

# First Alliance mortgage seeks bankruptcy protection

By Bert Caldwell  
Staff writer

A mortgage broker who made more than 600 loans in Washington filed for bankruptcy protection Thursday, three days after surrendering its state license.

Despite the filing by First Alliance Corp. and some subsidiaries, authorities may press ahead with a possible complaint alleging violations of the Consumer Protection Act, said Mark Thompson, assistant director of the Department of Financial Institutions' Consumer Services Division.

He said state officials believe First Alliance Mortgage Co., the Washington operation, was using deceptive sales practices and charging excessive fees to arrange loans for home buyers with poor credit ratings.

Fees on a \$60,000 loan, for example, might exceed \$10,000, he said.

The Consumer Services Division received almost 50 complaints about the company, which made loans all over the state from its base in Bellevue, Thompson said.

He said an investigation of the company launched in 1996 triggered a dispute over access to computer records that remains unsolved.

Several other states and the Department of Justice are also investigating First Alliance. The New York Times and the ABC program "20/20" did stories on the company.

Shareholders and the American Association of Retired Persons sued.

Chairman Brian Chisick on Monday blamed the recent "unwarranted negative publicity" for the decision to seek Chapter 11 bankruptcy protection.

"These unfair and inaccurate allegations have devastated the company's 30-year reputation and acutely damaged the company's relationship with businesses, consumers and lenders," Chisick said in a new release.

The California-based company said it would close all its branches located in 10 states, and will

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