

AMERICAN RETIREMENT CORP  
 Form 4  
 January 20, 2006

**FORM 4**

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

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 Jarvis David R

2. Issuer Name and Ticker or Trading Symbol  
 AMERICAN RETIREMENT CORP  
 [ACR]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction  
 (Month/Day/Year)

\_\_\_\_ Director  
 \_\_\_\_ Officer (give title below)  
 \_\_\_X\_\_\_ 10% Owner  
 \_\_\_\_ Other (specify below)

C/O MERCURY REAL ESTATE ADVISORS LLC, 100 FIELD POINT ROAD

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 \_\_\_ Form filed by One Reporting Person  
 \_\_\_X\_\_\_ Form filed by More than One Reporting Person

(Street)

GREENWICH, CT 06830

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
				Code	V	Amount	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474  
 (9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

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1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Security (Instr. 3 and 4)			
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Equity Swap (obligation to buy) <sup>(1)</sup> <sub>(2)</sub>	\$ 13.42	07/28/2005		J/K <sup>(1)(2)</sup>	1			07/28/2005	05/24/2007	Common Stock	12,000
Equity Swap (obligation to buy) <sup>(3)</sup>	\$ 13.42	07/28/2005		J/K <sup>(1)(2)</sup>	1			07/28/2005	05/24/2007	Common Stock	12,000
Equity Swap (obligation to buy) <sup>(4)</sup>	\$ 13.42	07/28/2005		J/K <sup>(1)(2)</sup>	1			07/28/2005	05/24/2007	Common Stock	12,000
Equity Swap (obligation to buy) <sup>(5)</sup>	\$ 14.088	07/29/2005		J/K <sup>(5)</sup>	1			07/29/2005	05/24/2007	Common Stock	30,000
Equity Swap (obligation to buy) <sup>(6)</sup>	\$ 14.088	07/29/2005		J/K <sup>(6)</sup>	1			07/29/2005	05/24/2007	Common Stock	18,800
Equity Swap (obligation to buy) <sup>(8)</sup>	\$ 14.088	07/29/2005		J/K <sup>(5)(6)(7)</sup>	3			07/29/2005	05/24/2007	Common Stock	50,000
Equity Swap (obligation to buy) <sup>(9)</sup>	\$ 14.088	07/29/2005		J/K <sup>(5)(6)(7)</sup>	3			07/29/2005	05/24/2007	Common Stock	50,000

## Reporting Owners

Reporting Owner Name / Address

Relationships

Director 10% Owner Officer Other

Jarvis David R  
C/O MERCURY REAL ESTATE ADVISORS LLC  
100 FIELD POINT ROAD  
GREENWICH, CT 06830 X

MacLean Malcolm F IV  
C/O MERCURY REAL ESTATE ADVISORS LLC  
100 FIELD POINT ROAD  
GREENWICH, CT 06830 X

Mercury Real Estate Securities Offshore Fund, Ltd.  
C/O MERCURY REAL ESTATE ADVISORS LLC  
100 FIELD POINT ROAD  
GREENWICH, CT 06830 X

Mercury Special Situations Offshore Fund Ltd  
C/O MERCURY REAL ESTATE ADVISORS LLC  
100 FIELD POINT ROAD  
GREENWICH, CT 06830 X

## Signatures

/s/ David R. Jarvis 01/20/2006  
 \*\*Signature of Reporting Person Date

/s/ Malcolm F. MacLean IV 01/20/2006  
 \*\*Signature of Reporting Person Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) On July 28, 2005, Mercury Real Estate Advisors, LLC ("Advisors"), a registered investment adviser, entered into a cash settled equity swap agreement with a securities broker ("Broker") on behalf of Mercury Real Estate Securities Offshore Fund, Ltd. ("MRESOF"), for which Advisors serves as the investment adviser. Mr. David R. Jarvis and Mr. Malcolm F. MacLean IV are managing members of Advisors. The settlement date of the swap agreement is May 24, 2007. (Continued to FootNote 2)

(2) On such date, MRESOF or Broker, as applicable, will be required to make a payment to the other such that the resulting economic effect of the swap arrangement will be as if (i) MRESOF paid Broker \$161,040, representing \$13.42 for each share of ACR common stock subject to this agreement as of July 28, 2005, and (ii) Broker paid to MRESOF the market value of 12,000 shares of ACR common stock as of May 24, 2007. Any dividends received by Broker on account of the common stock subject to this agreement will be paid to MRESOF and MRESOF will pay to Broker a finance charge.

