



to the United States General Services Administration ("GSA"). According to the GSA private placement memorandum, the \$9.2 million raised from investors, together with a mortgage of approximately \$21 million, would be used to purchase the seven GSA properties and cover related acquisition expenses. The seven GSA properties, however, were never purchased, the monies raised to purchase the properties were used for some other purpose, and investors were not informed that the monies were used for any purpose other than to purchase and operate the seven GSA properties. BYERS and SHERESHEVSKY agreed to fabricate a story for the GSA investors regarding what went wrong.

Through another private placement offering made by WexTrust involving a Crowne Plaza Hotel in Phoenix, Arizona, BYERS and SHERESHEVSKY raised millions of dollars that they then used for purposes other than those stated in the offering memorandum. While the offering memorandum specified that the \$9.3 million raised would be used for the purchase and improvement of the hotel property, in fact, BYERS and SHERESHEVSKY used over \$3 million of the raised funds to make "loans" to WexTrust, used for, among other things, payroll; deposits for investment properties unrelated to the Crowne Plaza private placement; and distributions to investors of other WexTrust investments.

BYERS, 46, of Oak Brook, Illinois and SHERESHEVSKY, 51, of Norfolk, Virginia, are each charged with one count of conspiracy to commit securities fraud. If convicted, they face a maximum of 5 years in prison and a fine of the greater of \$250,000 or twice the gross gain or loss caused by their crime.

BYERS was arrested this morning in Illinois and SHERESHEVSKY was arrested this morning in Virginia. Both are expected to appear before a magistrate judge on the charges later today.

Mr. GARCIA, a member of the President's Corporate Fraud Task Force, praised the work of the Federal Bureau of Investigation and thanked the Securities and Exchange Commission for its assistance in the investigation of this case. He said the investigation is continuing.

Assistant United States Attorneys CHRISTOPHER L. GARCIA, VIRGINIA CHAVEZ ROMANO, and AMY LESTER are in charge of the prosecution.

The charges contained in the Complaint are merely accusations, and the defendants are presumed innocent unless and until proven guilty.