

AMERICAN REALTY INVESTORS INC  
Form SC 13D/A  
June 21, 2017

SC 13D/A 1 ari13da14060514.htm AMERICAN REALTY INVESTORS

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**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 13D**

Under the Securities Exchange Act of 1934

(Amendment No. 15)

AMERICAN REALTY INVESTORS, INC.

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(Name of Issuer)

Common Stock, \$0.01 par value

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(Title of Class of Securities)

029174-10-9

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(CUSIP Number)

Gene S. Bertcher

1603 LBJ Freeway, Suite 300

Dallas, Texas 75234

(469) 522-4200

(469) 522-4360 (Facsimile)

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(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)

May 10, 2017

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(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rules 13d-1(b)(3) or (4), check the following box [ ].

NOTE: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7 for other parties to whom copies are to be sent.

The remainder of this cover page shall be filled out for a reporting persons's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 029174-10-9

name of reporting  
person

**1**

Realty Advisors,  
LLC

check the  
appropriate  
box if a (A)

**2**

member (B)  
of a  
group  
sec use only

**3**

source of funds

**4**

WC and OO  
check if  
disclosure of  
legal  
proceedings is  
required  
pursuant to o  
items 2(d) or  
2(e)

**5**

citizenship or  
place of  
organization

**6**

nevada

number of sole voting  
shares **7** power

beneficially **8** 7,921,508  
owned by shared  
voting  
power

each

reporting

person -0-  
sole  
dispositive  
with **9** power

7,921,508  
**10** shared  
dispositive  
power

**11** -0-  
aggregate amount  
beneficially owned  
by each reporting  
person

**12** 9,921,508  
check box  
if the  
aggregate  
amount in  
row (11)   
excludes  
certain  
shares

**13** percent of class  
represented by  
amount in row  
(11)

**14** 60.47%  
type of reporting  
person

OO

CUSIP No. 029174-10-9

name of reporting  
person

**1** RA Stock  
Holdings, Inc.  
(formerly, Prime  
Stock Holdings,  
Inc.)

**2** check the  
appropriate  
box if a (A)  
member (B)  
of a  
group  
sec use only

**3**  
  
**4** source of funds

**5** WC  
check if  
disclosure of  
legal  
proceedings is  
required  
pursuant to o  
items 2(d) or  
2(e)

**6** citizenship or  
place of  
organization

nevada  
number of sole voting  
shares **7** power  
1,459,828  
beneficially **8** shared  
voting

owned by power

each

reporting -0-  
sole  
dispositive  
person **9** power

with 1,459,828  
**10** shared  
dispositive  
power

**11** -0-  
aggregate amount  
beneficially owned  
by each reporting  
person

**12** 1,459,828  
check box  
if the  
aggregate  
amount in  
row (11)  
excludes <sup>o</sup>  
certain  
shares

**13** percent of class  
represented by  
amount in row  
(11)

**14** 9.41%  
type of reporting  
person

CO

CUSIP No. 029174-10-9

name of reporting  
person

**1**

Realty Advisors,  
Inc.

check the  
appropriate  
box if a (A)

**2**

member (B)  
of a  
group  
sec use only

**3**

source of funds

**4**

WC  
check if  
disclosure of  
legal  
proceedings is  
required  
pursuant to 0  
items 2(d) or  
2(e)

**5**

citizenship or  
place of  
organization

**6**

nevada

number of sole voting  
shares **7** power

beneficially **8** 3,988,971  
owned by shared  
voting  
power

each

reporting

person -0-  
sole  
dispositive  
with **9** power

3,988,971  
**10** shared  
dispositive  
power

**11** -0-  
aggregate amount  
beneficially owned  
by each reporting  
person

**12** 13,238,307  
check box  
if the  
aggregate  
amount in  
row (11)   
excludes  
certain  
shares

**13** percent of class  
represented by  
amount in row  
(11)

**14** 86.18%  
type of reporting  
person  
CO



CUSIP No. 029174-10-9

name of reporting  
person

**1**

Transcontinental  
Realty Investors,  
Inc.

