

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)
 08/19/2005

___ 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.

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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 Securities (Instr. 3 and 4) | | |
|---|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Equity Swap (obligation to buy) ⁽¹⁾ ₍₂₎ | \$ 14.975 | 08/19/2005 | | J/K ⁽¹⁾⁽²⁾ | 1 | 08/19/2005 | 05/24/2007 | Common Stock | 5,000 |
| Equity Swap (obligation to buy) ⁽³⁾ | \$ 14.975 | 08/19/2005 | | J/K ⁽¹⁾⁽²⁾ | 1 | 08/19/2005 | 05/24/2007 | Common Stock | 5,000 |
| Equity Swap (obligation to buy) ⁽⁴⁾ | \$ 14.975 | 08/19/2005 | | J/K ⁽¹⁾⁽²⁾ | 1 | 08/19/2005 | 05/24/2007 | Common Stock | 5,000 |

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 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 August 19, 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 Offshore Fund, Ltd. ("MSSOF"), 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.

(2) 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 \$74,876, representing \$14.975 for each share of ACR common stock subject to this agreement as of August 19, 2005, and (ii) Broker paid to MRES the market value of 5,000 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 MRES and MRES will pay to Broker a finance charge.

(3) 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).

(4) 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.

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