time, amounts to $15,750. You state that the Board of Trustees of the Retirement Fund at its meeting on May 8, 1942, voted to accept this offer provided that the Board has the legal authority to do so. You request an opinion as to the Board's authority in the matter.

You state in your letter that the bonds themselves are not mature. However, the interest has been in default for ten years, the default interest having accumulated at the present time to the sum of $15,750. Notwithstanding the fact that the bonds have not reached their maturity, it is evident that the procedure contemplated is the collection of a security which has suffered a definite impairment. I do not think there can be any doubt of the legal right of the Board to accept the offer, if it believes it to be for the best interest of the fund. However, since the procedure involves the compromise of a claim, it may possibly be desirable to secure the approval of the Attorney General and of the Governor in conformity with Section 49-1917 of Burns' Indiana Statutes Annotated, 1933.

DEPT. OF FINANCIAL INSTITUTIONS: "Flicker or Drag" Accounts of Miners—Whether same constitutes a loan.

Mines and Mining—Whether the so-called "Flicker or Drag" Account amounts to a loan of money.

May 18, 1942.

Hon. Ross H. Wallace, Director,
Dept. of Financial Institutions,
State House,
Indianapolis, Indiana.

Dear Mr. Wallace:

I have before me your request for an opinion based upon the following statement of facts as detailed in your letter:

"We find that coal miners who are in need of financial assistance may obtain money from their employers against wages earned. This is commonly known as a 'Flicker or Drag' account. For this service the miner pays ten percent (10%) of the amount obtained."
Sometimes, only a few days elapse between the date of the loan and the pay-off and in all instances the rate or charge for the use of this money remains the same. On pay day his 'Drag or Flicker' account is deducted from his wages, for example, if a miner obtains $15.00 he gives an order on his wages for $16.50, the added amount being ten percent (10%) of the amount obtained."

You submit the following questions:

"(a) Does the money so obtained constitute a loan?

"(b) If so, what authority has this Department to regulate the practice?"

I assume, for the purpose of the opinion, that the date and frequency of the payment of wages earned complies with the appropriate statutes of the State, and that the request is for a pre-payment of wages earned, at a time varying but always prior to the due date of such wages. There are certain characteristics involved in the transaction described by you which, in my opinion, are indicative of a loan. However, I think I am bound by the decision of our own Supreme Court in the case of Princeton Coal Co. v. Dorth, 191 Ind. 615, a case in which the same procedure was under consideration. The court in that case, while not directly passing upon the question as to whether it was a loan or not found that the procedure was legal on the theory that when a debtor pays his creditor before the debt is due a sum less than the contract value at the due date, it must be assumed by the court that the creditor takes a less amount paid before the due date because he considers it more advantageous to him than the whole amount on the due date. The court said on page 619:

"* * * This consideration moves to the creditor. The thing lost by the debtor is the right to stand on his contract and not pay until the due date. And if he, in consideration of this loss, demands and gets from his creditor a discount, courts are not required to inquire into the reasonableness or unreasonableness of the debtor's conduct in so demanding, nor of the creditor's conduct in accepting payment so reduced."
‘Appellee is bound by his acceptance of an amount less than the face of his claim, in consideration that he got it before it was due. * * *’

Princeton Coal Co. v. Dorth, 191 Ind. 615.

The court, in this case, further considered the question as to whether the procedure might be unlawful as an assignment of wages, deciding, however, that it was not an assignment of wages and consequently, not in violation of the statutes on that subject.

Upon the authority of the above case, your first question is answered in the negative.

Your first question, being answered in the negative, your second question requires no answer. I am of the opinion that, in order to correct any abuse which may arise from the above procedure described in your letter, additional legislation is necessary.

INDIANA BOARD OF PUBLIC PRINTING: Construction of Printing Contract—Meaning of the language “equal to” as provided in the specifications.

May 27, 1942.

Mr. C. C. Clifton, Director,
Indiana Board of Public Printing,
State House Annex,
Indianapolis, Indiana.

Dear Mr. Clifton:

I have before me your request that an official opinion issue in response to certain questions relating to Class Three, Subdivisions A, B and C for the furnishing of supplies under specifications of the State Printing Contract for the period of May 1, 1942, to April 30, 1943. The specific questions and the response thereto follows:

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1. Where specific brand names are mentioned or “equal to,” the intent of this Department was to have the successful contractor furnish any one of the