**2**

check the  
appropriate (A)  
box if a  
member of (B)  
a group  
sec use only

**3**

source of funds

**4**

OO  
check if  
disclosure of  
legal  
proceedings is o  
required  
pursuant to  
items 2(d) or  
2(e)  
citizenship or  
place of  
organization

**5**

**6**

nevada

number of  
shares

**7**

sole voting  
power

beneficially

owned by

**8**

229,214  
shared  
voting  
power

each

reporting

**9**

-0-  
sole  
dispositive  
power

person

with 229,214  
**10** shared  
dispositive  
power

**11** -0-  
aggregate amount  
beneficially owned  
by each reporting  
person

**12** 229,214  
check box if  
the aggregate  
amount in  
row (11)   
excludes  
certain shares

**13** percent of class  
represented by  
amount in row (11)

**14** 1.48%  
type of reporting  
person  
CO

CUSIP No. 029174-10-9

name of reporting  
person

**1**

The Gene E.  
Phillips Children's  
Trust

check the  
appropriate  
box if a (A)

**2**

member (B)  
of a  
group  
sec use only

**3**

source of funds

**4**

OO  
check if  
disclosure of  
legal  
proceedings is  
required <sup>o</sup>

**5**

pursuant to  
items 2(d) or  
2(e)  
citizenship or  
place of  
organization

**6**

texas

number of  
shares **7** sole voting  
power

beneficially  
owned by **8** 27,602  
shared  
voting  
power

each

-0-

reporting person **9** sole dispositive power

with **10** 27,602 shared dispositive power

**11** -0- aggregate amount beneficially owned by each reporting person

**12** 27,602 check box if the aggregate amount in row (11) excludes certain shares 0

**13** percent of class represented by amount in row (11)

**14** 0.1779% type of reporting person

OO

CUSIP No. 029174-10-9

name of reporting  
person

**1** May Realty  
Holdings, Inc.  
(formerly, Realty  
Advisors  
Management, Inc.)

**2** check the  
appropriate  
box if a  
member (B)  
of a group  
**3** sec use only  
source of funds  
**4**

**5** WC  
check if  
disclosure of  
legal  
proceedings is  
required  
pursuant to  
items 2(d) or  
2(e)  
**6** citizenship or  
place of  
organization

nevada  
number of sole voting  
shares **7** power  
-0-  
beneficially shared  
owned by **8** voting  
power  
each  
reporting **9** -0-

person            sole  
with                dispositive  
                      power

-0-  
**10** shared  
dispositive  
power

-0-  
**11** aggregate amount  
beneficially owned  
by each reporting  
person

13,370,307  
check box if  
the  
aggregate  
amount in  
**12** row (11)    o  
excludes  
certain  
shares

**13** percent of class  
represented by  
amount in row (11)

86.18%  
**14** type of reporting  
person

CO

### **Item 1. Security and Issuer**

This Amendment No. 15 to Statement on Schedule 13D (this "Amendment No. 15") relates to shares of Common Stock, par value \$0.01 per share (the "Shares") of American Realty Investors, Inc., a Nevada corporation (the "Issuer" or "ARL"), and further amends the original Statement on Schedule 13D as amended by Amendment Nos. 1 through 14 thereto (the "Amended Statement") previously filed with the Securities and Exchange Commission (the "Commission") by the "Reporting Persons" described below. The principal executive offices of the Issuer are located at 1603 LBJ Freeway, Suite 800, Dallas, Texas 75234. The Shares are listed and traded on the New York Stock Exchange ("NYSE"). The CUSIP number of the Shares is 029174-10-9.

This Amendment No. 15 to Schedule 13D is being filed to reflect the acquisition and May 10, 2017, receipt of 132,000 Shares (0.85% of the outstanding Shares) by one of the Reporting Persons. See item 5(c) below.

### **Item 2. Identity and Background**

Item 2 of the Amended Statement is hereby further amended as follows:

