

NEPHROS INC  
Form SC 13D/A  
January 14, 2016

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D A9

Under the Securities Exchange Act of 1934  
(Amendment No. 9)\*

NEPHROS, INC.  
(Name of Issuer)

Shares of Common Stock, par value \$0.001 per share  
(Title of Class of Securities)

640671103  
(CUSIP Number)

Arthur H. Amron, Esq.  
Wexford Capital LP  
411 West Putnam Avenue  
Greenwich, CT 06830  
(203) 862-7012  
(Name, Address and Telephone Number of Person Authorized to  
Receive Notices and Communications)

December 18, 2015  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See section 240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or other subject to the liabilities of that section of Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 640671103

1	Names of Reporting Persons. I.R.S. Identification Nos. of above Persons (entities only)	Lambda Investors LLC	
2	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) <input type="checkbox"/> (b) <input type="checkbox"/>
3	SEC Use Only		
4	Source of Funds (See Instructions)		OO
5	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		<input type="checkbox"/>
6	Citizenship or Place of Organization	Delaware	
Number of 7	Sole Voting Power		0
Beneficially 8	Shared Voting Power (see Item 5 below)	29,800,424	
Owned by Each			
Reporting 9	Sole Dispositive Power		0
Person			
With 10	Shared Dispositive Power (see Item 5 below)	29,800,424	
11	Aggregate Amount Beneficially Owned by Each Reporting Person	29,800,424	
12	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		<input type="checkbox"/>
13	Percent of Class Represented by Amount in Row (11)	61.48*%	
14	Type of Reporting Person (See Instructions)		OO



CUSIP No. 640671103

1	Names of Reporting Persons. I.R.S. Identification Nos. of above Persons (entities only)	Wexford Capital LP	
2	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) p (b) o
3	SEC Use Only		
4	Source of Funds (See Instructions)		OO
5	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		o
6	Citizenship or Place of Organization	Delaware	
Number of 7	Sole Voting Power		0
Shares Beneficially 8	Owned by Each Reporting Person	Shared Voting Power (see Item 5 below)	30,133,834
9	Sole Dispositive Power		0
With 10	Shared Dispositive Power (see Item 5 below)		30,133,834
11	Aggregate Amount Beneficially Owned by Each Reporting Person *includes 142,964 vested stock options.	30,133,834*	
12	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		o
13	Percent of Class Represented by Amount in Row (11)	61.99%	
14	Type of Reporting Person (See Instructions)	PN	



CUSIP No. 640671103

1	Names of Reporting Persons. I.R.S. Identification Nos. of above Persons (entities only)	Wexford GP LLC	
2	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) p (b) o
3	SEC Use Only		
4	Source of Funds (See Instructions)		OO
5	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		o
6	Citizenship or Place of Organization	Delaware	
Number of 7	Sole Voting Power		0
Shares			
Beneficially 8	Shared Voting Power (see Item 5 below)	30,133,834	
Owned by			
Each			
Reporting 9	Sole Dispositive Power		0
Person			
With 10	Shared Dispositive Power (see Item 5 below)	30,133,834	
11	Aggregate Amount Beneficially Owned by Each Reporting Person *includes 142,964 vested stock options.	30,133,834*	
12	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		o
13	Percent of Class Represented by Amount in Row (11)	61.99%	
14	Type of Reporting Person (See Instructions)		OO



CUSIP No. 640671103

1	Names of Reporting Persons. I.R.S. Identification Nos. of above Persons (entities only)	Charles E. Davidson	
2	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) p (b) o
3	SEC Use Only		
4	Source of Funds (See Instructions)		OO
5	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		o
6	Citizenship or Place of Organization	United States	
7	Number of Sole Voting Power Shares		0
8	Beneficially Owned by Each Reporting Person	Shared Voting Power (see Item 5 below)	30,133,834
9	Sole Dispositive Power		0
10	With Shared Dispositive Power (see Item 5 below)		30,133,834
11	Aggregate Amount Beneficially Owned by Each Reporting Person *includes 142,964 vested stock options.	30,133,834*	
12	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		o
13	Percent of Class Represented by Amount in Row (11)		61.99%
14	Type of Reporting Person (See Instructions)		IN





