



Department of Justice

**United States Attorney Brian J. Stretch
Northern District of California**

FOR IMMEDIATE RELEASE
May 31, 2016

**FORMER CalPERS CEO SENTENCED TO 54 MONTHS' IMPRISONMENT FOR
ROLE IN CORRUPTION CONSPIRACY**

Defendant also ordered to pay \$250,000 in fines

SAN FRANCISCO – Fred Buenrostro, the former Chief Executive Officer of the California Public Employee Retirement System (CalPERS) was sentenced today to 54 months in prison for corruption and fraud charges stemming from a conspiracy to trade official acts for cash and benefits, announced U.S. Attorney Brian J. Stretch, Federal Bureau of Investigation (FBI) Special Agent in Charge John F. Bennett, U.S. Postal Inspection Service (USPIS) Inspector in Charge Rafael Nuñez, and U.S. Secret Service (USSS) Special Agent in Charge David Thomas. The sentence follows Buenrostro's guilty plea entered July 11, 2014.

Buenrostro, 67, of Sacramento, is the former Chief Executive Officer (CEO) of CalPERS and admitted that in 2004 he began receiving secret benefits from a placement agent for the purpose of influencing him in the exercise of his powers and duties as CEO. Buenrostro admitted the placement agent gave him approximately \$250,000, as well as gifts, domestic and international travel, meals, entertainment, and payment for Buenrostro's wedding. Further, Buenrostro admitted he also improperly received employment at ARVCO Capital Research LLC (ARVCO) after he left CalPERS in May of 2008. In exchange, Buenrostro attempted to influence the CalPERS investment staff and Board to the benefit of the placement agent and his clients, and provided the agent with access to CalPERS' confidential information relating to investments, internal deliberations, and other proprietary matters.

In addition, Buenrostro conspired to create a series of fraudulent investor disclosure letters in a scheme to secure fees from a private equity firm based in New York City and agreed with a co-conspirator to make false misrepresentations to, and concealed information from, the Securities

and Exchange Commission (SEC), the USPIS, and the FBI after these agencies opened investigations into the operations of ARVCO and its role as a placement agent in connection with CalPERS' investments.

Buenrostro was originally charged by indictment on March 14, 2013, but later charged by superseding information on July 11, 2014, with a single count of conspiracy, in violation of Title 18, United States Code, Section 371. Buenrostro pleaded guilty to the charge in the superseding information.

The sentence was handed down by the Honorable Charles R. Breyer, United States District Judge. In sentencing Buenrostro, Judge Breyer stated the defendant's conduct amounted to "a spectacular breach of trust for the most venal of purposes." Judge Breyer also remarked that, "without trust, our public institutions cannot function." Judge Breyer also imposed a \$250,000 fine on the defendant but allowed that fine to be reduced if Buenrostro makes payments in response to certain proceedings brought by the State of California or the SEC.

Buenrostro currently is in custody and will begin to serve his term immediately.

Assistant United States Attorneys Timothy J. Lucey and Philip A. Guentert are prosecuting the case with the assistance of Laurie Worthen and Beth Margen. The prosecution is the result of an investigation by the USPIS and the FBI, with substantial assistance from the Los Angeles Regional Office of the SEC as well as the USSS.

Further Information:

Case #: CR 13-169 CRB

A copy of this press release will be placed on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at <https://ecf.cand.uscourts.gov/cgi-bin/login.pl>.

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

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