

ADCARE HEALTH SYSTEMS, INC  
Form SC 13G/A  
August 21, 2014

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

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**SCHEDULE 13G\***

(Rule 13d-102)

Under the Securities Exchange Act of 1934

(Amendment No. 2)

AdCare Health Systems, Inc.  
(Name of Issuer)

Common Stock  
(Title of Class of Securities)

00650W300  
(CUSIP Number)

August 19, 2014  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

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\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

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NAMES OF REPORTING PERSONS

1. Anthony J. Cantone

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

2. (a)   
(b)

SEC USE ONLY

3.

CITIZENSHIP OR PLACE OF ORGANIZATION

4. US

SOLE VOTING POWER

NUMBER OF SHARES 5. 1,902,699, comprising 520,551 shares of Common Stock, warrants for 475,000 shares of Common Stock and 907,148 shares of Common Stock issuable under convertible notes issued in 2012

SHARED VOTING POWER

BENEFICIALLY OWNED BY 6. 0

SOLE DISPOSITIVE POWER

EACH REPORTING PERSON 7. 1,902,699, comprising 520,551 shares of Common Stock, warrants for 475,000 shares of Common Stock and 907,148 shares of Common Stock issuable under convertible notes issued in 2012

SHARED DISPOSITIVE POWER

8. PERSON WITH 0

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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1,902,699, comprising 520,551 shares of Common Stock, warrants for 475,000 shares of Common Stock and 907,148 shares of Common Stock issuable under convertible notes issued in 2012

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

10.           o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11.           9.76%

TYPE OF REPORTING PERSON

12.           IN

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NAMES OF REPORTING PERSONS

1. Cantone Research, Inc.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

2. (a)   
(b)

SEC USE ONLY

3.

CITIZENSHIP OR PLACE OF ORGANIZATION

4. Delaware

SOLE VOTING POWER

NUMBER OF 5.  
SHARES 0

SHARED VOTING POWER

BENEFICIALLY OWNED BY 6. 244,200, comprising 69,200 shares of Common Stock and warrants for 175,000 shares of Common Stock

SOLE DISPOSITIVE POWER

EACH REPORTING 7.  
PERSON 0

SHARED DISPOSITIVE POWER

PERSON WITH 8. 244,200, comprising 69,200 shares of Common Stock and warrants for 175,000 shares of Common Stock

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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244,200, comprising 69,200 shares of Common Stock and warrants for 175,000 shares of Common Stock

CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

10.           o

PERCENT OF CLASS REPRESENTED Y AMOUNT IN ROW (9)

11.           1.25%

TYPE OF REPORTING PERSON

12.           BD

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NAMES OF REPORTING PERSONS

1. Attosa Financial LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

2. (a)   
(b)

SEC USE ONLY

3.

CITIZENSHIP OR PLACE OF ORGANIZATION

4.

PENNSYLVANIA  
SOLE VOTING POWER

NUMBER OF 5.  
SHARES 0

SHARED VOTING POWER

BENEFICIALLY 6.

OWNED BY 80,838, comprised of shares of Common Stock

SOLE DISPOSITIVE POWER

EACH 7.  
0

REPORTING

SHARED DISPOSITIVE POWER

PERSON WITH 8. 80,838, comprised of shares of Common Stock

9. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

80,838, comprised of shares of Common Stock

CHECK IF THE AGGREGATE AMOUNT IN  
ROW (9) EXCLUDES CERTAIN SHARES

10.           o

PERCENT OF CLASS REPRESENTED BY  
AMOUNT IN ROW (9)

11.           0.41%

TYPE OF REPORTING PERSON

12.           CO



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NAMES OF REPORTING PERSONS

1. Cantone Asset Management LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

2. (a)

(b)

SEC USE ONLY

3.

CITIZENSHIP OR PLACE OF ORGANIZATION

4.

PENNSYLVANIA  
SOLE VOTING POWER

NUMBER OF 5.