CUSIP No. 640671103

1	Names of Reporting Persons. I.R.S. Identification Nos. of above Persons (entities only)	Joseph M. Jacobs	
2	Check the Appropriate Box if a Member of a Group (See Instructions)		(a) p (b) o
3	SEC Use Only		
4	Source of Funds (See Instructions)		OO
5	Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)		o
6	Citizenship or Place of Organization	United States	
Number of 7	Sole Voting Power		0
Shares Beneficially 8	Owned by Each Reporting Person	Shared Voting Power (see Item 5 below)	30,133,834
9	Sole Dispositive Power		0
With 10	Shared Dispositive Power (see Item 5 below)		30,133,834
11	Aggregate Amount Beneficially Owned by Each Reporting Person *includes 142,964 vested stock options.	30,133,834*	
12	Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)		o
13	Percent of Class Represented by Amount in Row (11)	61.99%	
14	Type of Reporting Person (See Instructions)	IN	



This Amendment No. 9 (“Amendment No. 9”) to Schedule 13D modifies and supplements the Schedule 13D initially filed with the Securities and Exchange Commission (the “Commission”) on October 1, 2007 with respect to the common stock, \$0.001 par value per share (the “Common Stock”), of Nephros, Inc. (the “Company”), as amended by Amendment No. 1 to the Statement filed with the Commission on February 12, 2010 (“Amendment No. 1”), Amendment No. 2 to the Statement filed with the Commission on March 21, 2011 (“Amendment No. 2”), Amendment No. 3 to the Statement filed with the Commission on February 13, 2013 (“Amendment No. 3”), Amendment No. 4 to the Statement filed with the Commission on June 5, 2013 (“Amendment No. 4”), Amendment No. 5 to the Statement filed with the Commission on November 18, 2013 (“Amendment No. 5”), Amendment No. 6 to the Statement filed with the Commission on April 9, 2014 (“Amendment No. 6”), Amendment No. 7 to the Statement filed with the Commission on September 9, 2014 (“Amendment No. 7”) and Amendment No. 8 to the Statement filed with the Commission on October 5, 2015 (“Amendment No. 8”, and together with the initial Schedule 13D, Amendment No. 1, Amendment No. 2, Amendment No. 3, Amendment No. 4, Amendment No. 5, Amendment No. 6, Amendment No. 7, and Amendment No. 8, the “Statement”). Except to the extent amended or supplemented by the information contained in this Amendment No. 9, the Statement remains in full force and effect. Capitalized terms used herein without definition have the respective meanings ascribed to them in the Statement.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 of the Statement is hereby amended to add the following:

The consideration Lambda used to fund the exercise of the warrant (as described below) was paid out of its general funds.

Item 4. Purpose of Transaction.

Item 4 of the Statement is hereby amended to add the following:

On December 18, 2015, the Company completed its offer to exercise (the “Offer to Exercise”) certain outstanding warrants including outstanding warrants to purchase an aggregate of 2,782,577 shares of the Company’s common stock at an exercise price of \$0.40 per share, issued on March 10, 2011 to Lambda Investors LLC in connection with a private placement financing transaction (the “Lambda Warrants”). The Lambda Warrants were exercisable at a temporarily reduced cash exercise price of \$0.20 per share of common stock for the period beginning on November 20, 2015 and ending on December 18, 2015, in accordance with an amendment to the warrant agreement that governs the Lambda Warrants (“the Warrant Amendment”).

Lambda exercised its warrants and received 2,782,577 shares of Common Stock at a purchase price of \$0.20 per share for a cost of \$556,515.20.

The Reporting Persons hold their Common Stock for investment purposes.

