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FILED
OCT - 4 2001
DEPARTMENT OF REAL ESTATE

By 

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	
)
FIRST ALLIANCE MORTGAGE COMPANY,)	No. H-28774 LA
a corporation, dba First Alliance)	
Financial Services and First)	L-2000100510
Alliance Service Company,)	
)
Respondent.)	
)

DECISION AFTER REJECTION

The matter regarding FIRST ALLIANCE MORTGAGE COMPANY, a corporation, dba First Alliance Financial Services and First Alliance Service Company ("Respondent"), came on for hearing before William O. Hoover, Administrative Law Judge (hereinafter "ALJ") of the Office of Administrative Hearings, in Los Angeles, California, on April 18, 2001. Chris Leong, Counsel, represented the Complainant. Respondent was present and was represented by Jerry A. Hager, Esq. Evidence was received, the hearing was closed and the matter was submitted.

///

1 On May 2, 2001, the ALJ submitted a Proposed Decision
2 which I declined to adopt as my decision herein. Pursuant to
3 Section 11517(c) of the Government Code of the State of
4 California, Respondent was served with notice of my
5 determination not to adopt the Proposed Decision of the
6 Administrative Law Judge along with a copy of said Proposed
7 Decision. Respondent was notified that the case would be
8 decided by me upon the record, the transcript of proceedings
9 held on April 18, 2001, and upon any written argument offered
10 by Respondent.

11 Argument was submitted by Respondent in a brief at
12 the hearing as Exhibit A. On August 6, 2001, Argument was
13 submitted by Complainant.

14 I have given careful consideration to the record in
15 this case, including the transcript of proceedings of
16 April 18, 2001. The following shall constitute the Decision of
17 the Real Estate Commissioner in this proceeding:

18 FINDINGS OF FACT

19 1. Complainant Daniel M. Hatt, made and filed this
20 Accusation in his official capacity. The Accusation is based
21 on the alleged failure of Respondent to file required business
22 reports in a timely manner, in violation of various sections of
23 the Business and Professions Code ("Code"). Evidence of
24 Respondent's prior discipline was entered into evidence as
25 Exhibit 2. Respondent's history of prior discipline is as
26 follows:
27

1 a. License suspended for 40 days pursuant to
2 H-22280 LA. The violations included Code Section 10176(e) for
3 commingling of trust funds with Respondent's own funds, and
4 Code Section 10177(d) for violation of Regulation 2832.1, for a
5 trust fund shortage of \$540,003.29 as of June 30, 1984.

6 b. License suspended for 80 days pursuant to
7 H-23445 LA. The violations included Code Sections 10176(e) and
8 10177(d) for willful violation of Regulation 2831.1, and for
9 commingling approximately \$274,080.07 of its own funds with
10 trust funds in the trust account as of January 29, 1988, and
11 Code Section 10177(h) for Brian Chisick failing to supervise
12 Respondent.

13 c. Order to Desist and Refrain H-338 SA, filed about
14 July 1, 1988, for violating Code Section 10177(d) for failing
15 to comply with Code Section 10232.1. The facts that led to
16 this violation are as follows:

17 On or about January 29, 1982, Respondent and Brian
18 Chisick advised the Department, pursuant to Code Section
19 10232(e), that they intended, or reasonably expected in any
20 successive 12 months, to negotiate a combination of 20 or more
21 new loans and sales or exchanges of existing promissory notes
22 and real property sales contracts of an aggregate amount of
23 more than Two Million Dollars (\$2,000,000).

24 In 1982 and 1983, Respondent and Brian Chisick
25 disseminated, in the State of California, during the course of
26 carrying on the mortgage loan brokerage activities described
27 hereinabove, "investor" form letters, "homeowner" form letters,

1 and "moneygrams" containing representations concerning (1) the
2 use, terms, rates, conditions, or the amount of loans secured
3 by liens on real property or (2) the security, solvency, or
4 stability of Respondent.

5 At no time prior to the use of any of the
6 advertisements described above, in connection with the conduct
7 of their mortgage loan brokerage activities, did they submit a
8 copy of said advertisements to the Department for clearance.

