

SUPREME COURT OF KANSAS

Gary L. Hall v. The Kansas Farm Bureau and Kansas Farm Bureau Services, Inc., 274 Kan. 263

50 P.3d 495 (2002) · No. No. 87,848 · Decided July 12, 2002

SUMMARY

The Supreme Court of Kansas reviewed Gary Hall’s claims arising from his removal as president of Kansas Farm Bureau and Kansas Farm Bureau Services, including alleged violations of the Kansas Cooperative Marketing Act, retaliatory discharge, breach of implied contract, and defamation. The court held that Hall’s removal as president of Kansas Farm Bureau violated the statutory removal procedure, but that this did not entitle him to monetary damages. It affirmed summary judgment for the defendants on the retaliatory discharge, implied-contract, and defamation claims.

CASE DETAILS

COURT	Supreme Court of Kansas
WRITING FOR THE COURT	Allegretti, J.
JURISDICTION	Kansas
DECIDED	July 12, 2002
DOCKET	No. 87,848
DISPOSITION	affirmed
PROCEDURAL POSTURE	Hall appealed from a district court order granting defendants summary judgment on claims arising from his removal as president and employee, including statutory wrongful termination, retaliatory discharge, implied contract, defamation, and negligence.
STANDARD OF REVIEW	Summary judgment is reviewed to determine whether the record shows no genuine issue of material fact and whether the moving party is entitled to judgment as a matter of law. Unchallenged factual findings are final and conclusive.
PRECEDENTIAL VALUE	Published Kansas Supreme Court opinion; precedential
PARTIES	Gary L. Hall v. The Kansas Farm Bureau, Kansas Farm Bureau Services, Inc.

TOPICS

wrongful termination

statutory interpretation

employment at-will

defamation

negligence

PRACTICE AREAS

corporate law

employment law

statutory interpretation

defamation

negligence

QUESTIONS PRESENTED

1. Whether the Kansas Cooperative Marketing Act's charge-and-petition procedure was the exclusive method for removing a Farm Bureau officer.
2. Whether Hall's removal as president and paid employee of Farm Bureau Services constituted retaliatory discharge under Kansas public-policy law.
3. Whether the circumstances created an implied two-year employment contract.
4. Whether the general counsel's inaccurate statement about Hall's unreimbursed expenses supported a defamation claim.
5. Whether the defendants owed Hall a negligence-based duty to instruct him regarding acceptable conduct or employment standards.

HOLDINGS

1. The KCMA charge-and-petition procedure is inconsistent with the general corporation code's board-removal provision, so the general corporation code cannot be used to authorize an alternative board vote under K.S.A. 17-1628. Farm Bureau therefore wrongfully terminated Hall as its president. Because Hall received no compensation from Farm Bureau for serving as president or director, that conclusion did not entitle him to monetary recovery or require reversal of the summary judgment disposition.
2. The district court properly rejected Hall's retaliatory-discharge claim. Kansas recognized public-policy exceptions for retaliatory discharge involving workers' compensation claims and whistleblowing, but Hall asserted neither, and his alleged retaliation for legislative and policy actions taken in the defendants' corporate interests did not implicate a recognized public policy.
3. Hall did not establish an implied two-year employment contract with Farm Bureau Services, and summary judgment was proper on that claim.
4. Summary judgment was proper on Hall's defamation claim because he presented no evidence that the inaccurate dollar figure, rather than the accurate core message that he owed thousands of dollars in unreimbursed expenses, caused harm to his reputation.
5. The defendants had no legally recognized duty to instruct Hall, an established employee, on how to maintain his employment or on the standards by which he would be judged; summary judgment was therefore proper on the negligence claim.

KEY QUOTATIONS

"No policy consideration, however, may trump the procedure plainly prescribed by the legislature in the KCMA." (at 271)

“Kansas courts do not recognize an employer's duty to tell an employee, especially an established employee, how to maintain his employment.” (at 280)

FACTUAL BACKGROUND

Farm Bureau was organized under the Kansas Cooperative Marketing Act, while Farm Bureau Services was a for-profit corporation organized under the general corporation code. Hall was elected president of both entities and was compensated by Farm Bureau Services, where he served as a full-time employee. On August 17, 1999, the boards removed him based primarily on management and policy-related concerns, including inability to work with staff and failure to follow board directives. Farm Bureau's general counsel later inaccurately stated that Hall owed \$10,467 in unreimbursed expenses as of the termination date, although the correct amount then was \$5,888 and the larger amount was owed as of a later audit date.

PROCEDURAL HISTORY

Hall sued after the boards of directors removed him as president of Farm Bureau and Farm Bureau Services. The district court granted summary judgment to both defendants, making factual findings that Hall did not challenge on appeal. The Supreme Court of Kansas affirmed, although it rejected some of the district court's reasoning.

DISPOSITION

affirmed

CASES CITED

- Klose v. Wood Valley Racquet Club, Inc., 267 Kan. 164, 975 P.2d 1218 (1999)
- Consumers Cooperative Ass'n v. Arn, 163 Kan. 489, 183 P.2d 453 (1947)
- Coleman v. Safeway Stores, Inc., 242 Kan. 804, 752 P.2d 645 (1988)
- Murphy v. City of Topeka, 6 Kan. App. 2d 488, 630 P.2d 186 (1981)
- Fowler v. Criticare Home Health Services, Inc., 271 Kan. 715, 26 P.3d 69 (2001)
- Bank of Kansas v. Davison, 253 Kan. 780, 861 P.2d 806 (1993)
- Atchison County Farmers Union Co-op Ass'n v. Turnbull, 241 Kan. 357, 736 P.2d 917 (1987)
- Mai v. Youtsey, 231 Kan. 419, 646 P.2d 475 (1982)
- Brown v. United Methodist Homes for the Aged, 249 Kan. 124, 815 P.2d 72 (1991)
- Allegri v. Providence-St. Margaret Health Center, 9 Kan. App. 2d 659, 684 P.2d 1031 (1984)
- Moran v. State, 267 Kan. 583, 985 P.2d 127 (1999)
- Gertz v. Robert Welch, Inc., 418 U.S. 323, 94 S. Ct. 2997, 41 L. Ed. 2d 789 (1974)
- Luttrell v. United Telephone System, Inc., 9 Kan. App. 2d 620, 683 P.2d 1292 (1984), aff'd, 236 Kan. 710, 695 P.2d 1279 (1985)
- Dobbyn v. Nelson, 2 Kan. App. 2d 358, 579 P.2d 721 (1978), aff'd, 225 Kan. 56
- Scarpelli v. Jones, 229 Kan. 210, 626 P.2d 785 (1981)
- Saliba v. Union Pacific R.R. Co., 264 Kan. 128, 955 P.2d 1189 (1998)

- Hesler v. Osawatomie State Hospital, 266 Kan. 616, 971 P.2d 1169 (1999)
- Nero v. Kansas State University, 253 Kan. 567, 861 P.2d 768 (1993)

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