



Abe Alizadeh. **Florence Low** - Sacramento Bee file photo

This former fast-food king admitted to \$22 million fraud

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Roseville real estate developer and fast-food entrepreneur Abe Alizadeh, his career in tatters for a decade, pleaded guilty to fraud charges Friday in connection with a \$22 million real estate scheme.

Alizadeh, 59, whose vast real estate empire collapsed during the last recession, admitted that he cooked up a scheme to defraud lenders on six different properties in the Sacramento area in 2005 and 2006. He pleaded guilty to

charges of wire fraud, bank fraud and making false statements in U.S. District Court in Sacramento. He faces up to 30 years in prison.

Federal prosecutors said Alizadeh used bogus documents to inflate the value of the properties he was buying. Banks unwittingly lent him \$22 million in additional funds, above and beyond what he needed to make the purchases, prosecutors said. At the time he was indicted, in April 2015, prosecutors said Alizadeh used the extra money in an effort to shore up what was already a sagging real estate empire.

Alizadeh was once seen as the embodiment of the American dream: Emigrating from Iran as a teenager, he earned two degrees from Chico State and got his start in business by making tacos at a Jack in the Box restaurant. By the mid-2000s, he controlled 71 Jack in the Box franchises, several other restaurants and a string of office buildings. But his development company, Kobra Properties, collapsed when the real estate bubble burst. He was forced to put most of his companies in bankruptcy in 2008 and 2009. His debts totaled nearly \$400 million.

In 2011, his legal woes turned criminal. He was arrested on charges of failing to pay \$7 million in sales and payroll taxes – dollars he

had collected from restaurant customers and employees but didn't turn over to the state. In 2012, he pleaded no contest to a felony grand theft charge, but he was spared prison time to allow him to make restitution for the money he owed.

In the federal case, he was indicted along with Mary Sue Weaver, who was an escrow officer with Placer Title Co. in Roseville and was accused of cooperating with Alizadeh on his scheme. Weaver, a former Lincoln resident now living in Scottsdale, Ariz., pleaded guilty to two counts of fraud in December.

Alizadeh's lawyer, Malcolm Segal, said his client pleaded guilty because "he believed it was time to put all these matters behind him ...This is the last legal issue of any consequence he was facing. He has slowly but surely resolved all of his legal issues, the issues with the state, issues with real estate contracts."

Segal said Alizadeh remains free on bail. He is scheduled for sentencing March 30 by U.S. District Judge Garland Burrell Jr.

Weaver, also facing 30 years, has a March 23 sentencing date.

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