9 d. Order to Desist and Refrain No. H-19887 LA, filed
10 about April 7, 1977, for violating Code Section 10177(d) for
11 failing to comply with Regulations 2831.1 and 2832.1.

12 Respondent failed to maintain a separate record for each
13 beneficiary or transaction accounting for said trust funds in
14 accordance with Regulation 2831.1. It also caused or permitted
15 the disbursement of trust funds from its trust account which
16 reduced the balance of funds in the account to an amount less
17 than the existing aggregate trust fund liability to all owners
18 of said funds without the prior written consent of every
19 principal who was an owner of the funds.

20 e. Order to Desist and Refrain No. H-20547 LA, filed
21 about July 11, 1979, for violating Code Section 10177(d) for
22 failing to comply with Code Sections 10140.6 and 10248.8 and
23 Regulation 2770.1. On or about September 1, 1978, Brian
24 Chisick, on behalf of Respondent, submitted to the Department,
25 advertising soliciting lenders. Said advertising was approved
26 upon the condition that it include a broker designation after
27 the name of First Alliance Mortgage Co. Inc. Thereafter, on or

1 about November 15, 1978, an advertisement soliciting lenders
2 appeared in the Wall Street Journal, a newspaper, which failed
3 to contain a broker designation after the corporate name. This
4 advertisement had been utilized in other newspapers by
5 Respondent and it did contain the broker designation.

6 f. Decision on Order to Desist and Refrain No.
7 H-19887 LA, filed about September 26, 1979, adopting the
8 Proposed Decision to dissolve the Order to Desist and Refrain.

9 2. Respondent is presently licensed and/or has
10 license rights under the Real Estate Law. At all times
11 relevant to this proceeding Respondent was licensed by the
12 Department as a real estate broker, with license number
13 005528817. The license expires January 15, 2004. Respondent
14 has three licensees employed and has the fictitious business
15 names "First Alliance Financial Services" and "First Alliance
16 Service Company".

17 3. On July 25-26 and August 2, 2000, an audit of
18 Respondent's records was conducted by the Department to
19 determine Respondent's compliance with statutory and regulatory
20 guidelines relating to handling of trust funds. In addition to
21 a detailed records review the audit included an interview with
22 Respondent's vice president of administration.

23 4. The audit revealed that, during the audit period,
24 Respondent maintained only one trust account, which was used
25 for loan servicing activities under its DRE and Department of
26 Corporations ("DOC") licenses. Respondent was responsible for,
27 but was delinquent in, the timely submission of certain

1 business activity and trust fund reports. Between May and July
2 2000, the DRE sent to Respondent a total of two notices of
3 delinquency, approximately a month apart, for each of the
4 reports past due.

5 5. Specifically, Respondent was delinquent in filing
6 its Trust Account Review (TAR) Report and its Business Activity
7 (BA) Reports for the fiscal year ending December 31, 1999. The
8 TAR was due on May 31, 2000, but was not submitted until
9 June 19, 2000.

10 6. Respondent was also delinquent in filing the
11 Trust Fund Status Report for the first quarter ending March 31,
12 2000. That report was due on April 30, 2000, but was not
13 submitted until June 19, 2000. Additionally, Respondent was
14 delinquent in filing the Trust Fund Status Report-Multi Lender
15 for the first quarter ending March 31, 2000. That report was
16 due on April 30, 2000, but was not submitted until August 2,
17 2000.

18 7. Respondent did not contest and, in fact, candidly
19 admitted the untimely filing of the required reports.
20 Contributing factors to the late filings were Respondent's
21 filings on March 23, 2000, a petition for Chapter 11 bankruptcy
22 in Federal Court and the untimely resignation of its accounting
23 firm. Respondent has a department for handling the filing of
24 required reports and for years used the accounting firm of
25 Deloitte & Touche, LLP ("D&T"), as outside auditors. D&T
26 normally prepared the financial information necessary for the
27 targeted reports. D&T resigned as Respondent's auditors on

1 April 5, 2000, and Respondent had to apply to the bankruptcy
2 court for permission to employ the services of another firm.
3 The bankruptcy court approved the employment of Hein &
4 Associates, LLP, effective June 27, 2000. There was no
5 evidence that Respondent had failed on prior occasions to
6 submit the aforementioned reports in a timely manner.

