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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

ANNUAL AUDITED REPORT FORM X-17A-5 PART III

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FACING PAGE Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING JANUARY 1, 2009 AND ENDING DECEMBER 31, 2009

A. REGISTRANT IDENTIFICATION

NAME OF BROKER DEALER: CAREY FINANCIAL, LLC ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY table with FIRM I.D. NO.

50 ROCKEFELLER PLAZA (No. and Street)

NEW YORK (City)

NEW YORK (State)

10020-1605 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

DAVID G. TERMINE

(212) 492-1100

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

PRICEWATERHOUSECOOPERS LLP

(Name - if individual, state last, first, middle name)

300 MADISON AVENUE (Address)

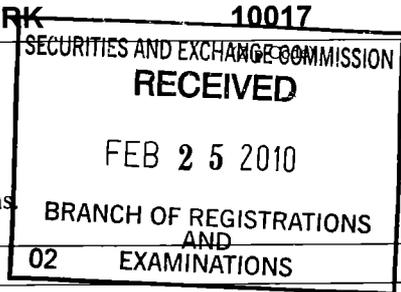
NEW YORK (City)

NEW YORK (State)

10017

CHECK ONE:

- Checked box: Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions



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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OF AFFIRMATION

I, HARALD PAUMGARTEN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CAREY FINANCIAL, LLC, as of DECEMBER 31, 2009, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Harald Paumgarten  
Signature

CHAIRMAN OF THE BOARD  
Title

H. Cha  
Notary Public

HSIN CHA HSU  
NOTARY PUBLIC, STATE OF NEW YORK  
No. C1HS6097563  
QUALIFIED IN NEW YORK COUNTY  
MY COMMISSION EXPIRES AUG. 25, 2011

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Member's Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Supplemental Computation of Net Capital under Rule 15c3-1.
- (h) Supplemental Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

**Carey Financial, LLC**  
**Statement of Financial Condition**  
**December 31, 2009**

**REPORT OF INDEPENDENT AUDITORS**

To the Board of Directors and Managers of  
Carey Financial, LLC:

In our opinion, the accompanying statement of financial condition and the related statements of operations, changes in member's equity and cash flows present fairly, in all material respects, the financial position of Carey Financial, LLC (the "Company") at December 31, 2009, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 5 to the financial statements, Carey Asset Management Corp. ("CAM"), the Company's parent company, has agreed to fund losses of the Company in 2010 as necessary to continue normal business operations and to keep the Company within FINRA's capital requirements.



February 24, 2010

**Carey Financial, LLC**  
**Statement of Financial Condition**  
**December 31, 2009**

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**Assets**

Cash and cash equivalents	\$ 1,706,458
Due from affiliates	21,747
Fixed assets, net of accumulated depreciation	53,067
Other assets	<u>179,787</u>
Total assets	<u>\$ 1,961,059</u>

**Liabilities and Member's Equity**

Payable to affiliate	\$ 84,282
Accrued compensation expenses	1,000,663
Accrued selected dealer fees and other expenses	<u>205,456</u>
Total liabilities	<u>1,290,401</u>
Commitments and contingencies	
Common stock, \$1.00 par value; authorized, 10,000 shares; issued and outstanding, 1,000 shares	1,000
Additional paid-in capital	28,938,135
Accumulated deficit	<u>(28,268,477)</u>
Total member's equity	<u>670,658</u>
Total liabilities and member's equity	<u>\$ 1,961,059</u>

The accompanying notes are an integral part of the financial statement.

# Carey Financial, LLC

## Notes to Financial Statements

### December 31, 2009

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#### 1. Organization

Carey Financial Corporation was incorporated on May 1, 1984, under the laws of the State of Delaware and was owned 100% by W. P. Carey & Co. LLC ("W. P. Carey") through June 30, 2005. Effective July 1, 2005, Carey Financial Corporation converted to a Delaware limited liability company and changed its name to Carey Financial, LLC (the "Company"). Immediately prior to July 1, 2005, Carey Asset Management Corp. ("CAM"), an affiliated subsidiary of W. P. Carey, acquired sole ownership of the Company. The Company is registered as a broker-dealer with the Securities and Exchange Commission (the "Commission") and the Financial Industry Regulatory Authority ("FINRA") The Company's primary business activity during 2009 was as the sales agent for Corporate Property Associates 17-Global Incorporated ("CPA<sup>®</sup>:17 - Global"), a Maryland corporation affiliated with W. P. Carey.

