

ADCARE HEALTH SYSTEMS INC
Form 8-K
May 10, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported): **March 4, 2013**

AdCare Health Systems, Inc.

(Exact Name of Registrant as Specified in Charter)

Ohio
(State or Other Jurisdiction of
Incorporation)

001-33135
(Commission File Number)

31-1332119
(I.R.S. Employer
Identification No.)

1145 Hembree Road

Roswell, Georgia 30076

(Address of Principal Executive Offices)

(678) 869-5116

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(Registrant's telephone number, including area code)

Not applicable.

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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subsidiaries, including the Vandalia Seller (together, the Ohio ALF Sellers), on the one hand, and CHP Acquisition Company, LLC (together, CHP) on the other hand, certain land, buildings, improvements, furniture, fixtures and equipment comprising the Hearth and Home of Vandalia facility (the Vandalia Facility) located in Vandalia, Ohio. CHP had previously assigned its rights in the Ohio Sale Agreement with respect to the Vandalia Facility to the Vandalia Purchaser.

The sale price for the Vandalia Facility consisted of, among other items: (i) an assumption, by the Vandalia Purchaser, of a mortgage in an aggregate amount of \$3,637,847.91 (the Vandalia Mortgage) that secures the Vandalia Facility; and (ii) a release of the Vandalia Seller from its obligations to Red Mortgage Capital, LLC (the Vandalia Mortgagee) and the United States Department of Housing and Urban Development (HUD) with respect to the Vandalia Mortgage, pursuant to a release and assumption agreement entered into among the Vandalia Purchaser, the Vandalia Seller, HUD and the Vandalia Mortgagee. In connection with the sale of the Vandalia Facility, the Vandalia Seller and Vandalia Purchaser also entered into an assignment and assumption agreement of trust funds and service contracts, containing customary terms and conditions.

As previously disclosed in the Company s Current Report on Form 8-K filed with the SEC on March 6, 2013, the Ohio ALF Sellers sold to CHP, pursuant to the Ohio Sale Agreement, certain land, buildings, improvements, furniture, fixtures, operating agreements and equipment comprising the facility known as the Lincoln Lodge Retirement Residence (the Lincoln Lodge Facility) located in Columbus Ohio, for an aggregate sale price of \$2,400,000. Furthermore, as previously disclosed in the Company s Current Report on Form 8-K filed with the SEC on January 4, 2013, the Ohio ALF Sellers sold to CHP, pursuant to the Ohio Sale Agreement, certain land, buildings, improvements, furniture, fixtures, operating agreements and equipment comprising the following assisted living facilities: (i) Hearth & Home of El Camino located in Springfield, Ohio; (ii) Hearth & Home of Van Wert located in Van Wert, Ohio; (iii) Hearth & Home at Harding located in Springfield, Ohio; and (iv) Hearth & Home at Urbana located in Urbana, Ohio for an aggregate sale price of \$16,097,652.80.

Item 3.02. Unregistered Sales of Equity Securities.

On March 4, 2013, the Company issued to the holder of a subordinated convertible promissory note dated October 31, 2010, 6,635 shares of Common Stock upon conversion of \$24,750 of the principal amount thereof. The conversion price was \$3.73 per share of Common Stock. The subordinated convertible note was issued, and the shares of Common Stock issued upon conversion thereof were issued, pursuant to an exemption from the registration requirements of the Securities Act of 1933, as amended (the Securities Act) afforded by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The Company relied upon such exemption based upon representations made by such holder regarding, among other things, the holder s status as an accredited investor (as such term is defined under the Securities Act).

On April 24, 2013, the Company issued to the holder of a subordinated convertible promissory note dated October 31, 2010, 67,024 shares of Common Stock upon conversion of

\$250,000 of the principal amount thereof. The conversion price was \$3.73 per share of Common Stock. The subordinated convertible note was issued, and the shares of Common Stock issued upon conversion thereof were issued, pursuant to an exemption from the registration requirements of the Securities Act afforded by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The Company relied upon such exemption based upon representations made by such holder regarding, among other things, the holder's status as an accredited investor (as such term is defined under the Securities Act).

On April 25, 2013, the Company issued to the holder of a subordinated convertible promissory note dated March 31, 2011, 10,438 shares of Common Stock upon conversion of \$50,000 of the principal amount thereof. The conversion price was \$4.79 per share of Common Stock. The subordinated convertible note was issued, and the shares of Common Stock issued upon conversion thereof were issued, pursuant to an exemption from the registration requirements of the Securities Act afforded by Section 4(2) of the Securities Act and Rule 506 of Regulation D promulgated thereunder. The Company relied upon such exemption based upon representations made by such holder regarding, among other things, the holder's status as an accredited investor (as such term is defined under the Securities Act).

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 10, 2013

ADCARE HEALTH SYSTEMS, INC.

/s/ Boyd P. Gentry
Boyd P. Gentry
Chief Executive Officer