gouged for another $43.50 for a life insurance policy which he did not have any knowledge of or know anything about." The Chancellor found that the credit company official played a dual role of conflicting interest when he represented with one hand the credit company and with the other the insurance company. The Chancellor's findings leave no doubt as to his conclusion in the matter:

"The Court has tried many cases that would shock the conscience of the Court. This Court is brought to realize that a situation exists where an overreaching, usurious, unlawful, scheme and plan and design by a right hand and a left hand working in collusion and scheming for the purpose of defrauding and deceiving and taking money away from unsuspecting persons in an unlawful, inequitable and unconscionable manner, so as to be a public outrage ot decent principles of banking and financing in the business world.

'The Court, therefore, brands the entire transaction one that smells with fraud, deceit, overreaching, deception and unlawful financing. *The very fact that the same man undertakes to represent two masters constitutes a badge of fraud on its face.*" [Italic added.]

Upon appeal, the Court of Appeals affirmed. Judge Parrott, expressing the unanimous opinion of the Court, quoted the findings of the Chancellor in this regard and stated that he could see how his conscience was shocked. Judge Parrott pointed out that the finance charges and insurance policies were arranged for by the same person who turned out to be the manager of the finance company as well as the agent for the insurance company.

"In our opinion, to permit such a dual agency on the part of these defendants creates a bad situation. If such is not a violation of the law it is a practice which could only lead to trouble and misunderstanding and presents a breeding ground for fraud."

Thus in Tennessee a court of equity has held that when the same man undertakes to represent two masters, a loan company on one hand and an insurance company on the other, the transaction is fraudulent on its face.

In *Cobb* v. *Puckett*, supra, the complainant sued the defendants to recover alleged usury paid to them under a series of notes. Defendants were operating under the Industrial Loan and Thrift Act and had collected some $176.30 insurance premiums when a loan in the original amount of $48.00 had been "flipped" some eighteen times. Chancellor Brock (Chancery Court of Hamilton County) found that the premiums charged for life insurance and accident and health insurance constituted usury since the defendant required complainant to purchase such insurance, contrary to T.C.A., Sec. 45–2007(k). The Chancellor pointed out that while the law permits such insurance to be purchased at the *request* of the borrower, it expressly prohibits the lender from requiring such insurance. Chancellor Brock found that Cobb did not request such insurance and held that the insurance premiums deducted constituted usury. Chancellor Brock not only entered a judgment in favor of complainant for the usurious insurance premiums deducted but awarded him punitive damages in the sum of $500.00.

Upon appeal the Court of Appeals affirmed, stating:

"We are in accord with the Chancellor that the repeated charges of an investigation fee and the charges for the insurance premiums which the plaintiff had not requested were designed to conceal and secure excessive charges for the use of the money."

The court quoted the Supreme Court of Tennessee, *Mallory* v. *Columbia Mortgage and Trust Company*, 150 Tenn. 219, as follows:

"In determining whether or not a given transaction is tainted with usury it is generally held that the court will disregard the form and look to the substance. *Good faith is the decisive factor when compensation is exacted and received by an intermediary (lender) in addition to the legal rate.*"

Although all insurance charges deducted by Merit will be stricken, the debtor will be required to furnish Merit, within ten days, insurance against the hazards to which its collateral is subject. This coverage will be obtained from an insurance carrier of the debtor's own choosing.

JURISDICTION OF BANKRUPTCY COURT

Courts of bankruptcy are essentially courts of equity and their proceedings inherently proceedings in equity. *Local Loan Co.* v. *Hunt* 292 U.S. 234. In the exercise of equitable jurisdiction the bankruptcy court has the power to sift the circumstances surrounding any claim to see that injustice or unfairness is not