                    SECURITIES AND EXCHANGE COMMISSION
                         Washington, D.C. 20549

                              FORM 8-K

                            CURRENT REPORT

      Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

        Date of Report (Date of earliest event reported) January 7, 1997

                    INTERNATIONAL ALLIANCE SERVICES, INC.

              (Exact name of registrant as specified in its charter)

            DELAWARE   0-25890   22-2769024
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    (State or other jurisdiction   (Commission   (I.R.S. Employer
        of incorporation)   File Number)   Identification No.)

       10055 Sweet Valley Drive
         Valley View, Ohio   44125
- --   ---------
(Address of principal executive offices)   (Zip Code)

     Registrant's telephone number, including area code (216) 447-9000
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Item 5. Other Events
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On January 7, 1997, International Alliance Services, Inc. (the
"Company") completed the previously announced purchase of the assets and
business of Midwest Indemnity Corporation ("Midwest") of Skokie, Illinois.
Midwest markets environmental and surety bond products throughout the United
States through a system of approximately seventy-five (75) independent agents
and subagents. The acquisition is designed to expand the geographic reach and
breadth of the Company's environmental and surety business from a regional to a
national program.

In conjunction with the acquisition of Midwest, several of the
Company's subsidiaries entered into a new strategic partnership with Gulf
Insurance Company of New York ("Gulf") (a Travelers/Aetna company). Under the
terms of the partnership, the Company's subsidiary, Commercial Surety Agency,
Inc. d/b/a Century Surety Underwriters, has been designated as the exclusive
national underwriter for Gulf's contract surety business; reinsurance
arrangements have been entered into by certain insurance company subsidiaries;
and claims will be managed by another Company subsidiary.

The purchase price of Midwest consisted of 407,246 shares of IASI
Common Stock, $3,250,000 cash, and an aggregate of $1,750,000 in non-interest
bearing notes due creditors of Midwest and payable in installments through
December 31, 1998. In the aggregate, the Midwest purchase price has an
approximate value of $9.9 million.

Pursuant to the requirements of Rule 3-05 of Regulation S-X, no
financial statements of Midwest are required to be included in this Form 8-K,
nor are pro-forma statements required under Rule 11-01.

In the final months of 1996, the Company acquired (i) the stock of SMR
& Co., a Cleveland-based consulting services company with approximately 875
corporate clients in Ohio and other states and (ii) the stock of Environmental
and Commercial Insurance Agency ("ECI"), an insurance agency selling property
and casualty insurance and surety bonds to environmental remediation contractors
and other companies specializing in environmental businesses. SMR & Co. offers a
range of administrative services including tax planning, tax return preparation
and compliance, computer consulting, employee benefits, program design and
administrative and human resource management. The Company intends to focus SMR &
Co. business on the growing trend by many small and mid-size employers to
outsource their administrative and employee support operations. The SMR
acquisition price included 600,000 shares of IASI Common Stock and three-year
warrants to purchase an additional 900,000 shares at $10.375 per share. Greg
Skoda, the President and CEO of SMR, was

previously named the Company's Chief Financial Officer. The November, 1996 acquisition of ECI had a purchase price of $1,000,000, plus 192,500 shares of IASI Common Stock. Neither the SMR or ECI acquisition is of the magnitude as to require inclusion of their financial statements or of the preparation of pro forma statements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTERNATIONAL ALLIANCE SERVICES, INC.

Date: January 15, 1997   /s/   Edward F. Feighan

                                                 Edward F. Feighan
                                                 Chief Executive Officer