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

1120 SHANNON LYNN SHORES
(Street)

TALLEDEGA,Â ALÂ 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
__X__ Officer (give title below)
_____ Other (specify below)
Senior Vice President

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

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ 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)

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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)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		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)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			

						(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,Â ALÂ 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.
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