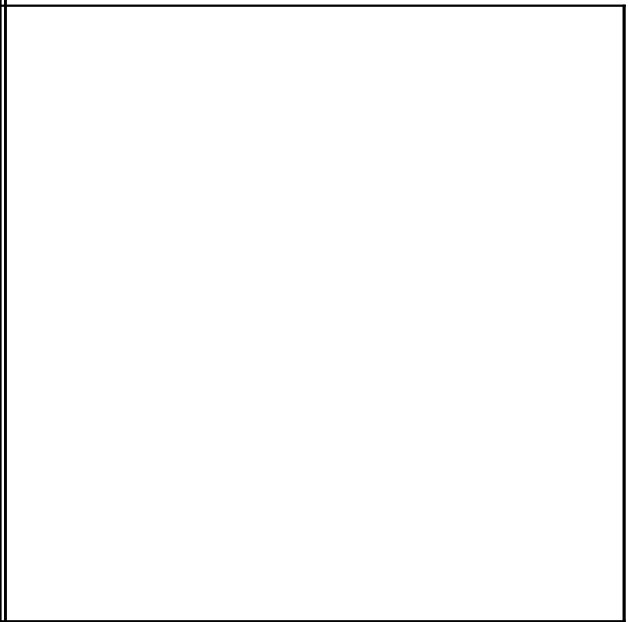


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[REDACTED]

Los Angeles, CA 90024

[REDACTED]



1 Plaintiff, the Federal Trade Commission (“Commission”), by its undersigned  
2 attorneys, alleges as follows:

3 **JURISDICTION AND VENUE**

4 1. This is an action under Sections 5(a) and 13(b) of the Federal Trade  
5 Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a) and 53(b), to secure permanent  
6 injunctive relief and other equitable relief, including rescission, reformation, redress  
7 and disgorgement, against defendants for engaging in unfair or deceptive acts or  
8 practices in violation of Section 5(a) of the FTC Act, as amended, 15 U.S.C. § 45(a),  
9 and acts or practices in violation of the Truth in Lending Act’s (“TILA”) implementing  
10 Regulation Z, 12 C.F.R. § 226, as amended.

11 2. This Court has subject matter jurisdiction over this matter pursuant to 15  
12 U.S.C. §§ 45(a), 53(b), 1607(c), and 28 U.S.C. §§ 1331, 1337(a) and 1345.

13 3. Venue is proper in the United States District Court for the Central District of  
14 California under 28 U.S.C. §§ 1391(b) and (c), and 15 U.S.C. § 53(b).

15 **PARTIES**

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1           6. First Alliance Corporation (“FACO”) is a publicly traded Delaware  
2 corporation with its principal place of business at 17305 Von Karman Avenue in Irvine,  
3 California. FACO has a one hundred percent ownership interest in FAMCO. FACO  
4 transacts business in this District.

5           7. In July of 1997, FAMCO created a wholly-owned subsidiary Minnesota  
6 corporation of the same name, First Alliance Mortgage Company (“FAMCO-MN”).  
7 FAMCO-MN has its principal place of business at 7900 Xerxes

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1 12. First Alliance has disseminated advertisements to the public that promote  
2 consumer credit transactions, as the terms “advertisement” and “consumer credit,” are  
3 defined in Section 226.2 of Regulation Z, 12 C.F.R. § 226.2, as amended.

4 13. First Alliance is a “creditor” offering and extending “closed-end credit,” as  
5 those terms are defined in Section 226.2 of Regulation Z, 12 C.F.R. § 226.2, as  
6 amended, and therefore is required to comply with applicable provisions in Regulation  
7 Z.

### 8 **FIRST ALLIANCE’S BUSINESS PRACTICES**

9 14. First Alliance advertises, offers, extends and sells home equity loans. These  
10 loans are primarily secured by first mortgages on consumers’ homes.

11 15. First Alliance styles itself a niche lender catering to the “subprime” loan  
12 market. Its customers include homeowners with poor or insufficient credit histories,  
13 records, or ratings who might experience difficulty securing conventional home equity  
14 financing.

15 16. First Alliance charges consumers substantial prepaid finance charges, such  
16 as loan origination fees, underwriting fees, loan processing fees and other fees. These  
17 charges typically total between ten and twenty-five percent of the amount financed.

