

Stateline man indicted in CalPERS bribery case

By Dale Kasler, Sacramento Bee

Federal prosecutors filed criminal charges today in the CalPERS bribery case, naming the big pension fund's former chief executive and a Nevada businessman.

Brian Stretch, a spokesman for the U.S. attorney in San Francisco, said former CalPERS Chief Executive Fred Buenrostro and former board member Alfred Villalobos were named in a criminal case late this morning.

Stretch said the two men were charged with conspiracy to commit fraud, conspiracy to obstruct justice and making false statements to federal agents.



Alfred
Villalobos

Villalobos, who lives in Stateline, earned about \$50 million as a "placement agent" obtaining CalPERS investments on behalf of various private equity firms.

State officials already named the two men in a 2010 civil lawsuit, charging that Buenrostro took bribes from Villalobos to steer business toward Villalobos' clients. The two men denied any wrongdoing.

The criminal charges come more than three years after the *Bee*

first disclosed that Villalobos hosted Buenrostro's wedding at his Lake Tahoe mansion and took Buenrostro on a paid trip around the world. Also on that trip was former CalPERS board member Charles Valdes, who hasn't been charged with any wrongdoing.

The bribery case was probably the biggest scandal in CalPERS history, prompting a massive "special review" commissioned by the pension fund.

"We've been through our embarrassing times," CalPERS board president Rob Feckner said after the indictments were announced. "This is a good day"

The review, led by Washington, D.C., securities lawyer Philip Khinda, concluded in March 2011 that Villalobos and Buenrostro's activities had probably cost CalPERS tens of millions of dollars in inflated management fees.

Khinda said some of CalPERS' investment partners surely inflated their fees to make up for the millions they were secretly paying in commissions to Villalobos.

Stretch said Villalobos, 69, and Buenrostro, 64, were released on bond after an initial appearance March 18 in U.S. District Court in San Francisco.

The indictment says the two men concocted phony letters to induce one of Villalobos' big clients, Apollo Global Management of New York, to pay Villalobos a \$14 million commission in 2007.

The letters claimed that CalPERS was are of the fees Villalobos was earning – a disclosure demanded by Apollo.