



*United States Attorney
Southern District of New York*



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**FORMER CEO AND PRESIDENT OF WEXTRUST CAPITAL SENTENCED
IN MANHATTAN FEDERAL COURT TO 160 MONTHS IN PRISON FOR
REAL ESTATE INVESTMENT FRAUD SCHEME**

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 the private equity firm WexTrust Capital, LLC ("WexTrust Capital"), was sentenced today to in prison on charges stemming from a fraud that raised more than \$9 million from investors in private placement real estate offerings. BYERS, 48, was sentenced in Manhattan federal court by U.S. Court of Appeals Judge DENNY CHIN.

Manhattan U.S. Attorney PREET BHARARA said: "Steven Byers used smoke and mirrors to defraud his investors out of millions of dollars. But his scheme was ultimately exposed for the sham that it was, and now he will be punished severely for his crimes."

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

From 2003 to 2008, WexTrust Capital was a globally diversified private equity company specializing in investments in real estate and specialty finance opportunities. It was 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").

Beginning in 2003, BYERS, along with co-defendant JOSEPH SHERESHEVSKY and others, raised money from investors pursuant to private placement offerings, and then used material amounts of that money for other purposes without disclosing the 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, funds raised from investors were diverted for other purposes, none of which was disclosed to investors. 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, of Oakbrook, Illinois, previously pled guilty to conspiracy to commit securities fraud and securities fraud. In addition to his prison term, Judge CHIN sentenced BYERS to three years of supervised release and ordered him to pay \$7,700,630.35 in restitution and to forfeit \$9.2 million in proceeds from his crimes.

BYERS's co-defendant, JOSEPH SHERESHEVSKY, 54, of Brooklyn, New York, and Norfolk, Virginia, pled guilty to similar charges on February 3, 2011, and is scheduled to be sentenced on May 13, 2011, at 10:30 a.m., before Judge CHIN.

Mr. BHARARA praised the work of the Federal Bureau of Investigation in this case. Mr. BHARARA also thanked the U.S. Securities and Exchange Commission for its assistance in the investigation.

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.

Assistant United States Attorneys VIRGINIA CHAVEZ
ROMANO and JILLIAN B. BERMAN are in charge of the prosecution.

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