

Vereit Reaches Settlement with Additional Shareholders

Vereit Inc. (NYSE: VER), a publicly traded REIT formerly known as American Realty Capital Properties (ARCP), has agreed to settle claims with additional shareholders stemming from the legacy company's highly publicized 2014 accounting scandal. ARCP was founded by Nicholas Schorsch and his partners at AR Global (formerly AR Capital).

The shareholders have decided not to participate as class members in the class action pending in the United States District Court for the Southern District of New York after the shareholders' counsel approached the company seeking a resolution of their potential claims.

The shareholders have agreed to release claims against Vereit related to the purchase or sale of the company's securities during the period at issue in the class action lawsuit in exchange for \$15.7 million. The settlement agreements do not contain any admission of liability, wrongdoing or responsibility by any of the parties.

Vereit has now settled claims to the tune of \$233.2 million, brought by entities that hold approximately 33.5 percent of its stock. The company reached settlement agreements with [Vanguard for \\$90 million](#) in June 2018, [eight plaintiffs for \\$85 million](#) in October 2018, and another [four plaintiffs for \\$42.5 million](#) in October 2018.

ARCP was founded by Nicholas Schorsch and his partners at AR Global (formerly AR Capital) including William Kahane, Brian Block, Michael Weil, and Peter Budko. Block and former chief accounting officer Lisa McAlister were convicted of fraudulently inflating ARCP's second quarter 2014 financials by \$13 million. Block was sentenced to 18 months in federal

prison for his role in the scandal and is attempting to appeal his conviction, while McAlister cooperated with the prosecution.

After the accounting misdeed was revealed, ARCP's market value dropped by more than \$3 billion and Schorsch eventually resigned as executive chairman. ARCP then replaced its board members and senior management team and rebranded as Vereit – a blend of veritas, the Latin word meaning truth, and REIT.

Multiple securities class action complaints were filed against the company and its officers in the United States District Court for the Southern District of New York.

Vereit previously settled with Vanguard Specialized Funds, BlackRock ACS US Equity Tracker Fund, Clearline Capital Partners, Eton Park Fund, HG Vora Special Opportunities Master Fund, Pentwater Equity Opportunities Master Fund, PIMCO Diversified Income Fund, Reliance Standard Life Insurance Co, and Twin Securities, Archer Capital Master Fund, Atlas Master Fund, Fir Tree Capital Opportunity Master Fund, and Cohen & Steers Institutional Realty Shares.

Vereit maintains the ability to pursue claims against third parties, including claims for contribution for amounts paid in the settlements.

Vereit shares opened at \$8.21 and closed at \$8.33 on Monday.

Vereit is a full-service real estate operating company which owns and manages one of the largest portfolios of single-tenant commercial properties in the U.S. The company has a total asset book value of \$14.1 billion including approximately 4,000 properties and 93.9 million square feet.

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