

IRS wants its money from Stateline man caught in CalPERS scandal

By Dale Kasler, Sacramento Bee

The Internal Revenue Service wants the courts to crack down on Alfred Villalobos, the businessman in the middle of the CalPERS bribery scandal.

Saying Villalobos is "depleting" his fortune, the IRS last week asked the judge overseeing Villalobos' Chapter 11 bankruptcy protection to convert it to a Chapter 7 liquidation. In a Chapter 7 case, Villalobos' real estate holdings and other assets would be placed under the control of a trustee.

Under Villalobos' control, his assets are being "grossly mismanaged," the IRS states in court papers. Villalobos is falling behind on mortgage payments while letting family and associates live in his nine homes, charging them little or no rent, the IRS said. The agency said it is owed more than \$2.5 million by Villalobos.

The Lake Tahoe businessman filed in U.S. Bankruptcy Court in Reno last June. That came about a month after then-Attorney General Jerry Brown accused him in a lawsuit of bribing key officials with the California Public Employees' Retirement System. Brown's lawyers quickly obtained a court order placing Villalobos' assets under control of an examiner.

By filing for bankruptcy protection, Villalobos halted Brown's lawsuit and was able to regain control of his assets.

Now the IRS is trying to take that control away. If the bankruptcy is converted to a Chapter 7, a trustee could sell

assets to pay the IRS and other creditors.

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