

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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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**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)  
 07/25/2005

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

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

(Street)

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

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)                                                        | Code V Amount (D) Price                                                                       |                                                          |                                   |

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

**Persons who 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.**

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 Underlying Security (Instr. 3 and 4) |              |
|----------------------------------------------------------|--------------------------------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------|---------------------------------------------------|--------------|
|                                                          |                                                        |                                      |                                                    | Code                           | V (A) (D)                                                                               | Date Exercisable                                         | Expiration Date                                   | Title        |
| Equity Swap (obligation to buy) <u>(1)</u><br><u>(2)</u> | \$ 13.883                                              | 07/25/2005                           |                                                    | J/K <u>(1)(2)</u>              | 1                                                                                       | 07/25/2005                                               | 05/24/2007                                        | Common Stock |
| Equity Swap (obligation to buy) <u>(3)</u>               | \$ 13.883                                              | 07/25/2005                           |                                                    | J/K <u>(1)(2)</u>              | 1                                                                                       | 07/25/2005                                               | 05/24/2007                                        | Common Stock |
| Equity Swap (obligation to buy) <u>(4)</u>               | \$ 13.883                                              | 07/25/2005                           |                                                    | J/K <u>(4)</u>                 | 1                                                                                       | 07/25/2005                                               | 05/24/2007                                        | Common Stock |
| Equity Swap (obligation to buy) <u>(5)</u>               | \$ 13.883                                              | 07/25/2005                           |                                                    | J/K <u>(5)</u>                 | 1                                                                                       | 07/25/2005                                               | 05/24/2007                                        | Common Stock |
| Equity Swap (obligation to buy) <u>(7)</u>               | \$ 13.883                                              | 07/25/2005                           |                                                    | J/K <u>(1)(2)(4)(5)(6)</u>     | 4                                                                                       | 07/25/2005                                               | 05/24/2007                                        | Common Stock |
| Equity Swap (obligation to buy) <u>(8)</u>               | \$ 13.883                                              | 07/25/2005                           |                                                    | J/K <u>(1)(2)(4)(5)(6)</u>     | 4                                                                                       | 07/25/2005                                               | 05/24/2007                                        | Common Stock |
| Equity Swap (obligation to buy) <u>(9)</u>               | \$ 13.457                                              | 07/26/2005                           |                                                    | J/K <u>(9)</u>                 | 1                                                                                       | 07/26/2005                                               | 05/24/2007                                        | Common Stock |
| Equity Swap (obligation to buy) <u>(10)</u>              | \$ 13.457                                              | 07/26/2005                           |                                                    | J/K <u>(9)</u>                 | 1                                                                                       | 07/26/2005                                               | 05/24/2007                                        | Common Stock |

|                                                 |           |            |                     |   |            |            |              |
|-------------------------------------------------|-----------|------------|---------------------|---|------------|------------|--------------|
| Equity Swap (obligation to buy) <sup>(11)</sup> | \$ 13.457 | 07/26/2005 | J/K <sup>(9)</sup>  | 1 | 07/26/2005 | 05/24/2007 | Common Stock |
| Equity Swap (obligation to buy) <sup>(12)</sup> | \$ 13.44  | 07/27/2005 | J/K <sup>(12)</sup> | 1 | 07/27/2005 | 05/24/2007 | Common Stock |
| Equity Swap (obligation to buy) <sup>(13)</sup> | \$ 13.44  | 07/27/2005 | J/K <sup>(12)</sup> | 1 | 07/27/2005 | 05/24/2007 | Common Stock |
| Equity Swap (obligation to buy) <sup>(14)</sup> | \$ 13.44  | 07/27/2005 | J/K <sup>(12)</sup> | 1 | 07/27/2005 | 05/24/2007 | Common Stock |

## Reporting Owners

| Reporting Owner Name / Address                                                                                                      | Relationships |           |         |       |
|-------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------|---------|-------|
|                                                                                                                                     | Director      | 10% Owner | Officer | Other |
| Jarvis David R<br>C/O MERCURY REAL ESTATE ADVISORS LLC<br>100 FIELD POINT ROAD<br>GREENWICH, CT 06830                               |               | X         |         |       |
| MacLean Malcolm F IV<br>C/O MERCURY REAL ESTATE ADVISORS LLC<br>100 FIELD POINT ROAD<br>GREENWICH, CT 06830                         |               | X         |         |       |
| Mercury Special Situations Fund LP<br>C/O MERCURY REAL ESTATE ADVISORS LLC<br>100 FIELD POINT ROAD<br>GREENWICH, CT 06830           |               | X         |         |       |
| Mercury Securities II LLC<br>C/O MERCURY REAL ESTATE ADVISORS LLC<br>100 FIELD POINT ROAD<br>GREENWICH, CT 06830                    |               | X         |         |       |
| Mercury Special Situations Offshore Fund Ltd<br>C/O MERCURY REAL ESTATE ADVISORS LLC<br>100 FIELD POINT ROAD<br>GREENWICH, CT 06830 |               | X         |         |       |
| Silvercreek SAV LLC<br>C/O MERCURY REAL ESTATE ADVISORS LLC<br>100 FIELD POINT ROAD<br>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