7 8. Since its filing for bankruptcy, Respondent has
8 only been involved in loan servicing activities under the
9 licenses issued by the DRE and DOC. Respondent ceased all
10 other loan activities and most of its loan-servicing portfolio
11 was sold to Ocwen Federal Bank effective July 31, 2000.

12 Respondent retained the servicing of only sixteen loans in
13 which it was the lender/investor. Those loans had a total
14 unpaid principal loan balance of approximately \$800,000.00

15 9. The total number of loans being serviced under
16 its DRE license was about 550 loans, with a principal loan
17 amount of approximately \$15 million as of June 30, 2000. In
18 July or August, 2000 these loans were pledged to Lehman
19 Brothers as security for a line of credit and Respondent is
20 servicing them on Lehman Brother's behalf.

21 10. Respondent testified that upon conclusion of the
22 bankruptcy proceedings which could occur within the next 60
23 days, Respondent will cease to exist as an entity. If
24 Respondent does in fact cease to exist, there could not be a
25 reoccurrence of the violations described in this proceeding.
26 There is no direct evidence that Respondent's conduct caused
27 harm; however, there was potential for harm to the public

1 interest which could have resulted from Respondent's failure to
2 comply with the Real Estate Law.

3 DETERMINATION OF ISSUES

4 1. Separate and distinct cause for discipline of
5 Respondent's license pursuant to Business and Professions Code
6 Sections 10232.2 and 10177(d) was established by reason of
7 Factual Findings 1-5 and 7.

8 2. Separate and distinct cause for discipline of
9 Respondent's license pursuant to Business and Professions Code
10 Sections 10232.25 and 10177(d) was established by reason of
11 Factual Findings 1-4, 6 and 7.

12 3. Separate and distinct cause for discipline of
13 Respondent's license pursuant to Business and Professions Code
14 Sections 10229(h)(5) and 10177(d) was established by reason of
15 Factual Findings 1-4, 6 and 7.

16 4. Respondent presented unpersuasive evidence to
17 establish rehabilitation. However, the information offered by
18 way of Respondent's witness' testimony and counsel have been
19 noted and weighed against the areas in which Respondent has
20 clearly not been rehabilitated. Respondent is not
21 rehabilitated because it has demonstrated a pattern of conduct
22 of violating Real Estate Law.

23 It is my determination that the evidence shows little
24 in the way of mitigation. In particular, there are few
25 mitigating factors on the issue of Respondent's failure to
26 submit the reports in a timely manner and repeated failure to
27 comply with Real Estate Law as demonstrated by the prior

1 discipline. Respondent should not have submitted its reports
2 to the Department after the deadline as it did and should not
3 have repeatedly violated Real Estate Law. The following order
4 is necessary for the protection of the public interest.

5 ORDER

6 I have determined that the Order of the Proposed
7 Decision of the Administrative Law Judge, dated May 2, 2001, is
8 not appropriate and said Order is not adopted.

9 WHEREFORE, THE FOLLOWING ORDER is hereby made:

10 All licenses and licensing rights of Respondent FIRST
11 ALLIANCE MORTGAGE COMPANY, a corporation, dba First Alliance
12 Financial Services and First Alliance Service Company, under
13 the Real Estate Law are revoked; provided, however, a
14 restricted corporate real estate broker license shall be issued
15 to Respondent pursuant to Section 10156.5 of the Business and
16 Professions Code if Respondent makes application therefor and
17 pays to the Department of Real Estate the appropriate fee for
18 the restricted license within 90 days from the effective date
19 of this Decision. The restricted license issued to Respondent
20 shall be subject to all of the provisions of Section 10156.7 of
21 the Business and Professions Code and to the following
22 limitations, conditions, and restrictions imposed under
23 authority of Section 10156.6 of that Code:

24 ///

25 ///

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1 1. The restricted license issued to Respondent may be
 2 suspended prior to hearing by Order of the Real Estate
 3 Commissioner in the event of Respondent's conviction or plea of
 4 nolo contendere to a crime which is substantially related to
 5 Respondent's fitness or capacity as a real estate licensee.

