

AIG's Four B-Ds Suspend ARCP REIT Sales

NOVEMBER 4, 2014

By Dan Jamieson, [Financial Advisor](#)

The AIG Advisor Group of broker-dealers has suspended the sale of two American Realty Capital REITs.

“Due to recent disclosures of accounting irregularities made by American Realty Capital Properties, AIG Advisor Group has chosen to temporarily suspend sales in two Real Estate Investment Trusts (REITs) effective immediately,” said Advisor Group spokeswoman Linda Malamut in an e-mail.

The products involved are the American Realty Capital New York City REIT, and the Phillips Edison-ARC Grocery Center REIT II.

The four Advisor Group broker-dealers are Royal Alliance Associates, FSC Securities Corp., Sagepoint Financial and Woodbury Financial Services. In total, the firms have more than 6,000 advisors.

The problems at American Realty surfaced last Wednesday when the company said it had fired its chief financial officer and chief accounting officer and would restate earnings for the first half of this year because of “intentional” accounting errors.

The Advisor Group's broker-dealers were formerly run by Larry Roth, now chief executive of Cetera Financial Group, the group of broker-dealers owned by RCS Capital Corp. (RCAP).

RCAP itself is now engaged in open warfare with its sister company American Realty Capital Properties (ARCP) over the

surprise announcement early Monday by RCAP that it was backing away from its pending \$700 million purchase of Cole Capital from ARCP.

Both companies are connected to REIT magnate Nicholas Schorsch, who is the chairman and former chief executive officer of ARCP and executive chairman of the board of RCAP.

The Advisor Group's move puts additional pressure on Schorsch's non-traded REIT empire. Last week, National Planning Holdings and Securities America Inc. stopped selling American Realty products.

Other broker-dealers are re-evaluating their sales as well. "It's being talked about at all these firms," said recruiter Jon Henschen of Henschen Associates LLC.

"We're definitely going back and looking at [American Realty Capital] products," confirmed an executive at a mid-sized broker-dealer who asked not to be identified.

Spokespersons for ARCP and RCAP were not available for comment.