PUBLIC INSTRUCTION, SUPERINTENDENT OF: Legality of paying salaries of supervisor, assistant supervisor and clerk in rehabilitation department from federal funds.

January 3, 1933.

Hon. George C. Cole,
State Superintendent of Public Instruction,
State House,
Indianapolis, Indiana.

Dear Sir:

Replying to your request for an official opinion of the attorney general upon the legality of paying the salaries of the supervisor, assistant supervisor and clerk in the rehabilitation department from federal funds, I would advise that Title 29 of the federal statutes in section 31 of the Act of Congress, provides that the money appropriated by the United States government shall be for the purpose of cooperating with the states in the maintenance of vocational rehabilitation of such disabled persons mentioned in the act, and in returning vocationally rehabilitated persons to civil employment.

Section 34 of the federal act provides, that for each dollar of federal money expended there shall be expended in the state, under the supervision and control of the state board, at least an equal amount for the same purpose.

It is my opinion that the words, "for the same purpose", apply to the general purpose of the act, namely, the vocational rehabilitation of persons injured in industry, and that so long as the expenditure does not violate that part of section 32 of the federal act forbidding the expenditure of these funds for certain purposes, the expenditure would be proper.

The act of the general assembly in section 7056, provides that the board designated by law as the state board for a vocational education to cooperate with the federal board, shall have among its various powers the right to fix the compensation of assistants and to direct the disbursement and administer the use of all funds provided by the federal government and this state for the vocational rehabilitation of such persons.

In view of the foregoing and of the letter addressed to Mr. Slater Bartlow, supervisor of vocational rehabilitation,
from the federal board for vocational education, dated October 17, 1932, granting permission to pay the salaries from the federal funds, it is my opinion that such action would be entirely legal.

INSURANCE COMMISSIONER: Whether a domestic fraternal insurance association may legally merge with a stock or life insurance company or acquire business of a stock life company.

January 5, 1933.

Hon. John C. Kidd,
Commissioner of Insurance,
Indianapolis, Indiana.

Dear Sir:

I have before me your request for an opinion as to whether a domestic fraternal insurance association may legally merge or consolidate with a stock life insurance company or may acquire the business of a stock life company under the laws of Indiana.

The principle is well established that corporations, being creatures of the legislature, possess only such powers as are expressly or by necessary implication given by their charters or the general laws of the state of their creation. As said by the court in the case of Knapp v. Supreme Commandery, etc. (Tenn.), 118 S. W. 390, at page 395:

"Corporations are creatures of the legislative department of the government, and exist solely and alone by virtue of the act of incorporation. They can exercise no powers which are not expressly granted them, or are necessarily implied from the express powers given. Authority for all their acts must be found in their charters, or the general laws of the state of their creation. Where the charter or law is silent as to the power sought to be exercised, it does not exist; and wherever a grant of corporate power is claimed by a corporation it must clearly appear and will not be inferred or presumed. All statutes under which a power is asserted must be favorably construed to the state from which the power emanated, and against the grant of it. These are well-established principles of the common law, and have been frequently applied by the court."