



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

July 9, 2010

Mr. Gene S. Bertcher  
Chief Financial Officer  
American Realty Investors, Inc.  
1800 Valley View Lane, Suite 300  
Dallas, Texas 75234

**Re: American Realty Investors, Inc.**  
**Form 10-K for the year ended December 31, 2009**  
**Filed on March 31, 2010**  
**File Number 001-13913**

Dear Mr. Gene S. Bertcher:

We have limited our review of your filing to those issues we have addressed in our comments. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure.

Please respond to this letter within ten business days by providing the requested information or by advising us when you will provide the requested response. If you do not believe our comments apply to your facts and circumstances, please tell us why in your response.

After reviewing the information you provide in response to these comments, we may have additional comments.

FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2009

Financial Statements and Notes

Note 2 – Real Estate, pages 52 – 54

1. As discussed on page 72 within note 21, we note that you agreed to fund LK-Four Hickory LLC for projection shortfalls and approximately \$1.0 million for move-in discounts and other concessions. You also disclose that you and Limkwang Nevada, Inc. unconditionally guaranteed the punctual payment when due of a \$28.0 million note payable for LK-Four Hickory, LLC. Please clarify if these are all of the risks and obligations that were retained from the sale of Four Hickory in 2007 (as disclosed on page 36); if not, please provide us with a detailed description of the other risks and obligations. Your discussion should address the consequences should you default on any of your obligations to the LLC. In addition, you disclose on page 29 that you account for your investment in LK-Four Hickory LLC using the equity method; please tell us how you considered the guidance in Topic 810 of the FASB Accounting Standards Codification in determining whether the LLC was a variable interest entity along with your primary beneficiary analysis, if applicable. Specifically, please discuss the organizational structure of the LLC including the ownership percentage and the role and rights of each respective member as well as a comparison of your retained risk and obligations to your proportionate interest in the LLC.
2. Furthermore, as disclosed on page 53 of your 2007 Form 10-K, we note that in November 2007, you sold a 71% interest in the Four Hickory building to LK-Four Hickory LLC for \$39.7 million. You retained 29% and recorded a gain on sale of \$15.4 million, with \$3.7 million of the gain being deferred. Please tell us the terms of the sale, if not already addressed in our previous comment, and the basis in Topic 360-20 of the FASB Accounting Standards Codification you relied upon for determining the recognition and deferral of the gain.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes the information the Securities Exchange Act of 1934 and all applicable Exchange Act rules require. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In responding to our comments, please provide a written statement from the company acknowledging that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filings;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filings; and

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- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

You may contact Wilson K. Lee, at (202) 551-3468 or me, at (202) 551-3782 if you have any questions.

Sincerely,

Jessica Barberich  
Assistant Chief Accountant