#### 2. Significant Accounting Policies

##### Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

##### Cash Equivalents

The Company considers all short-term, highly liquid investments that are both readily convertible to cash and have a maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents at December 31, 2009 include \$1,635,785 invested in one money market fund.

##### Income Recognition

Pursuant to its sales agency agreement with CPA<sup>®</sup>:17 - Global, the Company earned a wholesaling fee of \$0.15 per share on the sale of shares of CPA<sup>®</sup>:17 - Global totaling \$6,550,403 during 2009. In addition to the wholesaling fee paid to the Company, a selected dealer fee of \$0.20 per share sold and selling commissions equal to \$0.65 per share sold, are due to the Company, and may be reallocated in whole or part to selected dealers for shares sold by the selected dealers. During 2009, the Company paid selected dealer fees and selling commissions and subsequently received reimbursement from an affiliate in the amount of \$37,565,045. These amounts are recorded on a trade-date basis and are reported in the statement of operations as Commissions from affiliate and Commission re-allowance.

##### Income Taxes

The accounts of the Company are included in the consolidated tax return of CAM. However, for separate financial statement purposes, income taxes are computed on a separate company basis under which the Company computes its current and deferred taxes as if it were a separate tax payer. To the extent that net tax assets (including net operating losses) are generated by the Company, which cannot be utilized on a separate company basis, a valuation allowance is established.

##### Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and the disclosure of contingent amounts in the financial statements. Actual results could differ from those estimates.

**Carey Financial, LLC**  
**Notes to Financial Statements**  
**December 31, 2009**

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**3. Regulatory Requirements**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain minimum net capital of the higher of \$5,000 or 6-2/3% of its aggregate indebtedness, as defined. At December 31, 2009, the Company had excess net capital as defined of \$297,314. The Company's net capital ratio ("aggregate indebtedness" to "net capital" as defined under the Rule) at December 31, 2009 was 3.37 to 1.

The Company is exempt from Rule 15c3-3 of the Securities Exchange Act of 1934 under paragraph (k)(2)(i) as it does not maintain customer accounts, nor does it hold securities for customers.

**4. Income Taxes**

In the year ended December 31, 2004 and in the period from January 1, 2005 through June 30, 2005, the Company had net operating losses in excess of those amounts which could be carried back. The current year operating loss is being used by CAM in its consolidated tax filing. On a stand alone basis, the Company could use the deferred tax asset itself if the Company generates income. The Company had operating losses in the period July 1, 2005 through December 31, 2009 and has no current significant revenue source. Therefore, the Company has recorded a deferred tax asset of approximately \$13,550,000 and a valuation allowance for the entire amount of the deferred tax asset, as it is more likely than not that all of the deferred tax assets will not be realized. The net operating loss carryforwards for the year ended December 31, 2004 and in the period from January 1, 2005 through June 30, 2005 will expire in 2025-2026.

**5. Related-Party Transactions**

W. P. Carey, and its affiliates, have provided the Company with administrative personnel, facilities and services as have been required in the normal conduct of the Company's business for the year ended December 31, 2009. CAM and an affiliated management services company charge a portion of the salaries and other compensation of their employees who work directly on activities for the Company.

The Company is currently evaluating several options, including the potential addition of personnel and services to increase net operating income in the future. CAM agreed to fund losses of the Company in 2010 as necessary to continue normal business operations and to keep the Company within FINRA capital requirements. During 2009, the Company received \$5,950,000 of contributed capital from CAM.

Due from affiliates includes offering and organization costs receivable of \$965 and \$20,782 from Carey Watermark Investors and CPA<sup>®</sup>:17 - Global, respectively. Accounts payable to affiliate represents certain compensation and operating reimbursements due to CAM and other affiliates.

**6. Commitments and Contingencies**

In the normal course of business, the Company is involved in various claims and legal proceedings. The results of these matters are not expected to have a material adverse effect on the Company's financial position or results of operations.

**Report of Independent Auditors on Internal Control Required  
By SEC Rule 17a-5(g)(1)**

To the Board of Directors and Member of  
Carey Financial, LLC:

In planning and performing our audit of the financial statements and supplemental schedule of Carey Financial, LLC (the "Company") as of and for the year ended December 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in making the following:

1. The periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13; and
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to

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permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first, second, and third paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2009 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, shareholders, management, the SEC, FINRA, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.



February 24, 2010