

NEPHROS INC
Form 4
October 01, 2015

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 *
Lambda Investors LLC

(Last) (First) (Middle)

411 WEST PUTNAM AVENUE, SUITE 125

(Street)

GREENWICH, CT 06830

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
NEPHROS INC [NEPH]

3. Date of Earliest Transaction (Month/Day/Year)
09/29/2015

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

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

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 Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| Common Stock, par value \$0.001 | 09/29/2015 | | X | 11,742,100 A | 27,017,848 | I | Held directly by Lambda Investors LLC (2) (3) |
| Common Stock, par value \$0.001 | | | | | 190,446 | I | Held directly by Wexford Capital LP (2) (3) |

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

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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) | | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title Underlying Instrument (Instr. 10) |
|--|--|--------------------------------------|--|--------------------------------|--|------------|--|-----------------|--|
| | | | | | (A) | (D) | Date Exercisable | Expiration Date | |
| Class D Warrants | \$ 0.3 | 09/29/2015 | | D ⁽⁴⁾ | | 11,742,100 | 11/14/2007 | 12/18/2019 | Common Stock |
| Class D Warrants (Common Stock) | \$ 0.15 | 09/29/2015 | | A ⁽⁴⁾ | | 11,742,100 | 11/14/2007 | 12/18/2019 | Common Stock |
| Class D Warrants | \$ 0.15 | 09/29/2015 | | X | | 11,742,100 | 11/14/2007 | 12/18/2019 | Common Stock |
| Common Stock Warrants | \$ 0.4 | | | | | | 03/11/2011 | 12/18/2019 | Common Stock |
| Non Qualified Stock Options | ⁽⁵⁾ | | | | | | ⁽⁵⁾ | ⁽⁵⁾ | Common Stock |

(right to
buy)

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Lambda Investors LLC 411 WEST PUTNAM AVENUE SUITE 125 GREENWICH, CT 06830 | X | X | | |

Signatures

| | |
|---|------------|
| Lambda Investors LLC By: Arthur Amron, Vice President and Assistant Secretary | 10/01/2015 |
| __Signature of Reporting Person | Date |
| Wexford Capital LP, By: Wexford GP LLC, its general partner By Arthur Amron, Vice President and Assistant Secretary | 10/01/2015 |
| __Signature of Reporting Person | Date |
| Wexford GP LLC, By Arthur Amron, Vice President and Assistant Secretary | 10/01/2015 |
| __Signature of Reporting Person | Date |
| Charles E. Davidson | 10/01/2015 |
| __Signature of Reporting Person | Date |
| Joseph M. Jacobs | 10/01/2015 |
| __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) On September 29, 2015, Nephros, Inc. (the "Company") entered into a Warrant Amendment and Exercise Agreement (the "Amendment") with Lambda Investors LLC ("Lambda"). Pursuant to the Amendment, the Company agreed to reduce the current exercise price of the Class D Warrant issued to Lambda on November 14, 2007 (together with all amendments thereto entered into prior to the Amendment, the "Warrant") representing the right to purchase 11,742,100 shares of the Company's common stock by 50%, to \$0.15 per share, in exchange for Lambda's agreement to exercise such Warrant in its entirety. Upon exercise of the Warrant, the Company issued 11,742,100 shares of common stock to Lambda and received approximately \$1.76 million in cash proceeds from Lambda.

(2) This form is jointly filed by Lambda, Wexford Capital LP ("Wexford"), Wexford GP LLC ("Wexford GP"), Charles E. Davidson ("Davidson") and Joseph M. Jacobs ("Jacobs"). The reported securities are held directly by Lambda and by Wexford. Wexford serves as manager, investment advisor or sub-advisor of Lambda, and as such may be deemed to share beneficial ownership of the securities beneficially owned by Lambda, but disclaims such beneficial ownership to the extent such beneficial ownership exceeds its pecuniary interest. Wexford GP, as the general partner of Wexford, may be deemed to share beneficial ownership of the securities beneficially owned by Lambda, but disclaims such ownership to the extent such beneficial ownership exceeds its pecuniary interest. (continued under Footnote (3) below).

(3) (continued from Footnote (2) above) Messrs. Davidson and Jacobs, as the controlling persons of Wexford GP, may be deemed to share beneficial ownership of any securities beneficially owned by Lambda for which Wexford serves as manager, investment advisor or

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sub-advisor, but disclaim such beneficial ownership to the extent such beneficial ownership exceeds their pecuniary interest.

The two reported transactions resulted from the reduction of the exercise price, as per the Amendment described in Footnote 1. Such

(4) change in the exercise price resulted in the deemed cancellation of the originally issued old warrant and the issuance of a replacement warrant.

On March 26, 2014, the Company granted an option to purchase 26,598 shares of common stock of the Company (the "Options") to each of Arthur Amron and Dr. Paul Mieyal in respect of their service as members of the Board of Directors of the Company. The Options were granted under the Company's 2004 Stock Incentive Plan. At the request of Mr. Amron and Dr. Mieyal, the Options were granted to

- (5) Wexford Capital LP. The Options vested immediately upon the grant date with respect to one-third of the shares. The remainder of the Options vest in equal annual installments on each of the first and second anniversaries of the grant date. These Options, as well as all the other options issued to Mr. Amron and Dr. Mieyal, were reported on Form 4's by Mr. Amron and Dr. Mieyal indicating that all such options were assigned to Wexford Capital LP.

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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