

Shelton Clarence A III
Form 3
August 01, 2011

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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 *

Shelton Clarence A III
(Last) (First) (Middle)

1120 SHANNON LYNN SHORES

(Street)

TALLEDEGA, AL 35160

(City) (State) (Zip)

2. Date of Event Requiring Statement

(Month/Day/Year)
11/19/2010

3. Issuer Name and Ticker or Trading Symbol

ADCARE HEALTH SYSTEMS INC [ADK]

4. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer Other
(give title below) (specify below)
Senior Vice President

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

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

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)

2. Amount of Securities Beneficially Owned (Instr. 4)

3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)

4. Nature of Indirect Beneficial Ownership (Instr. 5)

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

SEC 1473 (7-02)

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.

Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 4)

2. Date Exercisable and Expiration Date (Month/Day/Year)

Date Exercisable Expiration Date

3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)

Title Amount or Number of Shares

4. Conversion or Exercise Price of Derivative Security

5. Ownership Form of Derivative Security: Direct (D) or Indirect (I)

6. Nature of Indirect Beneficial Ownership (Instr. 5)

(Instr. 5)

Options	11/19/2010 ⁽¹⁾	11/19/2015	Common Stock	25,000	\$ 4.13	D	Â
Options	06/03/2012 ⁽²⁾	06/03/2016	Common Stock	25,000	\$ 5.75	D	Â

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Shelton Clarence A III 1120 SHANNON LYNN SHORES TALLEDEGA, AL 35160	Â	Â	Â Senior Vice President	Â

Signatures

Carol Groeber for Clarence Shelton by power of attorney
08/01/2011

__Signature of Reporting Person

Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 5(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) Options vest over a three year period, 1/3 immediately, 1/3 in 2011 and 1/3 in 2012. They are not exercisable until vested.
- (2) Options vest over a three year period, 1/3 in 2012, 1/3 in 2013 and 1/3 in 2014. They are not exercisable until vested.

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.