

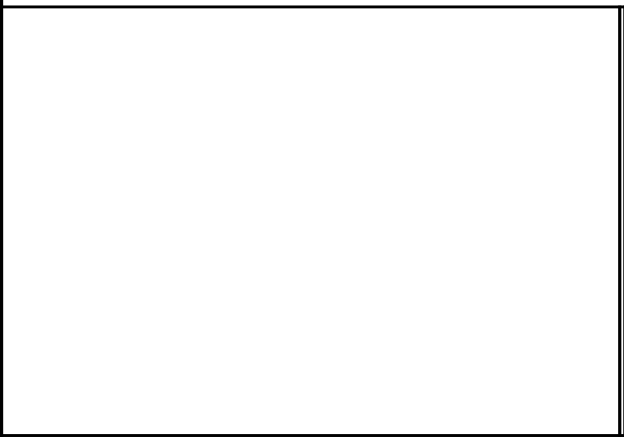
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Washington, DC 20580

[REDACTED]

Los Angeles, CA 90024

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1 Plaintiff, the Federal Trade Commission (“FTC” or “Commission”) has filed a  
2 complaint for permanent injunction and other equitable relief pursuant to Sections 5(a) and  
3 13(b) of the Federal Trade Commission Act, 15 U.S.C. §§ 45(a) and 53(b). The FTC’s  
4 complaint charges Defendants First Alliance Corporation, a Delaware Corporation, First  
5 Alliance Mortgage Company, a California Corporation, First Alliance Mortgage Company,  
6 a Minnesota Corporation (collectively, the “Corporate Defendants”) and Brian Chisick  
7 with deceptive acts and practices in the soliciting and offering of credit in violation of  
8 Sections 5(a) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a) and 13(b); charges the  
9 Corporate Defendants with violations of Section 108(c) of the Truth in Lending Act  
10 (“TILA”), 15 U.S.C. § 1607(c), and the TILA’s implementing Regulation Z (“Regulation  
11 ~~\_\_\_\_\_~~ 12 C.F.R. § 226, as amended; and names Sarah Chisick as a Relief Defendant.

12 The FTC’s complaint was consolidated for pre-

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1 The Related Debtors will jointly file a Chapter 11 Liquidating Plan consistent with the  
2 terms of this Order and the Settlement Agreement (the “Liquidating Plan”).

3 The FTC, the Corporate Defendants, and Brian and Sarah Chisick, having  
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1 relief defendant.

2 4. The FTC has authority under Sections 5(a) and 13(b) of the FTC Act, 15  
3 U.S.C. §§ 45(a) and ~~§ 13(b)~~, and Section 108(c) of TILA, 15 U.S.C. § 1607(c), to seek the  
4 relief it has requested.

5 5. The Corporate Defendants and Brian and Sarah Chisick have waived all rights  
6 to seek judicial review ~~or~~ or otherwise challenge or contest the validity of, this Order. The  
7 Corporate Defendants and Brian and Sarah Chisick **also** waive all rights that may arise  
8 under the Equal Access to Justice Act, 28 U.S.C. § 2412, *amended by* Pub. L. 104-121, 110  
9 Stat. 847,863-64 (1996).

10 6. Entry of this Order is in the public interest.

11 **I. EFFECTIVE DATE**

12 **IT IS FURTHER ORDERED** that:

13 A. The Effective Date of this Order shall be the first business day after the  
14 expiration of five (5)  
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and their officers, agents, and employees, and all those persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, whether acting directly or through any entity, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined in connection with the advertising, marketing, solicitation, brokering, origination, closing, offering s TeT /TT0 1 Tf -0.

1 permanently restrained and enjoined in connection with the advertising, marketing,  
2 solicitation, brokering, origination, closing, offering for sale, or sale of credit, from  
3 making, or causing or assisting others to make, expressly or by implication, any  
4 representation that consumers will save money when consolidating debt, unless, at the time  
5 of making such representation, such persons or entities possess and rely upon competent  
6 and reliable evidence that substantiates the representation.

7 **11. VIOLATIONS OF THE TRUTH IN LENDING ACT**

8 **IT IS FURTHER ORDERED** that Corporate Defendants, and their officers, agents,  
9 and employees, and all those persons or entities in active concert or participation with them  
10 who receive actual notice of this Order by personal service or otherwise, whether acting  
11 directly or through any entity, corporation, subsidiary, division, or other device, are hereby  
12 permanently restrained and enjoined from violating the TILA, 15 U.S.C. §§ 1601-1666j,  
13 as amended, including Regulation Z, 12 C.F.R. Part 226, as amended, by:

14 **A.** failing to provide consumers with the booklet titled *Consumer Handbook on*  
15 *Adjustable Rate Mortgages* or a suitable substitute, as required by Section 226.19(b)(1) of  
16 Regulation Z, 12 C.F.R. § 226.19(b)(1); and