SHARES

SHARED VOTING POWER

BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH 6. 917,269, comprising warrants to purchase 300,000 shares of Common Stock and 617,269 shares of Common Stock issuable upon the conversion of convertible notes issued in 2012

7. SOLE DISPOSITIVE POWER

REPORTING PERSON WITH 0

SHARED DISPOSITIVE POWER

8. 917,269, comprising warrants to purchase 300,000 shares of Common Stock and 617,269 shares of Common Stock issuable upon the conversion of convertible notes issued in 2012

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9. 917,269, comprising warrants to purchase 300,000 shares of Common Stock and 617,269 shares of Common Stock issuable upon the conversion of convertible notes issued in 2012

10. CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11. 4.71%

TYPE OF REPORTING PERSON

12. CO

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**Item 1(a).** Name of Issuer:

The name of the issuer is AdCare Health Systems, Inc. (the “Company”).

**Item 1(b).** Address of Issuer’s Principal Executive Offices:

The Company’s principal executive offices are located at 1145 Hembree Road, Roswell, Georgia 30076

**Item 2(a).** Name of Person Filing:

This amended statement is filed by:

- (i) Cantone Research, Inc. (“CRI”), a New Jersey corporation, with respect to shares of Common Stock and warrants to purchase Common Stock of the Company owned directly by it;
- (ii) Attosa Financial LLC (“Attosa”), a Pennsylvania limited liability company, with respect to shares of Common Stock of the Company directly owned by it;
- (iii) Cantone Asset Management LLC (“CAM”), a Pennsylvania limited liability company, with respect to shares of Common Stock of the Company directly owned by it, and

Anthony J. Cantone, who is President and Chief Executive Officer and sole shareholder of CRI and is managing (iv) member of Attosa and CAM, with respect to shares of Common Stock owned directly by himself as an individual and by CRI, Attosa and CAM.

The foregoing persons are hereinafter sometimes collectively referred to as the “Reporting Persons.” Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party;

**Item 2(b).** Address of Principal Business Office, or if none, Residence:

The address of the business office of each of the Reporting Persons is 766 Shrewsbury Avenue, Tinton Falls, NJ 07724.

**Item 2(c).** Citizenship:

Anthony J. Cantone is a United States citizen. CRI is a corporation organized under the laws of the State of New Jersey. Attosa is a limited liability company organized under the laws of the Commonwealth of Pennsylvania. CAM is a limited liability company organized under the laws of the Commonwealth of Pennsylvania.

**Item 2(d).** Title of Class of Securities:

Common Stock, no par value (the "Common Stock")

**Item 2(e).** CUSIP Number:

00650W300

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**Item 3.** If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is  
a:

(a)  Broker or dealer registered under Section 15 of the Act,

(b)  Bank as defined in Section 3(a)(6) of the Act,

(c)  Insurance Company as defined in Section 3(a)(19) of the Act,

(d)  Investment Company registered under Section 8 of the Investment Company Act of 1940,

(e)  Investment Adviser in accordance with Rule 13d-1(b)(1)(ii)(E),

(f)  Employee Benefit Plan or Endowment Fund in accordance with 13d-1 (b)(1)(ii)(F),

(g)  Parent Holding Company or control person in accordance with Rule 13d-1 (b)(1)(ii)(G),

(h)  Savings Association as defined in Section 3(b) of the Federal Deposit Insurance Act,

(i)  Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940,

(j)  Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

Not applicable.

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**Item 4. Ownership:**

**A. Anthony J. Cantone**

(a) Amount beneficially owned: 1,902,699

Percent of class: 9.76%. The percentages used in this Item 4 and elsewhere in this Form 13G are calculated based upon 18,106,446 shares of Common Stock with no par value outstanding as of August 20, 2014, as

(b) provided to the Reporting Persons by the Company, plus 907,148 shares issuable to the Reporting Persons under convertible notes issued in 2012 and 475,000 shares issuable to the Reporting Persons under warrants to purchase Common Stock.

