



California Corporate & Securities Law

Attorney General Suffers Setback in Placement Agent Suit

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Yesterday, Bankruptcy Court Judge John Peterson issued his written [decision](#) regarding whether the State of California should be granted relief from the bankruptcy automatic stay in order to pursue a civil enforcement action against Alfred R. Villalobos and his affiliated companies. Mr. Villalobos is a former member of the Board of Administration of the California Public Employees Retirement System (CalPERS). This spring, California [Attorney General](#) Jerry Brown filed a civil action alleging violations of California Corporations Code §§ 25216 and 25210 and Business & Professions Code Section § 17200.

In a major blow to the Attorney General, the Bankruptcy Court refused to grant relief from the automatic stay – finding that the action “is primarily a vehicle for conducting litigation on behalf of private parties” rather than an exercise of “police or regulatory” power by the state. Perhaps even more troubling for the Attorney General is the following statement by the Bankruptcy Court:

As demonstrated above, the sworn deposition testimony of CalPERS’ own witnesses exposes the misrepresentations contained in the AG’s allegations. As such, no proper purpose of any kind can be served by allowing the AG to pursue those claims in state court.

(Emphasis added) According to this [article](#) by Marc Lifsher in the *Los Angeles Times*, the Attorney General intends to appeal. Mr. Villalobos is being represented by [Neal Stephens](#) at Cooley LLP.

Please contact [Keith Paul Bishop](#) at Allen Matkins for more information kbishop@allenmatkins.com

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