(3) This swap arrangement was entered into by Advisors on behalf of MRESOF. Mr. Jarvis disclaims beneficial ownership of the securities held directly by MRESOF except to the extent of the pecuniary interest, if any, in such securities as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from MRESOF. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(4) This swap arrangement was entered into by Advisors on behalf of MRESOF. Mr. MacLean disclaims beneficial ownership of the securities held directly by MRESOF except to the extent of the pecuniary interest, if any, in such securities as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from MRESOF. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(5) On July 29, 2005, Advisors entered into a cash settled equity swap agreement with Broker on behalf of MRESOF. The settlement date of the swap agreement is May 24, 2007. On such date, MRESOF or Broker, as applicable, will be required to make a payment to the other

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such that the resulting economic effect of the swap arrangement will be as if (i) MRESOF paid Broker \$422,625, representing \$14.088 for each share of ACR common stock subject to this agreement as of July 29, 2005, and (ii) Broker paid to MRESOF the market value of 30,000 shares of ACR common stock as of May 24, 2007. Any dividends received by Broker on account of the common stock subject to this agreement will be paid to MRESOF and MRESOF will pay to Broker a finance charge.

On July 29, 2005, Advisors entered into a cash settled equity swap agreement with Broker on behalf of Mercury Special Situations Offshore Fund, Ltd. ("MSSOF"), for which Advisors serves as the investment adviser. The settlement date of the swap agreement is May 24, 2007. On such date, MSSOF or Broker, as applicable, will be required to make a payment to the other such that the resulting

- (6) economic effect of the swap arrangement will be as if (i) MSSOF paid Broker \$265,211.28, representing \$14.088 for each share of ACR common stock subject to this agreement as of July 29, 2005, and (ii) Broker paid to MSSOF the market value of 18,826 shares of ACR common stock as of May 24, 2007. Any dividends received by Broker on account of the common stock subject to this agreement will be paid to MSSOF and MSSOF will pay to Broker a finance charge.

On July 29, 2005, Advisors entered into a cash settled equity swap agreement with a Broker on behalf of certain managed accounts (the "Managed Accounts"), for which Advisors serves as the investment adviser. The settlement date of the swap agreement is May 24, 2007.

- (7) On such date, the Managed Accounts or Broker, as applicable, will be required to make a payment to the other such that the resulting economic effect of the swap arrangement will be as if (i) the Managed Accounts paid Broker \$16,538.73, representing \$14.088 for each share of ACR common stock subject to this agreement as of July 29, 2005, and (ii) Broker paid to the Managed Accounts the market value of 1,174 shares of ACR common stock as of May 24, 2007. Any dividends received by Broker on account of the common stock subject to this agreement will be paid to the Managed Accounts and the Managed Accounts will pay to Broker a finance charge.

These swap arrangements were entered into by Advisors on behalf of MRESOF, MSSOF and the Managed Accounts. Mr. Jarvis disclaims beneficial ownership of the securities held directly by MRESOF, MSSOF and the Managed Accounts except to the extent of the

- (8) pecuniary interest, if any, in such securities as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from MRESOF, MSSOF and the Managed Accounts. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

These swap arrangements were entered into by Advisors on behalf of MRESOF, MSSOF and the Managed Accounts. Mr. MacLean disclaims beneficial ownership of the securities held directly by MRESOF, MSSOF and the Managed Accounts except to the extent of the

- (9) pecuniary interest, if any, in such securities as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from MRESOF, MSSOF and the Managed Accounts. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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