## Signatures

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

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

## 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 25, 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 Special Situations Fund LP ("MSSF"), 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)  
  
 On such date, MSSF 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) MSSF paid Broker \$51,588.86, representing \$13.883 for each share of ACR common stock subject to this agreement as of July 25, 2005, and (ii) Broker paid to MSSF the market value of 3,716 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 MSSF and MSSF will pay to Broker a finance charge.
  - (2) This swap arrangement is held directly by MSSF. Mercury Securities II LLC ("MS II LLC") is the general partner of MSSF. MS II LLC disclaims beneficial ownership of the securities held directly by MSSF except to the extent of the pecuniary interest, if any, in such securities as a result of its partnership interest in MSSF.
  - (3) On July 25, 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 economic effect of the swap arrangement will be as if (i) MSSOF paid Broker \$173,508.48, representing \$13.883 for each share of ACR common stock subject to this agreement as of July 25, 2005, and (ii) Broker paid to MSSOF the market value of 12,498 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.
  - (4) On July 25, 2005, Advisors entered into a cash settled equity swap agreement with Broker on behalf of Silvercreek SAV LLC ("Silvercreek"), for which Advisors serves as the investment adviser. The settlement date of the swap agreement is May 24, 2007. On such date, Silvercreek 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) Silvercreek paid Broker \$21,046.48, representing \$13.883 for each share of ACR common stock subject to this agreement as of July 25, 2005, and (ii) Broker paid to Silvercreek the market value of 1,516 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 Silvercreek and Silvercreek will pay to Broker a finance charge.
  - (5) On July 25, 2005, Advisors entered into a cash settled equity swap agreement with 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. 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 \$9,301.54, representing \$13.883 for each share of ACR common stock subject to this agreement as of July 25, 2005, and (ii) Broker paid to the Managed Accounts the market value of 670 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.
  - (6) These swap arrangements were entered into by Advisors on behalf of MSSF, MSSOF, Silvercreek and the Managed Accounts. Mr. Jarvis disclaims beneficial ownership of the securities held directly by MSSF, MSSOF, Silvercreek and the Managed Accounts 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

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right to receive a performance-based advisory fee from MSSF, MSSOF, Silvercreek and the Managed Accounts, or as a result of his membership interest in MS II LLC, of which he is a managing member. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(8) These swap arrangements were entered into by Advisors on behalf of MSSF, MSSOF, Silvercreek and the Managed Accounts. Mr. MacLean disclaims beneficial ownership of the securities held directly by MSSF, MSSOF, Silvercreek and the Managed Accounts 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 MSSF, MSSOF, Silvercreek and the Managed Accounts, or as a result of his membership interest in MS II LLC, of which he is a managing member. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(9) On July 26, 2005, Advisors entered into a cash settled equity swap agreement with Broker on behalf of Mercury Real Estate Securities Offshore Fund, Ltd. ("MRESOF"), for which Advisors serves as the investment adviser. 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 such that the resulting economic effect of the swap arrangement will be as if (i) MRESOF paid Broker \$102,274.72, representing \$13.457 for each share of ACR common stock subject to this agreement as of July 26, 2005, and (ii) Broker paid to MRESOF the market value of 7,600 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.

(10) 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).

(11) 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).

(12) On July 27, 2005, Advisors entered into a cash settled equity swap agreement with Broker on behalf of MSSOF. 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 economic effect of the swap arrangement will be as if (i) MSSOF paid Broker \$224,444.66, representing \$13.44 for each share of ACR common stock subject to this agreement as of July 27, 2005, and (ii) Broker paid to MSSOF the market value of 16,700 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.

(13) This swap arrangement was entered into by Advisors on behalf of MSSOF. Mr. Jarvis disclaims beneficial ownership of the securities held directly by MSSOF 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 MSSOF. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(14) This swap arrangement was entered into by Advisors on behalf of MSSOF. Mr. MacLean disclaims beneficial ownership of the securities held directly by MSSOF 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 MSSOF. 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.

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 number.