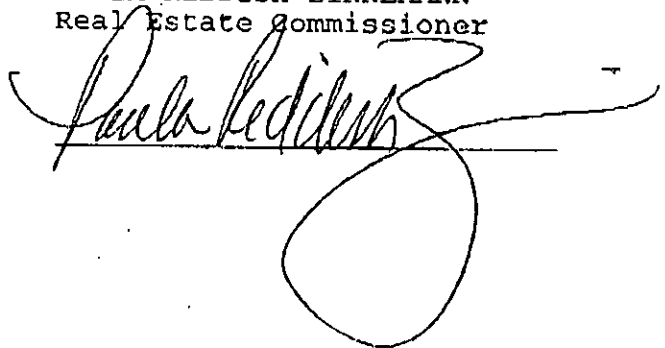
6 2. The restricted license issued to Respondent may be
 7 suspended prior to hearing by Order of the Real Estate
 8 Commissioner on evidence satisfactory to the Commissioner that
 9 Respondent has violated provisions of the California Real Estate
 10 Law, the Subdivided Lands Law, Regulations of the Real Estate
 11 Commissioner or conditions attaching to the restricted license.

12 3. Respondent shall not be eligible to apply for the
 13 issuance of an unrestricted real estate license nor for the
 14 removal of any of the conditions, limitations or restrictions of
 15 a restricted license until two (2) years have elapsed from the
 16 effective date of this Decision.

17 This Decision shall become effective at 12 o'clock
 18 noon on October 24, 2001.

19 IT IS SO ORDERED October 4, 2001

20 PAULA REDDISH ZINNEMANN
 21 Real Estate Commissioner

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FILED
MAY 31 2001
DEPARTMENT OF REAL ESTATE

By CS

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

* * *

In the Matter of the Accusation of)	No. H-28774 LA
FIRST ALLIANCE MORTGAGE COMPANY,)	
a corporation, dba First Alliance)	L-2000100510
Financial Services and First)	
Alliance Service Company,)	
Respondents.)	

NOTICE

TO: Respondents FIRST ALLIANCE MORTGAGE COMPANY, a corporation, dba First Alliance Financial Services and First Alliance Service Company, and JERRY A. HAGER, their Counsel.

YOU ARE HEREBY NOTIFIED that the Proposed Decision herein dated May 2, 2001, of the Administrative Law Judge is not adopted as the Decision of the Real Estate Commissioner. A copy of the Proposed Decision dated May 2, 2001, is attached for your information.

In accordance with Section 11517(c) of the Government Code of the State of California, the disposition of this case will be determined by me after consideration of the record herein

BEFORE THE
DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation Against:

FIRST ALLIANCE MORTGAGE
COMPANY, a corporation, dba
Alliance Financial Services and
First Alliance Service Company

Respondent.

Agency Case No. H-28774 LA

OAH NO. L2000100510

PROPOSED DECISION

William O. Hoover, Administrative Law Judge, Office of Administrative Hearings, heard this matter on April 18, 2001, in Los Angeles, California.

Chris Leong, Staff Counsel, represented complainant Daniel M. Hatt, Deputy Real Estate Commissioner, Department of Real Estate ("DRE"), State of California.

Jerry A. Hager, General Counsel, represented respondent First Alliance Mortgage Company.

The matter was submitted on April 18, 2001.

FACTUAL FINDINGS

1. Complainant Daniel M. Hatt, made and filed this Accusation in his official capacity. The Accusation is based on the alleged failure of First Alliance Mortgage Company ("respondent") to file required business reports in a timely manner, in violation of various sections of the Business and Professions Code ("Code"). The Accusation does not allege any prior disciplinary action by the Department.

2. Respondent is presently licensed and/or has license rights under the Real Estate Law. At all times relevant to this proceeding respondent was licensed by the Department as a real estate broker, with license number 005528817. The license expires January 15, 2004. Respondent has three licensees employed and has the fictitious business names "First Alliance Financial Services" and "First Alliance Service Company".

