

AMERICAN REALTY INVESTORS INC
Form SC 13D/A
June 05, 2015

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 14)

AMERICAN REALTY INVESTORS, INC.

(Name of Issuer)

Common Stock, \$0.01 par value

(Title of Class of Securities)

029174-10-9

(CUSIP Number)

Gene S. Bertcher
1603 LBJ Freeway, Suite 300
Dallas, Texas 75234
(469) 522-4200
(469) 522-4360 (Facsimile)

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

April 9, 2015

(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.

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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

1 name of reporting person
 Realty Advisors, LLC
 2 check the appropriate box if a member of a (A)
 group (B)
 3 sec use only
 4 source of funds
 WC and OO
 5 check if disclosure of legal proceedings is required pursuant to items 2(d) or o
 2(e)
 6 citizenship or place of organization
 nevada
 number of 7 sole voting power
 shares 7,789,508
 beneficially 8 shared voting power
 owned by -0-
 each 9 sole dispositive power
 reporting 7,789,508
 person 10 shared dispositive power
 with -0-
 11 aggregate amount beneficially owned by each reporting person
 9,249,336
 12 check box if the aggregate amount in row (11) excludes o
 certain shares
 13 percent of class represented by amount in row (11)
 59.62%
 14 type of reporting person
 OO

2

CUSIP No. 029174-10-9

1 name of reporting person
 Prime Stock Holdings, Inc.
 2 check the appropriate box if a member of a (A)
 group (B)
 3 sec use only
 4 source of funds
 WC
 5 check if disclosure of legal proceedings is required pursuant to items 2(d) or o
 2(e)
 6 citizenship or place of organization
 nevada
 number of 7 sole voting power
 shares 1,459,828
 beneficially 8 shared voting power
 owned by -0-
 each 9 sole dispositive power
 reporting 1,459,828
 person 10 shared dispositive power
 with -0-
 11 aggregate amount beneficially owned by each reporting person
 1,459,828
 12 check box if the aggregate amount in row (11) excludes o
 certain shares
 13 percent of class represented by amount in row (11)
 9.41%
 14 type of reporting person
 CO

3

CUSIP No. 029174-10-9

1 name of reporting person
 Realty Advisors, Inc.
 2 check the appropriate box if a member of a (A)
 group (B)
 3 sec use only
 4 source of funds
 WC
 5 check if disclosure of legal proceedings is required pursuant to items 2(d) or o
 2(e)
 6 citizenship or place of organization
 nevada
 number of 7 sole voting power
 shares 3,988,971
 beneficially 8 shared voting power
 owned by -0-
 each 9 sole dispositive power
 reporting 3,988,971
 person 10 shared dispositive power
 with -0-
 11 aggregate amount beneficially owned by each reporting person
 13,238,307
 12 check box if the aggregate amount in row (11) excludes o
 certain shares
 13 percent of class represented by amount in row (11)
 85.33%
 14 type of reporting person
 CO

4

CUSIP No. 029174-10-9

1 name of reporting person

Transcontinental Realty Investors, Inc.

2 check the appropriate box if a member of a (A)
group (B)

3 sec use only

4 source of funds

OO

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

6 citizenship or place of organization

nevada

| | | |
|-----------|---|-------------------|
| number of | 7 | sole voting power |
| shares | | 229,214 |

| | | |
|--------------|---|---------------------|
| beneficially | 8 | shared voting power |
| owned by | | -0- |

| | | |
|-----------|---|------------------------|
| each | 9 | sole dispositive power |
| reporting | | 229,214 |

| | | |
|--------|----|--------------------------|
| person | 10 | shared dispositive power |
| with | | -0- |

11 aggregate amount beneficially owned by each reporting person
229,214

12 check box if the aggregate amount in row (11) excludes o
certain shares

13 percent of class represented by amount in row (11)
1.48%

14 type of reporting person
CO

5

CUSIP No. 029174-10-9

1 name of reporting person

The Gene E. Phillips Children's Trust

2 check the appropriate box if a member of a (A)
group (B)

3 sec use only

4 source of funds
OO

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

6 citizenship or place of organization
texas

| | | |
|-----------|---|-------------------|
| number of | 7 | sole voting power |
| shares | | 27,602 |

| | | |
|--------------|---|---------------------|
| beneficially | 8 | shared voting power |
| owned by | | -0- |

| | | |
|-----------|---|------------------------|
| each | 9 | sole dispositive power |
| reporting | | 27,602 |

| | | |
|--------|----|--------------------------|
| person | 10 | shared dispositive power |
| with | | -0- |

11 aggregate amount beneficially owned by each reporting person
27,602

12 check box if the aggregate amount in row (11) excludes o
certain shares

13 percent of class represented by amount in row (11)
0.1779%

14 type of reporting person
OO

6

CUSIP No. 029174-10-9

1 name of reporting person
 Realty Advisors Management, Inc.

