

Court Upholds Disciplinary Dismissal Despite Full Repayment of Improperly Granted Loan

G, an employee of Bank F, used improper methods to grant a loan to an organization with which G's acquaintance was affiliated and received a substantial amount of the loan proceeds for personal use. Accordingly, Bank F subsequently dismissed G as a disciplinary measure.

G filed a lawsuit seeking confirmation that the disciplinary dismissal was invalid, arguing that the alleged grounds for discipline did not exist or, even if some of the alleged grounds for discipline were established, the disciplinary sanction was excessive because the loan had been adequately secured and fully repaid, resulting in no actual loss to Bank F.

Representing Bank F, Shin & Kim argued that, under Bank F's internal regulations, any private financial transaction between an employee and a customer constitutes grounds for disciplinary action, regardless of the reason for or purpose of the transaction.

Shin & Kim also submitted various documents as evidence to verify the circumstances surrounding the loan processing and demonstrated that G had intentionally committed misconduct during the improper loan process—such as deliberately omitting required procedures and arbitrarily forging bank transaction records.

Shin & Kim further argued that the level of disciplinary action was appropriate in light of the following circumstances: (i) employees of Bank F are held to high standards of integrity and ethical conduct; (ii) despite more than 30 years of service with Bank F, during which he became well acquainted with the relevant regulations and received extensive internal training, G nevertheless approved the improper loan; and (iii) even though the loan was adequately secured and ultimately repaid, extending the loan through improper means exposed Bank F to the risk of financial loss.

The court accepted Shin & Kim's arguments. It held that all of the alleged grounds for discipline had been established and that G's misconduct had seriously undermined internal order within Bank F, exposed Bank F to a substantial risk of financial loss, and so seriously damaged the trust between Bank F and G that it could not be restored. The court therefore ruled that the disciplinary action was appropriate and dismissed all of G's claims.

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