18 17. First  
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1 such as “Lower Interest Rates,” “Lower Monthly Payments” and “Tax Savings  
2 Benefits.” See Exhibit 2. One solicitation states that consumers will

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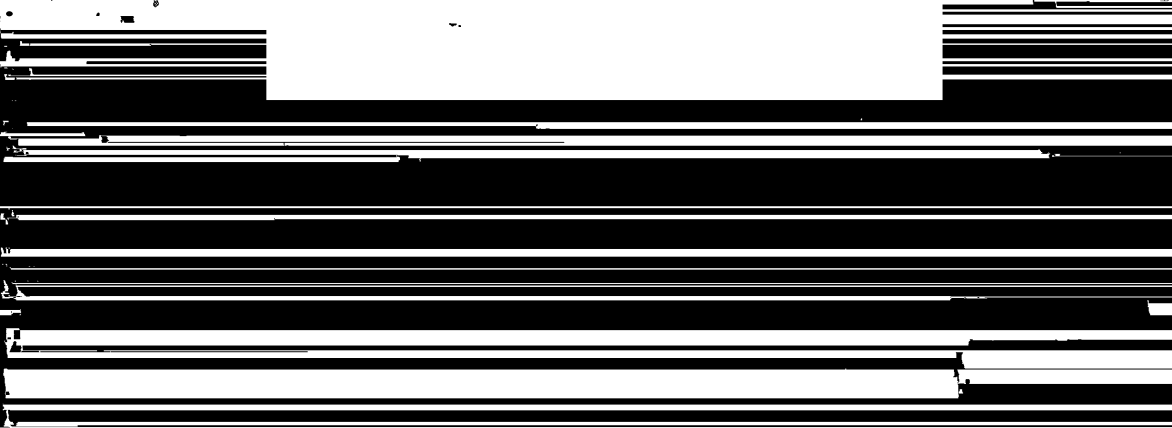






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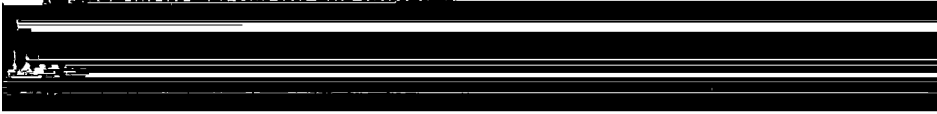


NON-NEGOTIABLE • NON-TRANSFERABLE

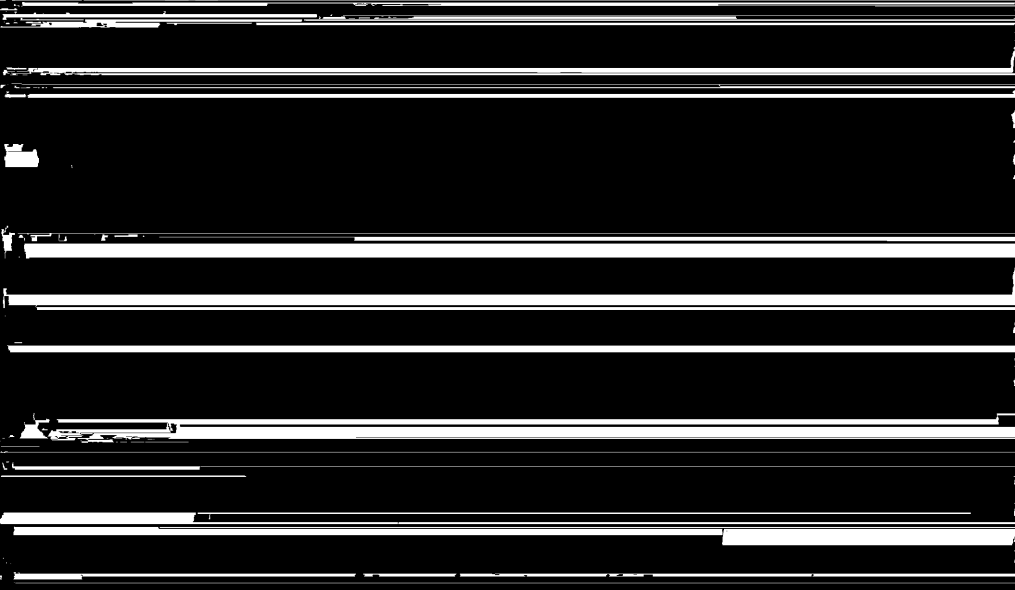
NOT A GOVERNMENT AGENCY



**Good News!** First Alliance is pleased to receive up to \$83,700 for any purpose



- Lower Interest Rates
- Lower Monthly Payments
- Tax Saving Benefits
- No Credit Hassles
- No Income Hassles
- No Application Fees



6BLCCA4864

Reference #: 6BLCCA09273890

**\*SUBJECT TO VERIFIED EQUITY AND INCOME.** First Alliance Mortgage Company is licensed in Arizona, California, Colorado, Connecticut, Florida, Georgia, Illinois, Maryland, Massachusetts, Minnesota, New Jersey, New York, Ohio, Oregon, Pennsylvania, Utah, Virginia and Washington. In Arizona, state license BK18817. In California, Loans will be made pursuant to a California Department of Corporations California Finance Lender License. In Georgia, The Consumer Gateway, Atlanta, GA 30338. (Georgia Residential Mortgage License). In Massachusetts, state license 66 0524. In New