Sole power to vote or direct the vote: 1,902,699, comprising 520,551 shares of Common Stock, warrants

(c) (i) for 475,000 shares of Common Stock and 907,148 shares of Common Stock issuable under convertible notes issued in 2012.

(ii) Shared power to vote or direct the vote: 0

Sole power to dispose or direct the disposition: 1,902,699, comprising 520,551 shares of Common Stock,

(iii) warrants for 475,000 shares of Common Stock and 907,148 shares of Common Stock issuable under convertible notes issued in 2012.

(iv) Shared power to dispose or direct the disposition: 0

Because Anthony J. Cantone, the President and Chief Executive Officer of CRI, holds all of the outstanding shares of CRI, Mr. Cantone may be deemed to beneficially own the shares of Common Stock beneficially owned by CRI. In addition, because Mr. Cantone is the managing member of Attosa, he may be deemed to beneficially own the shares of Common Stock beneficially owned by Attosa, except those being held for third parties. Further, because Mr. Cantone is the managing member of CAM, he may be deemed to beneficially own the shares of Common Stock beneficially owned by CAM.

**B. Cantone Research, Inc.**

(a) Amount beneficially owned: 244,200

(b) Percent of class: 1.25%

(c) (i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 244,200, comprising 69,200 shares of Common Stock and warrants for 175,000 shares of Common Stock

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 244,200, comprising 69,200 shares of Common Stock and warrants for 175,000 shares of Common Stock

**C. Attosa Financial LLC**

(a) Amount beneficially owned: 80,838

(b) Percent of class: 0.41%

(c) (i) Sole power to vote or direct the vote: -0-

(ii) Shared power to vote or direct the vote: 80,838 shares of Common Stock

(iii) Sole power to dispose or direct the disposition: -0-

(iv) Shared power to dispose or direct the disposition: 80,838 shares of Common Stock

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**D. Cantone Asset Management LLC**

(a) Amount beneficially owned: 917,269

(b) Percent of class: 4.71%

(c) (i) Sole power to vote or direct the vote: -0-

Shared power to vote or direct the vote: 917,269, comprising warrants to purchase 300,000 shares of

(ii) Common Stock and 617,269 shares of Common Stock issuable upon the conversion of convertible notes issued in 2012

(iii) Sole power to dispose or direct the disposition: -0-

Shared power to dispose or direct the disposition: 917,269, comprising warrants to purchase 300,000

(iv) shares of Common Stock and 617,269 shares of Common Stock issuable upon the conversion of convertible notes issued in 2012

**Item 5. Ownership of Five Percent or Less of a Class:**

Not applicable.

**Item 6. Ownership of More than Five Percent on Behalf of Another Person:**

Certain of the shares of Common Stock directly owned by Mr. Cantone are owned jointly as community property with his wife. In addition, Mr. Cantone is the managing member of Attosa and CAM and in that capacity directs their operations.

**Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on By the Parent Holding Company or Control Person:**

Not applicable.

**Item 8. Identification and Classification of Members of the Group:**

See Item 2.

**Item 9. Notice of Dissolution of Group:**



Not applicable.

**Item 10. Certification:**

Each of the Reporting Persons hereby makes the following certification:

By signing below we certify that, to the best of our knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose and effect.

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SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

Dated: August 20, 2014

ANTHONY J. CANTONE

By: /s/ Anthony J. Cantone

CANTONE RESEARCH,  
INC.

By: /s/ Anthony J. Cantone  
Anthony J. Cantone  
President and CEO

ATTOSA FINANCIAL  
LLC

By: /s/ Anthony J. Cantone  
Anthony J. Cantone  
Managing Member

CANTONE ASSET  
MANAGEMENT, LLC

By: /s/ Anthony J. Cantone  
Anthony J. Cantone  
Managing Member