



*United States Attorney
Southern District of New York*



FOR IMMEDIATE RELEASE
FEBRUARY 3, 2011

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**FORMER PRINCIPAL AND CHIEF OPERATING OFFICER
OF WEXTRUST CAPITAL PLEADS GUILTY
IN MANHATTAN FEDERAL COURT TO INVESTMENT FRAUD SCHEME**

PREET BHARARA, the United States Attorney for the Southern District of New York, announced that JOSEPH SHERESHEVSKY, a principal and Chief Operating Officer of private equity firm WexTrust Capital, LLC ("WexTrust Capital"), pled guilty today in Manhattan federal court to three felony counts arising out of his employment at WexTrust Capital. SHERESHEVSKY pled guilty before U.S. District Judge DENNY CHIN.

Manhattan U.S. Attorney PREET BHARARA said: "Today, Joseph Shereshevsky accepted responsibility for cheating hundreds of victims out of millions of dollars by repeatedly lying to them about what their money was being used for, and then covering up those lies with more lies. Today's guilty plea represents another step in our ongoing effort to combat investment fraud and Ponzi schemes, and to return hard-earned money to the victims of these devastating financial crimes."

According to the Indictment and other documents previously filed in Manhattan federal court and statements made at the plea proceeding:

From 2003 to 2008, WexTrust Capital was a globally diversified private equity company specializing in investments in real estate and specialty finance opportunities. WexTrust Capital was headquartered in Chicago, Illinois, and had offices in Norfolk, Virginia, New York, New York, and elsewhere. WexTrust Capital 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 at least 2003, SHERESHEVSKY 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. For example, in one instance, SHERESHEVSKY 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 SHERESHEVSKY and others to be used for 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. SHERESHEVSKY and others later agreed to make up a story to tell the GSA investors regarding what happened to their investment.

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SHERESHEVSKY, 54, of Norfolk, Virginia, pled guilty to conspiracy, securities fraud, and mail fraud charges. The conspiracy count carries a maximum sentence of five years in prison, and the securities fraud and mail fraud counts each carry a maximum sentence of twenty years. SHERESHEVSKY faces a maximum fine of \$250,000, or twice the gross gain or loss from the offense on the conspiracy and mail fraud counts, and a maximum fine of \$5 million on the securities fraud count. SHERESHEVSKY also faces mandatory restitution to the victims of his crimes.

SHERESHEVSKY is scheduled to be sentenced by Judge CHIN on May 13, 2011, at 10:00 a.m.

Mr. BHARARA praised the work of the Federal Bureau of Investigation. He also 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 U.S. Attorneys VIRGINIA CHAVEZ ROMANO and JILLIAN B. BERMAN are in charge of the prosecution.

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