



*United States Attorney  
Southern District of New York*

**FOR IMMEDIATE RELEASE  
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**TWO PRINCIPALS OF WEXTRUST CAPITAL  
INDICTED FOR SECURITIES FRAUD**

MICHAEL J. GARCIA, 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, and JOSEPH SHERESHEVSKY, a former principal and Chief Operating Officer of WexTrust Capital, LLC, were indicted today on charges stemming from a scheme to defraud WexTrust Capital investors by diverting funds that they raised through private placement offerings. According to the two-count Indictment filed in Manhattan federal court:

WexTrust Capital, LLC ("WexTrust") 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 (the "SEC").

From at least May 2005, BYERS and SHERESHEVSKY raised money from investors pursuant to private placement offerings, 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 SHERESHEVSKY raised money over \$9 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, SHERESHEVSKY 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 SHERESHEVSKY subsequently agreed to fabricate a story that they would then tell the GSA investors regarding what happened to their investment. BYERS and SHERESHEVSKY also caused documents to be distributed to investors that failed to disclose SHERESHEVSKY's criminal history, notwithstanding the fact that many of WexTrust Capital's offering documents touted SHERESHEVSKY's role in WexTrust Capital and his professional experience.

BYERS, 46, of Oak Brook, Illinois, and SHERESHEVSKY, 51, of Norfolk, Virginia, are each charged with one count of securities fraud and one count of conspiracy to commit securities fraud and to commit mail fraud. If convicted, they each face a maximum of 25 years in prison and a fine of the greater of \$250,000 or twice the gross gain or loss caused by their crime. The Indictment also seeks forfeiture of at least \$9,200,000 from the defendants.

BYERS and SHERESHEVSKY were arrested on August 11, 2008. Both are scheduled to be arraigned on the Indictment by United States District Judge DENNY CHIN on November 14, 2008 at 3:00 p.m.

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

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](mailto:Wendy.Olsen@usdoj.gov). For additional information, go to: <http://www.usdoj.gov/usao/nys/victimwitness.html> on the Internet.

Assistant United States Attorneys VIRGINIA CHAVEZ ROMANO, LISA A. BARONI and AMY LESTER are in charge of the prosecution.

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

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