17 **B.** failing to comply with any other provision of TILA or Regulation Z.  
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1           B.     On the Effective Date and pursuant to the Liquidating Plan, Related Debtors,  
2 jointly and severally, shall pay to the Redress Fund to be established and administered by  
3 the FTC, for the benefit of the Members of the Class and other Plaintiffs, the remaining  
4 cash of the Related Debtors' Estates, as set forth in ¶ 2.7(a) of the Settlement Agreement,  
5 including the additional amounts paid to the Related Debtors by Brian and Sarah Chisick  
6 pursuant to ¶ 2.1 of the Settlement Agreement. Following the Effective Date and pursuant  
7 to the Liquidating Plan, the Liquidating Trustee shall pay to the Redress Fund the  
8 additional sums required pursuant to ¶ 2.9 of the Settlement Agreement. All payments to  
9 the Redress Fund by the Related Debtors shall be paid in cash by electronic funds transfer  
10 pursuant to instructions provided by the Commission.

11           C.     The Redress Fund shall be established and administered by the FTC for the  
12 benefit of the Class **and** other Plaintiffs. The FTC, with the input of the Coordinated  
13 Plaintiffs, shall submit to the Court for review and approval a plan for the disbursement  
14 of the funds to the Members of the Class and other Plaintiffs, and for any attendant  
15 expenses for the administration of the Redress Fund. Defendants shall have no right to  
16 contest the substance or manner of distribution of the Redress Fund nor any responsibility  
17 in connection therewith. The Commission will take reasonable steps to locate Members  
18 of the Class for purposes of the distribution **of** the Redress Fund. In the event that funds  
19 remain after direct redress to all located Members of the Class is completed, the  
20 Commission, after consultation with Coordinated Plaintiffs, may elect to make a  
21 subsequent distribution to all located Members of the Class or, if appropriate, may apply  
22 any remaining funds for such other equitable relief, including consumer education  
23 remedies as the Commission determines to be reasonably related to the practices of the  
24 Corporate Defendants and Brian Chisick alleged in the Second Amended Complaint. **Any**  
25 funds not used for such equitable relief shall be paid to the United States Treasury.

26           D.     The FTC and the Coordinated Plaintiffs shall use their best efforts to  
27 negotiate, and the Court shall award, any professional fees and expenses it deems  
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1 appropriate to counsel for the Coordinated Plaintiffs and/or the

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1 inaction, or if action is taken, the basis for taking such action;

2 B. copies of all manuals, sales scripts, training materials, advertisements, or other  
3 marketing materials used in connection with soliciting, offering, or providing consumer  
4 credit;

5 C. records accurately reflecting the name, address, and phone number of each  
6 employee or independent contractor of the Corporate Defendants or Brian Chisick, that  
7 person's job title or position, the date on which the person commenced work, and the date  
8 and reasons for his or her termination, if applicable.

9 D. The provisions of this ~~Part~~ apply to:

10 1. Corporate Defendants and any business entity directly or indirectly  
11 owned or controlled by any of the Corporate Defendants; and

12 2. Any business entity engaged in the residential loan origination business  
13 that Brian Chisick directly or through any Person, entity, corporation, subsidiary,  
14 division, or other similar device owns, controls, or manages.  
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## 16 IX. COMPLIANCE REPORTING

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1 learn less than thirty (30) days prior to the date such action is to take place, Corporate  
2 Defendants and Brian Chisick shall notify the FTC as soon as is practicable after learning  
3 of such proposed change;

4 B. Sixty (60) days after the Effective Date, the Corporate Defendants and Brian  
5 Chisick shall provide a written report to the FTC, sworn to under penalty of perjury, setting  
6 forth in detail the manner and form in which the Corporate Defendants and Brian Chisick a n

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1 The parties hereby STIPULATE AND AGREE TO the terms and conditions set forth  
2 above and consent to entry of this Order Preliminarily Approving Stipulated Final  
3 Judgment, Permanent Injunction, and Monetary Settlement.

