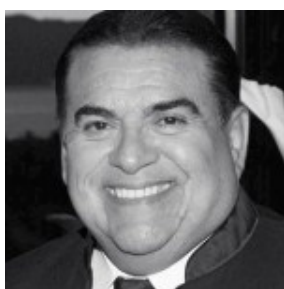


Cracking CalPERS became easy for Stateline man when policy shifted

By Dale Kasler, Sacramento Bee

Alfred Villalobos, a sometimes pugnacious businessman with a troubled financial history, wasn't an obvious candidate to charm his way into the inner circle of America's largest public pension fund.

Though he had served three years on the CalPERS board in the 1990s, he wasn't a universally popular figure. When he reappeared at CalPERS' Sacramento headquarters two years after his departure, pitching investment deals, many within the organization were appalled at his heavy-handed lobbying. Amid the uproar, one of his earliest clients fired him, and his activities prompted hearings in the Legislature.



Alfred
Villalobos

But the Stateline, Nev., businessman persisted. Over the course of a decade, he penetrated the very heart of the California Public Employees' Retirement System, allegedly co-opting the chief executive and other top officials. His reward was more than \$50 million in commissions earned on \$4 billion worth of investments he pitched to the fund.

Villalobos' work has become an influence-peddling scandal for CalPERS. State and federal officials are investigating, and CalPERS has commissioned its own examination of how one man could allegedly corrupt a \$200 billion institution whose governing board includes the state treasurer and controller.

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