2 check the appropriate box if a member of a (A)
 group (B)

3 sec use only

4 source of funds
 WC

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

6 citizenship or place of organization
 nevada

| | | |
|--------------|----|--------------------------|
| number of | 7 | sole voting power |
| shares | | -0- |
| beneficially | 8 | shared voting power |
| owned by | | -0- |
| each | 9 | sole dispositive power |
| reporting | | -0- |
| person | 10 | shared dispositive power |
| with | | -0- |

11 aggregate amount beneficially owned by each reporting person
 13,238,307

12 check box if the aggregate amount in row (11) excludes o
 certain shares

13 percent of class represented by amount in row (11)
 85.33%

14 type of reporting person
 CO

7

Item 1. Security and Issuer

This Amendment No. 14 to Statement on Schedule 13D (this “Amendment No. 14”) 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 13 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. 14 to Schedule 13D is being filed to reflect the issuance of 1,486,741 Shares upon conversion of 460,638 shares of Series A Cumulative Convertible Preferred Stock to the holder thereof, which is 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. 14 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 Management, Inc., a Nevada corporation (“RAMI”), Realty Advisors, Inc., a Nevada corporation (“RAI”), the sole stockholder of which is RAMI, Realty Advisors, LLC, a Nevada limited liability company (“RALLC”), the sole member of which is RAI and 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, RAMI, 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 RAMI, 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 RAMI, RAI and RALLC. Mr. Phillips’ son, Ryan T. Phillips, serves as a director of RAMI and RAI 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

No funds or other consideration were required in connection with the April 9, 2015, conversion of 460,638 shares of Series A Cumulative Convertible Preferred Stock of ARL into 1,486,741 shares.

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 15, 2015, the total number of issued and outstanding Shares was 14,027,619 Shares. In connection with the conversion on April 9, 2015, of 460,638 shares of Series A Cumulative Convertible Preferred Stock into 1,486,741 Shares, the total number of issued and outstanding shares increased to 15,514,360. As of April 10, 2015, 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 April 10, 2015:

| Name | No. of Shares Owned Directly | Approximate Percent of Class |
|-----------|------------------------------|------------------------------|
| GEP Trust | 27,602 | 0.178% |
| TCI | 229,214 | 1.48% |
| RALLC | 7,789,508 | 50.21% |
| RAI | 3,988,971 | 25.71% |
| RAMI | -0- | 0.00% |
| Holdings | 1,459,828 | 9.41% |
| | 13,495,123 | 85.61% |

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 RAMI may be deemed to beneficially own the number of Shares owned by RAMI, 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; Ryan T. Phillips as a beneficiary 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 April 10, 2015, are set forth in the following table:

| Name of Director and/or Manager | Entity | No. of Shares Beneficially Owned | Percent of Class |
|---------------------------------|--|----------------------------------|------------------|
| Ryan T. Phillips | Holdings, RAMI, RALLC, RAI and GEP Trust | 13,265,909 | 85.51% |
| Donald W. Phillips | GEP Trust | 27,602 | 0.178% |
| Mickey Ned Phillips | RALLC, RAMI, Holdings, and RAI | 13,238,307 | 85.33% |
| Henry A. Butler | TCI | 229,214 | 1.48% |
| Sharon Hunt | TCI | 229,214 | 1.48% |
| | TCI | 229,214 | 1.48% |

Robert A.
Jakuszcwski

| | | | |
|--|--------------------|------------|--------|
| Ted R. Munselle | TCI | 229,214 | 1.48% |
| Gene S. Bertcher | RALLC and Holdings | 13,238,307 | 85.33% |
| Daniel J. Moos+ | RALLC and Holdings | 13,238,307 | 85.33% |
| Total Shares beneficially owned by Reporting Persons and individuals listed above: | | 13,495,123 | 86.98% |

+ 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 7,789,508 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 2,502,230 Shares held by RAI.

(c) During the 60 calendar days ended April 10, 2015, 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 RAI's conversion of 460,638 shares of Series A Cumulative Convertible Preferred Stock into 1,486,741 Shares.

(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:

On May 21, 2015, RALLC and an individual not affiliated with any of the Reporting Persons entered into an agreement (the "Option") for the purchase by RALLC from such individual of 132,000 Shares (less than 1% of the outstanding Shares) at a price of \$6.25 per Share, plus interest at 5% per annum, payable over a 24-month period. Under the Option, RALLC is to make monthly installment payments of \$36,043.71 each, based on a total price of \$825,000, plus interest, but if the market price per Share for five consecutive trading days exceeds \$6.55, the individual may discontinue monthly sales, deliver the Shares for which payment has been made to RALLC, and sell the remaining Shares as he wishes. Correspondingly, if the market price per Share declines below a specified level, RALLC may terminate the Option, receive the Shares purchased, and cease making payments.

Of the Shares owned directly by RALLC, 6,666,052 are held in bank and brokerage accounts along with other securities owned by RALLC 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.

Of the Shares owned by TCI, 89,214 Shares are subject to an accommodation pledge for a loan to another entity at Metropolitan National Bank (Arkansas) and 50,000 Shares are subject to an accommodation pledge for a loan to another party by an individual.

Of the Shares owned by Holdings, 63,169 Shares are subject to an accommodation pledge for a loan to another party at Metropolitan National Bank (Arkansas) and 1,092,209 Shares are subject to an accommodation pledge for a loan to another party at First NBC Bank.

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. 13 to Statement on Schedule 13D is true, complete, and correct.

Dated: June 5, 2015

REALTY ADVISORS, INC.

REALTY ADVISORS, LLC

By: /s/ Gene S. Bertcher
Gene S. Bertcher, Vice President

By: /s/ Gene S. Bertcher
Gene S. Bertcher, Vice President

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

By: /s/ Donald W. Phillips
Donald W. Phillips, Trustee

By: /s/ Gene S. Bertcher
Gene S. Bertcher, Executive Vice President

PRIME STOCK HOLDINGS, INC.

REALTY ADVISORS MANAGEMENT, INC.

By: /s/ Gene S. Bertcher
Gene S. Bertcher, Vice President

By: /s/ Gene S. Bertcher
Gene S. Bertcher, Vice President