3. On July 25-26 and August 2, 2000, an audit of respondent's records was conducted by the Department to determine respondent's compliance with statutory and regulatory guidelines relating to handling of trust funds. In addition to a detailed records review the audit included an interview with respondent's vice-president of administration.

4. The audit revealed that, during the audit period, respondent maintained only one trust account, which was used for loan servicing activities under its DRE and Department of Corporations ("DOC") licenses. Respondent was responsible for, but was delinquent in, the timely submission of certain business activity and trust fund reports. Between May and July 2000, the DRE sent to respondent a total to two notices of delinquency, approximately a month apart, for each of the reports past due.

5. Specifically, respondent was delinquent in filing its Trust Account Review (TAR) Report and its Business Activity (BA) Reports for the fiscal year ending December 31, 1999. The TAR was due on May 31, 2000, but was not submitted until August 2, 2000. The BA was due on March 31, 2000, but was not submitted until June 19, 2000.

6. Respondent was also delinquent in filing the Trust Fund Status Report for the first quarter ending March 31, 2000. That report was due on April 30, 2000, but was not submitted until June 19, 2000. Additionally, respondent was delinquent in filing the Trust Fund Status Report-Multi Lender for the first quarter ending March 31, 2000. That report was due on April 30, 2000, but was not submitted until August 2, 2000.

7. Respondent did not contest and, in fact, candidly admitted the untimely filing of the required reports. Contributing factors to the late filings were respondent's filing on March 23, 2000, a petition for Chapter 11 bankruptcy in federal court and the untimely resignation of its accounting firm. Respondent has a department for handling the filing of required reports and for years used the accounting firm of Deloitte & Touche, LLP ("D&T"), as outside auditors. D&T normally prepared the financial information necessary for the targeted reports. D&T resigned as respondent's auditors on April 5, 2000, and respondent had to apply to the bankruptcy court for permission to employ the services of another firm. The bankruptcy court approved the employment of Hein + Associates, LLP, effective June 27, 2000. There was no evidence that respondent had failed on prior occasions to submit the aforementioned reports in a timely manner.

8. Since its filing for bankruptcy, respondent has only been involved in loan servicing activities under the licenses issued by the DRE and DOC. Respondent ceased all other loan activities and most of its loan-servicing portfolio was sold to Ocwen Federal Bank effective July 31, 2000. Respondent retained the servicing of only sixteen loans in which it was the lender/investor. Those loans had a total unpaid principal loan balance of approximately \$800,000.

9. The total number of loans being serviced under its DRE license was about 550 loans, with a principal loan amount of approximately \$15 million as of June 30, 2000. In

July or August, 2000 these loans were pledged to Lehman Brothers as security for a line of credit and respondent is servicing them on Lehman Brother's behalf.

10. Upon the conclusion of the bankruptcy proceedings, which could occur within the next 60 days, respondent will cease to exist as an entity. Thus, it is unlikely that there will be a reoccurrence of the violations described in this proceeding. Other than the failure to comply with a statutory deadline, there was no evidence that respondent's conduct caused harm to anyone.

11. The accusation did not allege nor was there any evidence presented that respondent commingled the money or property of others, that was received and held by it, with his own property or money.

LEGAL CONCLUSIONS

1. Separate and distinct cause for discipline of respondent's license pursuant to Business and Professions Code sections 10232.2 and 10177(d) was established by reason of Factual Findings 1-5 and 7.

2. Separate and distinct cause for discipline of respondent's license pursuant to Business and Professions Code section 10232.25 and 10177(d) was established by reason of Factual Findings 1-4, 6 and 7.

3. Separate and distinct cause for discipline of respondent's license pursuant to Business and Professions Code section 10229(h)(5) and 10177(d) was established by reason of Factual Findings 1-4, 6 and 7.

