

NEPHROS INC

Form 4

October 01, 2015

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

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

OMB APPROVAL

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(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 11 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) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title Underl (Instr.		
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Class D Warrants	\$ 0.3	09/29/2015		D ⁽⁴⁾			11,742,100	11/14/2007	12/18/2019	Com Sto
Class D Warrants (Common Stock)	\$ 0.15	09/29/2015		A ⁽⁴⁾		11,742,100		11/14/2007	12/18/2019	Com Sto
Class D Warrants	\$ 0.15	09/29/2015		X			11,742,100	11/14/2007	12/18/2019	Com Sto
Common Stock Warrants	\$ 0.4							03/11/2011	12/18/2019	Com Sto
Non Qualified Stock Options	<u>(5)</u>							<u>(5)</u>	<u>(5)</u>	Com Sto

(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.

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

(2) 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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