(a)-(c) This Amendment No. 15 is filed on behalf of The Gene E. Phillips Children's Trust, a trust formed under the laws of the State of Texas (the "GEP Trust"), Transcontinental Realty Investors, Inc., a Nevada corporation ("TCI"), Realty Advisors, Inc. (formerly, Realty Advisors Management, Inc.), a Nevada corporation ("MRHI"), Realty Advisors, Inc., a Nevada corporation ("RAI"), the sole stockholder of which is MRHI, Realty Advisors, LLC, a Nevada limited liability company ("RALLC"), the sole member of which is RAI and RA Stock Holdings, Inc. (formerly, Prime Stock Holdings, Inc.), a Nevada corporation ("Holdings"), which is wholly owned by RALLC. Each of the Reporting Persons has its principal executive offices located at 1603 LBJ Freeway, Suite 300, Dallas, Texas 75234. All of GEP Trust, TCI, MRHI, RAI, RALLC and Holdings are collectively referred to as the "Reporting Persons." The Reporting Persons may be deemed to constitute a "person" within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended, because Holdings is owned by RALLC, the sole member of which is RAI, the sole stockholder of which is MRHI, which is beneficially owned by a trust established for the benefit of Gene E. Phillips' children. RALLC owns all of the voting securities of Holdings. The executive officers of TCI are also executive officers of MRHI, RAI and RALLC. Mr. Phillips' son, Bradford A. Phillips, serves as a Vice President of MRHI and is a beneficiary of the GEP Trust. The executive officers of ARL are also executive officers of TCI.

### **Item 3. Source and Amount of Funds or Other Consideration**

The funds utilized by RALLC to acquire the 132,000 Shares described in Item 5(c) below came from the working capital funds of RALLC.

**Item 5. Interest in Securities of the Issuer**

The Amended Statement is hereby further amended as follows:

- (a) According to the latest information available from the Issuer, as of March 31, 2017, the total number of issued and outstanding Shares was 15,514,360. As of May 10, 2017, after giving effect to the transaction described in item 5(c), the Reporting Persons own and hold directly and beneficially the following Shares as of May 10, 2017:



**Name****No. of Shares Owned Directly Approximate Percent of Class**

GEP Trust	27,602	0.178%
TCI	229,214	1.48%
RALLC	7,921,5086	60.47%
RAI	3,988,971	25.71%
MRHI	-0-	0.00%
Holdings	<u>1,459,828</u>	<u>9.41%</u>
	<u>13,627,123</u>	<u>87.78%</u>

Pursuant to Rule 13d-3 under the Exchange Act, each of the directors of Holdings may be deemed to beneficially own the number of Shares owned by Holdings described above; each of the directors of MRHI may be deemed to beneficially own the number of Shares owned by RAI, RALLC and Holdings described above; each of the managers of RALLC may be deemed to beneficially own the number of Shares beneficially owned by RALLC and Holdings; each of the directors of RAI may be deemed to beneficially own the number of Shares owned by RALLC and Holdings described above; each of the directors of TCI may be deemed to beneficially own the number of Shares owned by TCI described above; the Trustees of the GEP Trust may be deemed to beneficially own the Shares held directly by the GEP Trust. Those individuals and the number of Shares deemed beneficially owned pursuant to Rule 13d-3 and the approximate percent of the class, as well as the relationship, as of May 10, 2017, are set forth in the following table:

**Name of Director****and/or Manager Entity No. of Shares Beneficially Owned Percent of Class**

Donald W. Phillips	GEP Trust	27,602	0.178%
Mickey Ned Phillips	RALLC, RAMI, Holdings, and RAI	13,370,307	86.18%
Henry A. Butler	TCI	229,214	1.48%

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Robert A. Jakuszewski	TCI	229,214	1.48%
Ted R. Munselle	TCI	229,214	1.48%
Raymond D. Roberts	TCI	229,214	1.48%
Gene S. Bertcher	RALLC and Holdings	13,370,307	86.18%
Daniel J. Moos+	RALLC and Holdings	<u>13,238,307</u>	<u>86.18%</u>
Total Shares beneficially owned by Reporting			
Persons and individuals listed above:		<u>13,6275,123</u>	<u>87.78%</u>

+ Daniel J. Moos owns directly 5,000 Shares, which are not included in the table.

(b) Each of the managers of RALLC share voting and dispositive power over the 7,921,508 Shares held by RALLC. Each of the directors of Holdings share voting and dispositive power over the 1,459,828 Shares held by Holdings. Each of the directors of TCI share voting and dispositive power over the 229,214 Shares held by TCI. The Trustee of the GEP Trust has complete voting and dispositive power over the 27,602 Shares held by the GEP Trust. Each of the directors of RAI share voting and dispositive power over the 3,988,971 Shares held by RAI.