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Dated: March 1, 2002

WILLIAM E. KOVACIC  
General Counsel

Anne M. McCormick

ANNE M. McCORMICK  
JOHN A. KREBS  
**RAMONA D. ELLIOTT**  
ERIC H. IMPERIAL  
JEANNE-MARIE S. RAYMOND  
SARAH E. SHAW  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Room 4429  
Washington, DC 20580

[REDACTED]  
[REDACTED]

BARBARA Y. K. CHUN  
Cal. Bar No. 186907  
Federal Trade Commission  
10877 Wilshire Blvd., Ste. 700  
Los Angeles, CA 90024

[REDACTED]  
[REDACTED]

ATTORNEYS FOR PLAINTIFF  
FEDERAL TRADE COMMISSION

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*Brian Chisick*

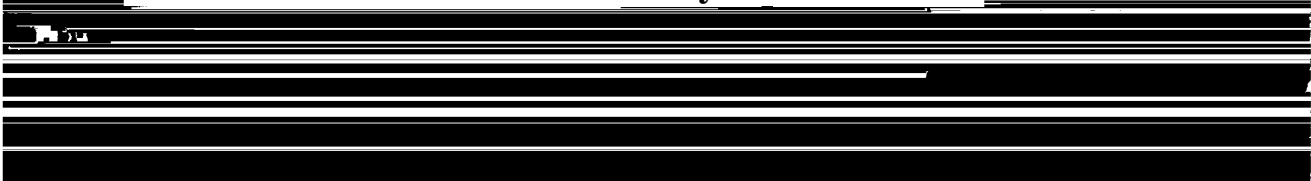
BRIAN CHISICK, individually

Approved As To Form By:

*Ronald Rus*

RONALD RUS  
Rus Miliband & Smith  
2600 Michelson Drive, Suite 700  
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Attorney for Brian Chisick



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**BRIAN CHISICK, individually**

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**Approved As To Form By:**

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**RONALD RUS  
Rus Miliband & Smith  
2600 Michelson Drive, Suite 700  
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9



**Attorney for Brian Chisick**

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**Approved As To Form By:**

19

*Stuart Jasper 3/1/02*

20

**STUART JASPER**

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**Jasper & Jasper, P.C.  
19800 MacArthur Blvd., Suite 860  
Irvine, CA 92612**

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23



**Attorney for Sarah Chisick**

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1 FIRST ALLIANCE MORTGAGE COMPANY,  
2 FIRST ALLIANCE CORPORATION,  
3 FIRST ALLIANCE MORTGAGE (MINNESOTA)

4 By:

  
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7 Approved As To Form By:

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10 WILLIAM N. LOBEL  
11 EVANBORGES  
12 ALEX WILES  
13 Irell & Manella  
14 840 Newport Center Drive, Suite 400  
15 Newport Beach, CA 92660

16 Attorney for ~~Corporate~~ Defendants

17  
18 LEWIS ROSE  
19 MERCEDES KELLEY-TUNSTALL  
20 Collier Shannon Scott, PLLC  
21 3050 K Street, NW, Suite 400

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23 \_\_\_\_\_ (e-mail)  
24 Attorney for Corporate Defendants  
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Approved As To Form By:

  
WILLIAM N. LOBEL

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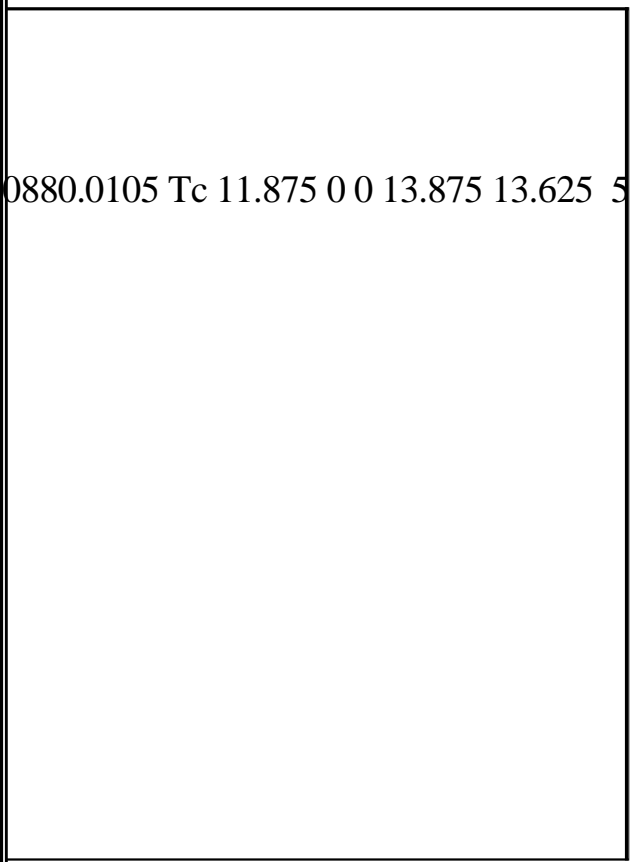
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LEWIS ROSE

Washington, DC 20007-5108

[Redacted]

[rose@colliershannon.com](mailto:rose@colliershannon.com) (e-mail)

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1            21 am a [Defendant or Relief Defendapt] in *Federal Trade Commission v. First*  
2 *Alliance Mortgage Co.* (United States District Court for the Central District of California). r

3 **Final**

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