4. There was no cause of discipline established for any violation of Business and Professions Code section 10176(e).


5. While the violations relating to the failure to submit required reports in a timely manner were established, respondent candidly admitted its failure. After the replacement accounting firm was employed the reports were filed and there is no evidence of prior failures in this regard. The bankruptcy petition and the untimely resignation of respondent's accounting firm do represent factors in mitigation of the offenses, which are all related. Further, there is little likelihood of a reoccurrence of the violations. The conduct is not viewed as serious enough to warrant revocation of respondent's license, either stayed or unstayed. Rather, a period of stayed suspension with terms and conditions appears appropriate and is recommended.(Factual Findings 1-11)

ORDER

All licenses and licensing rights of Respondent First Alliance Mortgage Company under the Real Estate Law are suspended for a period of thirty (30) days from the effective date of this decision; provided, however, that said suspension is stayed for one (1) year upon the following terms and conditions:

1. Respondent shall obey all laws, rules and regulations governing the rights, duties and responsibilities of a real estate licensee in the State of California.
2. Respondent shall comply with all court orders issued in the bankruptcy proceeding before the United States Bankruptcy Court in Case No. SA 00-12370 LR and shall submit a copy of that court's final order, ruling or decision to the DRE within thirty (30) days of issuance.
3. That no final subsequent determination be made, after hearing or upon stipulation, that cause for disciplinary action occurred within one (1) year of the effective date of this decision. Should such a determination be made, the Commissioner may, in his discretion, vacate and set aside the stay order and impose all or a portion of the stayed suspension. Should no such determination be made, the stay imposed herein shall become permanent.

Dated: 5/2/01


WILLIAM O. HOOVER
Administrative Law Judge
Office of Administrative Hearings

BEFORE THE DEPARTMENT OF REAL ESTATE
STATE OF CALIFORNIA

In the Matter of the Accusation of)
)
FIRST ALLIANCE MORTGAGE COMPANY,)
a corporation, dba First Alliance)
Financial Services and First)
Alliance Service Company,)
)

Respondent (s)

Case No. H-28774 LA
OAH No. L-2000100510

FILED
JAN 29 2001
DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON ACCUSATION

By CS

To the above-named Respondent (s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on WEDNESDAY, APRIL 18, 2001, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

Dated: January 29, 2001 By

Chris Leong
CHRIS LEONG, Counsel

cc: First Alliance Mortgage Company
Jerry A. Hager, General Counsel
Sacto.
OAH

SAC

BEFORE THE DEPARTMENT OF REAL ESTATE

STATE OF CALIFORNIA

In the Matter of the Accusation of)
)
FIRST ALLIANCE MORTGAGE COMPANY,)
a corporation, dba First Alliance)
Financial Services and First)
Alliance Service Company,)
)

Case No. H-28774 LA

OAH No. L-2000100510

Respondent(s)

FILED
NOV - 1 2000
DEPARTMENT OF REAL ESTATE

NOTICE OF HEARING ON ACCUSATION

By [Signature]

To the above-named Respondent(s):

You are hereby notified that a hearing will be held before the Department of Real Estate at the Office of Administrative Hearings, 320 West Fourth Street, Suite 630, Los Angeles, CA 90013-1105 on TUESDAY, OCTOBER 30, 2001, at the hour of 9:00 A.M., or as soon thereafter as the matter can be heard, upon the Accusation served upon you. If you object to the place of hearing, you must notify the presiding administrative law judge of the Office of Administrative Hearings within ten (10) days after this notice is served on you. Failure to notify the presiding administrative law judge within ten days will deprive you of a change in the place of the hearing.

You may be present at the hearing. You have the right to be represented by an attorney at your own expense. You are not entitled to the appointment of an attorney to represent you at public expense. You are entitled to represent yourself without legal counsel. If you are not present in person nor represented by counsel at the hearing, the Department may take disciplinary action against you based upon any express admission or other evidence including affidavits, without any notice to you.

You may present any relevant evidence and will be given full opportunity to cross-examine all witnesses testifying against you. You are entitled to the issuance of subpoenas to compel the attendance of witnesses and the production of books, documents or other things by applying to the Department of Real Estate.

The hearing shall be conducted in the English language. If you want to offer the testimony of any witness who does not proficiently speak the English language, you must provide your own interpreter and pay his or her costs. The interpreter must be certified in accordance with Sections 11435.30 and 11435.55 of the Government Code.

