



*United States Attorney
Southern District of New York*



FOR IMMEDIATE RELEASE
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**FORMER CEO OF WEXTRUST CAPITAL PLEADS GUILTY
IN MANHATTAN FEDERAL COURT TO CONSPIRACY
AND SECURITIES FRAUD**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that STEVEN BYERS, the former President and Chief Executive Officer of private equity firm WexTrust Capital, LLC ("WexTrust Capital"), pleaded guilty today in Manhattan federal court to two felony counts arising out of his employment at WexTrust Capital. BYERS pleaded guilty before United States District Judge DENNY CHIN to conspiracy and securities fraud.

According to the Indictment and other documents filed in Manhattan federal court:

WexTrust Capital is a globally diversified private equity company specializing in investments in real estate and specialty finance opportunities. WexTrust Capital is headquartered in Chicago, Illinois, and has offices in New York, New York; Norfolk, Virginia; Atlanta, Georgia; Boca Raton, Florida; Nashville, Tennessee; Ramat Gan, Israel; and Johannesburg, South Africa. WexTrust Capital was founded in 2003 and is affiliated with several companies of a similar name, including WexTrust Securities, LLC, a broker-dealer registered with the United States Securities and Exchange Commission ("SEC").

From at least 2003, BYERS and others raised money from investors pursuant to private placement offerings and then used material amounts of that money for other purposes, and did not disclose their diversion of funds to investors. In one such private placement, BYERS and others raised approximately \$9.2 million in investor funds by representing that the funds would be used to purchase and operate seven commercial properties that were leased to the United States General Services Administration ("GSA"). According to the GSA private placement memorandum issued to investors by WexTrust Capital, 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. Instead, virtually all of the funds raised from investors to purchase the properties were diverted by BYERS and others to other purposes, but investors were never informed that the funds were used for any purpose other than to purchase and operate the seven GSA properties. BYERS and others later agreed to make up a story that they would then tell the GSA investors regarding what happened to their investment.

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BYERS, 47, of Oak Brook, Illinois, pleaded guilty pursuant to a plea agreement with the Government. BYERS faces a statutory maximum sentence of 25 years in prison. BYERS has also agreed to forfeit \$9.2 million and is subject to mandatory restitution and faces criminal fines up to twice the gross gain or loss derived from the offense.

BYERS is scheduled to be sentenced by Judge CHIN on September 13, 2010, at 10:00 a.m.

Mr. BHARARA praised the work of the Federal Bureau of Investigation and thanked the SEC for its assistance in the investigation of this case.

This case was brought in coordination with President BARACK OBAMA's Financial Fraud Enforcement Task Force, on which Mr. BHARARA serves as a Co-Chair of the Securities and Commodities Fraud Working Group. President OBAMA established the interagency Financial Fraud Enforcement Task Force to wage an aggressive, coordinated, and proactive effort to investigate and prosecute financial crimes. The task force includes representatives from a broad range of federal agencies, regulatory authorities, inspectors general, and state and local law enforcement who, working together, bring to bear a powerful array of criminal and civil enforcement resources. The task force is working to improve efforts across the federal executive branch, and with state and local partners, to investigate and prosecute significant financial crimes, ensure just and effective punishment for those who perpetrate financial crimes, combat discrimination in the lending and financial markets, and recover proceeds for victims of financial crimes.

If you believe you were a victim of this crime, including a victim entitled to restitution, and you wish to

provide information to law enforcement and/or receive notice of future developments in the case or additional information, please contact WENDY OLSEN-CLANCY, the Victim Witness Coordinator at the United States Attorney's Office for the Southern District of New York, at (866) 874-8900 or Wendy.Olsen@usdoj.gov. For additional information, go to: <http://www.usdoj.gov/usao/nys/victimwitness.html>.

This case is being handled by the Office's Securities and Commodities Fraud Task Force. Assistant United States Attorneys LISA A. BARONI, VIRGINIA CHAVEZ ROMANO, and AMY LESTER are in charge of the prosecution.

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