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Carey Financial Subpoenaed by SEC

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August 10, 2004
 By Anne Kasper, Contributing Editor

Carey Financial Corp., a broker-dealer and subsidiary of W. P. Carey & Co., and Corporate Property Associates 15 Inc., a REIT managed by the company, have received subpoenas from the Securities and Exchange Commission seeking further information about possible infractions, W.P. Carey said in its quarterly report released yesterday.



"We are cooperating fully with the SEC," said a spokesman for W.P. Carey, who declined further comment.

According to the report, the subpoenas, received in June 2004, deal with questions about public offerings of Corporate Property Associates 15 made between September 2002 and March 2003, which Carey Financial managed. An SEC letter sent in March alleged that Carey Financial oversold the first offering made in the fourth quarter of 2002 and sold parts of the second offering prior to registration in March 2003.

If the SEC takes action on these allegations, Carey Financial may be required to offer to pay back some investors. The company could also voluntarily choose to make this offer, the report stated.

The SEC letter also alleged that certain reports on these two offerings contained "material misstatements and omissions." Specifically, the company did not reveal that proceeds from the first offering would be used to pay advance commissions and expenses on the second offering. Also, the company did not discuss how dividends would be paid to investors in the second offering.

According to the company report, no material litigation has resulted from the investigation yet, but the letter from the SEC did request that the company take corrective action.

The blemish has not slowed down W.P. Carey's activity, though. The firm, on behalf of Corporate Properties Associates 15 and Corporate Properties Associates 16-Global, today acquired five office and industrial properties totaling 1.2 million square feet in France for roughly \$103 million. The transaction was a long-term triple net lease with Thales Group, SA, a military contractor. Corporate Properties Associates 15 will have a 65 percent stake in the property.

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