DEPARTMENT OF REAL ESTATE

CHRIS LEONG

Dated: November 1, 2000

By

CHRIS LEONG, Counsel

cc: First Alliance Mortgage Company
Jerry A. Hager, General Counsel
Sacto.
OAH

1 still is licensed by the Department of Real Estate of the State
2 of California (Department) as a corporate real estate broker.

3 III

4 All further references herein to "Respondent", unless
5 otherwise specified, include the parties identified in Paragraphs
6 I and II, above, and also include the officers, directors,
7 employees, and real estate licensees employed by or associated
8 with said parties, who at all times herein mentioned were engaged
9 in the furtherance of the business or operations of said parties
10 and who were acting within the course and scope of their
11 authority and employment.

12 IV

13 At all times material herein, Respondent engaged in the
14 business of, acted in the capacity of, advertised or assumed to
15 act as a real estate broker for others in the State of
16 California, within the meaning of Code Section 10131(d),
17 including the operation and conduct of a real estate mortgage
18 loan business with the public wherein Respondent solicited loans,
19 or solicited for prospective borrowers or lenders, or negotiated
20 loans secured by interest in real property in expectation of
21 compensation and performed broker escrows.

22 FIRST CAUSE OF ACCUSATION

23 (Audit Findings)

24 V

25 On August 8, 2000, the Department concluded its
26 examination of Respondent's books and records pertaining to its
27 activities as a real estate broker covering a period from



1 approximately January 1, 2000 to June 30, 2000. The examination
2 revealed violations of the Code, as set forth below.

3 VI

4 At all times herein, in connection with the real estate
5 mortgage loan activity described in Paragraph IV, above,
6 Respondent accepted or received funds, including funds in trust
7 (trust funds) from or on behalf of actual and prospective parties
8 to transactions handled by Respondent and thereafter made
9 deposits and/or disbursements of such funds. From time to time
10 herein mentioned, said trust funds were deposited and/or
11 maintained by Respondent in a bank account including, but not
12 necessarily limited to, a trust account maintained at Commercial
13 Bank located at 611 Anton Blvd., Costa Mesa, California, account
14 number 1890810391, in the name of First Alliance Mtg Co Loan
15 Service Trust.

16 VII

17 Respondent acted in violation of the Code and the
18 Regulations in that:

19 (a) Respondent was delinquent in filing its Trust
20 Account Review Report (TAR) and its Business Activity (BA) Report
21 for fiscal year ending December 31, 1999. The TAR was due on May
22 31, 2000, while the BA was due on March 31, 2000, in violation of
23 Code Section 10232.2;

24 (b) Respondent was delinquent in filing the Trust Fund
25 Status Report for the first quarter ending March 31, 2000, which
26 was due on April 30, 2000, in violation of Code Section 10232.25;
27 and



1 (c) Respondent was delinquent in filing the Trust Fund
2 Status Report-Multi Lender for the first quarter ending March 31,
3 2000, which was due April 30, 2000, in violation of Code
4 Section 10229(h)(5).

5 VIII

6 The conduct, acts and omissions of Respondent, as
7 described in Paragraph VII, violated the Code as set forth above
8 and constitute cause for the suspension or revocation of all real
9 estate licenses and license rights of Respondent under the
10 provisions of Code Sections 10177(d) and 10176(e).

11 WHEREFORE, Complainant prays that a hearing be
12 conducted on the allegations of this Accusation and that upon
13 proof thereof, a decision be rendered imposing disciplinary
14 action against all licenses and/or license rights of Respondent,
15 FIRST ALLIANCE MORTGAGE COMPANY, a corporation, dba First
16 Alliance Financial Services and First Alliance Service Company,
17 under the Real Estate Law (Part 1 of Division 4 of the Business
18 and Professions Code), and for such other and further relief as
19 may be proper under other applicable provisions of law.

20 Dated at Los Angeles, California
21 this 22nd day of September, 2000.

22 
23 _____
24 Deputy Real Estate Commissioner

25 cc: First Alliance Mortgage Company
26 Daniel M. Hatt
27 Sacto.
LA Audit/Sarapuddin
AS