(c) During the 60 calendar days ended May 10, 2017, the Reporting Persons and their respective executive officers and directors or managers did not engage in any transaction involving the Shares or any other equity interest derivative thereof, except for the final acquisition and receipt of 132,000 Shares (less than 1% of the outstanding) by RALLC from an individual not affiliated with any of the Reporting Persons, pursuant to an agreement originally entered into on May 21, 2015. Under the original arrangement, such individual agreed to sell all of the 132,000 Shares to RALLC for the price of \$6.25 per Share, plus interest at 5% per annum, payable over a 24-month period in monthly installments, with the 132,000 Shares not physically being delivered to RALLC until after the final payment was made. After three initial payments, the parties renegotiated the price up to \$6.65 per Share for the remaining 21 months of payments at the same interest rate of 5%. The total principal amount paid over 24 months was \$871,290.83, which yields a blended average payment of \$6.60 per Share, plus interest. Under the agreement, if the market price per Share for five consecutive trading days exceeded a specified amount, the individual could have discontinued the monthly payment price, delivered the Shares for which payment had been made to RALLC, and sell the remaining Shares as he wished; similarly, if the market price per Share declined below a specified level, RALLC could have terminated the arrangement, receiving the Shares acquired to that date and ceasing to make payments. Ultimately, RALLC made the 24 payments, and the individual delivered the 132,000 Shares to RALLC on May 10, 2017.

(d) No person other than the Reporting Persons or their respective Board of Directors, Managers or Trustees is known to have the right to receive or the power to direct receipt of dividends from, or proceeds of sale of, the Shares of ARL Common Stock held by RAI, RALLC, Holdings, TCI and/or the GEP Trust.

(e) Not applicable.

#### **Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer**

Item 6 of the Amended Statement is hereby further amended to read as follows:

Of the Shares owned directly by RAI, 3,433,436 Shares are subject to an accommodation pledge for a loan to another entity at First NBC Bank and 405,900 Shares are subject to a pledge for a loan from Shillington to RAI. Of the Shares owned directly by RALLC, 2,450,000 are subject to an accommodation pledge for a loan to another entity at First NBC Bank.

Of the Shares owned by TCI, 140,000 Shares are subject to an accommodation pledge for a loan to another entity at First NBC Bank.

Of the Shares owned by RALLC, 20,000 Shares are subject to an accommodation pledge for a loan to another entity at United Bank.

Of the 149,635 Shares owned directly by RAI, 5,471,508 Shares owned by RALLC and the 1,459,828 Shares owned by Holdings, all are held in bank and brokerage accounts along with other securities owned by each entity and, as such, those Shares may be deemed to be “collateral” for any borrowings made from time to time pursuant to customary margin or other account arrangements with such banks and/or brokers. Such arrangements are standard involving margin securities of up to a specified percentage of market value of the Shares, as well as other securities in such accounts, bear interest at varying rates and contain only standard default and similar provisions, the operation of which should not give any other person immediate voting power or investment power over such Shares.

Except as set forth in the preceding paragraphs, the Reporting Persons do not have any contracts, arrangements, understandings or relationships (legal or otherwise) with any person with respect to any securities or the Issuer including, but not limited to, transfer of voting of any of the securities, finders’ fees, joint ventures, loan or option arrangements, puts or calls, guaranties of profits, divisions of profits, divisions of profits or loss, or the giving or withholding of proxies.

**SIGNATURES**

After reasonable inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this Amendment No. 15 to Statement on Schedule 13D is true, complete, and correct.

Dated: May 18, 2017

REALTY ADVISORS, INC.

REALTY ADVISORS, LLC

By: /s/ Gene S. Bertcher

By: /s/ Gene S. Bertcher

Gene S. Bertcher, Vice President

Gene S. Bertcher, Vice President

GENE E. PHILLIPS CHILDREN'S TRUST TRANSCONTINENTAL REALTY INVESTORS, INC.

By: /s/ Donald W. Phillips

By: /s/ Gene S. Bertcher

Donald W. Phillips, Trustee

Gene S. Bertcher, Executive Vice President

RA STOCK HOLDINGS, INC.

REALTY ADVISORS MANAGEMENT, INC.

By: /s/ Gene S. Bertcher

By: /s/ Gene S. Bertcher

Gene S. Bertcher, Vice President

Gene S. Bertcher, Vice President

