Coming now to your question, I do not believe you have any authority to surrender the indemnity undertaking given by the American States Insurance Company and approved July 9, 1930. It may be as set out in the petition that any possible liability is now so remote that a continuance of the particular bond is unnecessary, but I am quite certain that the surrender of the bond on file with the state and the acceptance of a new one executed by a different indemnitor in its place, is a responsibility you are not required to assume.

FINANCIAL INSTITUTIONS, DEPARTMENT OF: Finance companies' right to employ retail dealer to make collections on contracts.

June 3, 1938.

Hon. Ross H. Wallace,

Director, Department of Financial Institutions,

State House,

Indianapolis, Indiana.

Dear Sir:

This will acknowledge receipt of your letter of May 26, in which you submit a question as to the right of a licensee under the Retail Installment Sales Act to employ retail sellers to make collections on retail installment sales contracts.

In reply to this question your attention is directed to section 10 of the Retail Installment Sales Act which reads in part as follows:

“No licensee shall enter into any agreement with any retail seller regarding the purchase of any retail installment contract whereby the retail seller shall receive, directly or indirectly, any benefit from or part of any amount collected or received from any retail buyer, as a finance charge or as the cost of the insurance to the retail buyer, in excess of an amount fixed and determined by the department and no licensee shall directly or indirectly pay any part of the amount collected as a finance charge or retail buyer's cost of insurance to any retail seller on any retail installment contract purchased from him in excess of the amount so fixed; and the department shall fix such maximum amount which may be so paid * * * *”
It will be noted from a reading of the above section that one licensed to purchase retail installment sales contracts is prohibited from sharing the finance charge with the retail dealer except in amounts which the Department of Financial Institutions has approved. If, after having purchased this contract, the retail buyer defaults in his payments, the licensee must employ someone to undertake the collection of the amount due. For this service they must pay. In certain instances this additional cost of collection may be charged against the retail buyer. In other cases this cost of collection must be paid by the licensee out of any fund available for payment of personal services.

I can find no authority which forbids the licensee from employing anyone he desires to assist him in the collection of the obligation due. If he employs the retail seller, this is a contract entirely separate and apart from the finance charges made at the time the merchandise was purchased, and it is my opinion that such transaction is not within the provisions of the law above quoted.

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WELFARE, DEPARTMENT OF: What constitutes legal settlement for direct poor relief. Legal settlement for direct poor relief is acquired by length of residence in a township and not otherwise.

June 6, 1938.

Hon. T. A. Gottschalk,
Administrator, State Department of Public Welfare,
141 South Meridian Street,
Indianapolis, Indiana.

Dear Sir:

I have your communication of June 3 in which you ask an official opinion in answer to the following questions as to what constitutes legal settlement for poor relief purposes, to-wit:

"1. Where an individual moves to Indiana from another state and lives in this state for three years and four months, continuously, but had not resided in any township in this state for more than ten months at a time, and then moves to Illinois in January, 1938, and is in need of poor relief before he has lived in Illinois