

AJR Financial, LLC
 Form 4
 July 27, 2005

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN 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
 WHITEBOX ADVISORS LLC

2. Issuer Name and Ticker or Trading Symbol
 PENN TREATY AMERICAN CORP [PTA]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)

(Last) (First) (Middle)
 3033 EXCELSIOR BOULEVARD,
 SUITE 300
 (Street)

3. Date of Earliest Transaction
 (Month/Day/Year)
 07/25/2005

____ Director
 ____ Officer (give title below)
 10% Owner
 ____ Other (specify below)

MINNEAPOLIS, MN 55416

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

6. Individual or Joint/Group Filing(Check Applicable Line)
 ____ Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|--|
| | | | Code | V | Amount or Price (A) or (D) | | |
| Common Stock <u>(1)</u> | 07/25/2005 | | S | | 1,200 D \$ 10.6 | 504.25 <u>(4)</u> <u>(5)</u> | I Refer to Footnote <u>(6)</u> <u>(7)</u> <u>(8)</u> |
| Common Stock <u>(2)</u> | 07/25/2005 | | S | | 1,200 D \$ 10.6 | 504.25 <u>(4)</u> <u>(5)</u> | I Refer to Footnote <u>(6)</u> <u>(7)</u> <u>(8)</u> |
| Common Stock <u>(3)</u> | 07/25/2005 | | S | | 500 D \$ 10.6 | 504.25 <u>(4)</u> <u>(5)</u> | I Refer to Footnote <u>(6)</u> <u>(7)</u> <u>(8)</u> |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

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(9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) | 8. Price of Derivative Security (Instr. 5) | 9. Number of Derivative Securities Beneficially Owned (Instr. 5) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--|--|
| | | | | Code | V (A) (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| WHITEBOX ADVISORS LLC 3033 EXCELSIOR BOULEVARD, SUITE 300 MINNEAPOLIS, MN 55416 | | X | | |
| Whitebox Convertible Arbitrage Advisors, LLC 3033 EXCELSIOR BOULEVARD, SUITE 300 MINNEAPOLIS, MN 55416 | | X | | |
| Whitebox Convertible Arbitrage Partners, L.P. 3033 EXCELSIOR BOULEVARD, SUITE 300 MINNEAPOLIS, MN 55416 | | X | | |
| Whitebox Convertible Arbitrage Fund, L.P. 3033 EXCELSIOR BOULEVARD, SUITE 300 MINNEAPOLIS, MN 55416 | | X | | |
| Whitebox Convertible Arbitrage Fund, Ltd. 3033 EXCELSIOR BOULEVARD, SUITE 300 MINNEAPOLIS, MN 55416 | | X | | |
| Whitebox Hedged High Yield Advisors, LLC 3033 EXCELSIOR BOULEVARD, SUITE 300 MINNEAPOLIS, MN 55416 | | X | | |
| | | X | | |

Whitebox Hedged High Yield Partners, L.P.
3033 EXCELSIOR BOULEVARD, SUITE 300
MINNEAPOLIS, MN 55416

Whitebox Hedged High Yield Fund, L.P.
3033 EXCELSIOR BOULEVARD, SUITE 300 X
MINNEAPOLIS, MN 55416

Whitebox Hedged High Yield Fund, Ltd.
3033 EXCELSIOR BOULEVARD, SUITE 300 X
MINNEAPOLIS, MN 55416

AJR Financial, LLC
3033 EXCELSIOR BOULEVARD, SUITE 300 X
MINNEAPOLIS, MN 55416

Signatures

/s/ Jonathan D. Wood, Chief Financial Officer for Whitebox Advisors,
LLC 07/27/2005

