to the performance of the business. The credit union may compensate any director, committee member or officer for loss of salary or wages due to the performance of business on behalf of the credit union."

Individuals who serve as directors or committee members may not be compensated by virtue of being elected to their positions. However, those individuals may receive reimbursement for the expenses incurred in performing official credit union business. If such persons are absent from their regular employment so that they may perform official credit union business, then the salary or wage lost because of the absence may be reimbursed.

While directors and committee members may not be salaried for serving as such, instances may arise where those persons are bona fide employees performing functions separate and apart from their duties as board members. These duties would be those not designated as director duties in K.S.A. 17-2209, supervisory committee duties in K.S.A. 1989 Supp. 17-2211, and credit committee duties in K.S.A. 17-2210. In that case, the employee may be compensated as an employee.

In conclusion, members of a credit union's board of directors, credit committee or supervisory committee may not be compensated for performing duties in such capacities, however reimbursement for incidental expenses may be paid as authorized by statute. Directors and committee members who are bona fide employees performing duties separate and apart from those prescribed by statute for directors and committee members may be compensated for their services.

Very truly yours,



ROBERT T. STEPHAN
Attorney General of Kansas



Mark W. Stafford
Assistant Attorney General

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