It would, however, in my opinion extend to the situation described in subdivision (2) of your question.

As to subdivision (3) of your question, your jurisdiction, in my opinion, would apply, but would be subject to certain limitations which can be better pointed out in the consideration of specific cases as they arise.

DEPARTMENT OF FINANCIAL INSTITUTIONS: Authority of Division of Installment Finance over wholesale transactions between manufacturer and dealer.

December 28, 1936.

Mr. F. M. Call,
Supervisor, Division of
Installment Finance,
Department of Financial
Institutions,
Indianapolis, Indiana.

Dear Sir:

I have before me your letter in part as follows:

"Many finance companies are engaged in the business of 'floor-planning' wherein an advancement of money is made to dealers to permit them to carry a stock of new or used automobiles pending sale of such merchandise to purchasers. Transactions of this nature supplement the purchase of retail installment sales contracts."

You submit the following questions:

"(1) To what extent does the Department of Financial Institutions have jurisdiction over this type of business?

"(2) What is the maximum rate of interest or charge that may be made by finance companies on this type of business?

"(3) Is the ordinary conditional sales contract a proper form of instrument of agreement to be used by finance companies?"
A satisfactory answer of the above questions is not possible without a more detailed statement of what the transaction is. Your last question has in it a suggestion that the manufacturer sells to the dealer on a conditional sales contract basis and that the finance company buys the contract in much the same manner as is the case in the ordinary retail transaction. However, the transaction would not be a retail transaction, the merchandise being sold to a dealer for the purpose of resale, and I do not think Chapter 231 of the Acts of 1935 would apply except as to Sections 21, 22, 23 and 24. The above Chapter has to do with retail installment sales only except as the same may be incidentally affected by violations of Sections 21, 22, 23 or 24 supra. The Department, of course, would have jurisdiction in the enforcement of the above Sections which conceivably might be involved in the transaction referred to, and your first question is answered accordingly.

Your second question does not admit of a categorical answer without a definite statement of what the transaction is. If it is a loan of money, the ordinary interest limitation would apply. If it is simply the purchase of a conditional sale contract, which in this case would not be a retail installment sale contract, it is doubtful whether there is any statute which limits the finance charge or governs the price which may be paid for in the contract.

Your third question is like the other two, too indefinite to admit of a satisfactory answer. If the transaction involves a sale at wholesale, to be paid in installments, and evidenced by a contract between the manufacturer and the dealer, which is sold to the finance company, the ordinary conditional sale contract would probably be sufficient.

I trust this may be of some help, but in order to answer your questions satisfactorily, I must have more detailed information.