__Signature of Reporting Person Date

/s/ Whitebox Convertible Arbitrage Advisors, LLC 07/27/2005

__Signature of Reporting Person Date

/s/ Whitebox Convertible Arbitrage Partners, LP 07/27/2005

__Signature of Reporting Person Date

/s/ Whitebox Convertible Arbitrage Fund, L.P. 07/27/2005

__Signature of Reporting Person Date

/s/ Whitebox Convertible Arbitrage Fund, Ltd. 07/27/2005

__Signature of Reporting Person Date

/s/ Whitebox Hedged High Yield Advisors, LLC 07/27/2005

__Signature of Reporting Person Date

/s/ Whitebox Hedged High Yield Partners, LP 07/27/2005

__Signature of Reporting Person Date

/s/ Whitebox Hedged High Yield Fund, L.P. 07/27/2005

__Signature of Reporting Person Date

/s/ Whitebox Hedged High Yield Fund, Ltd. 07/27/2005

__Signature of Reporting Person Date

/s/ AJR Financial, LLC 07/27/2005

__Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(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) Reporting Person is Whitebox Convertible Arbitrage Partners, L.P. ("WCAP").

(2) Reporting Person is Whitebox Hedged High Yield Partners, L.P. ("WHHYP").

(3) Reporting Person is Whitebox Diversified Convertible Arbitrage Partners, L.P. ("WDCAP").

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(4) Each of WCAP, WHHYP, WDCAP, PSP and Whitebox Advisors, LLC beneficially own Convertible Subordinated Notes of which the Common Stock of Penn Treaty American Corporation is the underlying security.

(5) This amount reflects a four for one reverse stock split of shares of common stock of the Issuer, effective July 8, 2005.

The general partner of WCAP, is Whitebox Convertible Arbitrage Advisors, LLC ("WCAA"), which manages accounts for the benefit of its clients WCAP, Whitebox Convertible Arbitrage Fund, L.P. ("WCAFLP") and Whitebox Convertible Arbitrage Fund, Ltd.

(6) ("WCAFLTD"); the general partner of WHHYP is Whitebox Hedged High Yield Advisors, LLC ("WHHYA"), which manages accounts for the benefit of its clients WHHYP, Whitebox Hedged High Yield Fund, L.P. ("WHYYFLP") and Whitebox Hedged High Yield Fund, Ltd. ("WHHYFLTD"). The managing member and controlling owner of each of WCAA and WHHYA is Whitebox Advisors, LLC. (Cont. in footnote 7)

The general partner of PSP is Pandora Select Advisors, LLC ("PSA"), which manages accounts for the benefit of its clients PSP, Pandora Select Fund, L.P. ("PSFLP") and Pandora Select Fund, Ltd. ("PSFLTD"). The general partner of WDCAP is Whitebox Diversified

(7) Convertible Arbitrage Advisors, LLC ("WDCAA"), which manages accounts for the benefit of its clients WDCAP Whitebox Diversified Convertible Arbitrage Fund, L.P. ("WDCAFLP") and Whitebox Diversified Convertible Arbitrage Fund, Ltd. ("WDCAFLTD"). The managing member and controlling owner of each of PSA and WDCAA is AJR Financial, LLC. Whitebox Advisors, LLC and AJR Financial, LLC each have the same sole owner and managing member. (Cont. in footnote 8)

Based on the relationships described herein, these entities may be deemed to constitute a "group" within the meaning of Rule 13d-5(b)(1) under the Securities Exchange Act of 1934. The filing of this statement shall not be construed as an admission that Whitebox Advisors, LLC, AJR Financial, LLC, WCCA, WHHYA, PSA, WDCAA, WCAP, WHHYP, PSP, WDCAP, WCAFLP, WHHYFLP, PSFLP,

(8) WDCAFLP, WCAFLTD, WHHYFLTD, PSFLTD and WDCAFLTD are a group, or have agreed to act as a group. Whitebox Advisors, LLC, AJR Financial, LLC, WCCA, WHHYA, PSA, WDCAA, WCAP, WHHYP, PSP, WDCAP, WCAFLP, WHHYFLP, PSFLP, WDCAFLP, WCAFLTD, WHHYFLTD, PSFLTD and WDCAFLTD each disclaim beneficial ownership of such shares of common stock except to the extent of their pecuniary interest in such shares.

Remarks:

For additional information also refer to the Form 4 filed concurrently herewith by the Reporting Persons.

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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