Except as set forth above, none of the Reporting Persons have any plans or proposals which relate to or would result in (i) the acquisition by any person of additional securities of the Company or the disposition of securities of the Company, (ii) an extraordinary corporate transaction, such as a merger, reorganization, or liquidation, involving the Company or any of its securities, (iii) a sale or transfer of a material amount of the assets of the Company or any of its subsidiaries, (iv) any change in the present board of directors or management of the Company, including any plans or proposals to change the number or term of directors or to fill any existing vacancies on the board, (v) any material change in the present capitalization or dividend policy of the Company, (vi) any other material change in the

Company's business or corporate structure, (vii) changes in the Company's charter, bylaws, or instruments corresponding thereto or other actions which may impede the acquisition of control of the Company by any person, (viii) causing a class of the securities of the Company to be delisted from a national securities exchange or to cease to be authorized to be quoted in an inter dealer quotation system of a registered national securities association, (ix) a class of equity securities of the Company becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Exchange Act, or (x) any action similar to any of those enumerated above. However, each of the Reporting Persons retains its rights to modify its plans with respect to the transactions described in this Item 4, to acquire or dispose of securities of the Company and to formulate plans and proposals that could result in the occurrence of any such events, subject to applicable laws and regulations.

Item 5. Interest in Securities of the Issuer

Item 5 of the Statement is amended and restated in its entirety as follows:

The aggregate number and percentage of shares of Common Stock beneficially owned by the Reporting Persons as of December 18, 2015, calculated as described below, are as follows:

Lambda Investors LLC

(a) Amount 29,800,424 Percent of class: 61.48%

beneficially owned:

(b) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote: 0

(ii) Shared power to vote or to direct the 29,800,424 vote:

(iii) Sole power to dispose or to direct the 0 disposition of:

(iv) Shared power to dispose or to direct the 29,800,424 disposition of:

Wexford Capital LP

(a) Amount 30,133,834 Percent of class: 61.99%

beneficially owned:

(b) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote: 0

(ii) Shared power to vote or to direct the 30,133,834 vote:

(iii) Sole power to dispose or to direct the 0 disposition of:

(iv) Shared power to dispose or to direct the 30,133,834 disposition of:

Wexford GP LLC

(a) Amount 30,133,834 Percent of class: 61.99%

beneficially owned:

(b) Number of shares as to which the person has:

(i) Sole power to vote or to direct the vote: 0

(ii) Shared power to vote or to direct the 30,133,834 vote:

- (iii) Sole power to dispose or to direct the disposition of: 0
- (iv) Shared power to dispose or to direct the disposition of: 30,133,834

Charles E. Davidson

(a) Amount 30,133,834 Percent of class: 61.99%

beneficially owned:

(b) Number of shares as to which the person has:

- (i) Sole power to vote or to direct the vote: 0
- (ii) Shared power to vote or to direct the vote: 30,133,834

(iii) Sole power to dispose or to direct the disposition of: 0

(iv) Shared power to dispose or to direct the disposition of: 30,133,834

Joseph M. Jacobs

(a) Amount 30,133,834 Percent of class: 61.99%

beneficially owned:

(b) Number of shares as to which the person has:

- (i) Sole power to vote or to direct the vote: 0
- (ii) Shared power to vote or to direct the vote: 30,133,834

(iii) Sole power to dispose or to direct the disposition of: 0

(iv) Shared power to dispose or to direct the disposition of: 30,133,834

Each aggregate number of shares of Common Stock beneficially owned listed above was calculated by taking the number of shares of Common Stock beneficially owned or held, as applicable, by each Reporting Person and increasing such number, to the extent applicable, for each Reporting Person to reflect the assumed exercise of all warrants and options to purchase shares of Common Stock beneficially owned by such Reporting Person. Each of the percentages listed above was determined by dividing the relevant number of shares of Common Stock beneficially owned or held, as applicable, by each Reporting Person (calculated in accordance with the previous sentence) by 48,468,324, the number of shares of Common Stock outstanding as of December 18, 2015 (after giving effect to the exercise of the warrants), as report to the Commission in the Company's 8-K filed December 21, 2015, increased, to the extent applicable, for each Reporting Person to reflect the assumed exercise of all warrants and options to purchase shares of Common Stock beneficially owned by such Reporting Person.

Wexford Capital may, by reason of its status as managing member of Lambda, be deemed to own beneficially the shares of Common Stock of which Lambda possess beneficial ownership. Wexford GP may, by reason of its status as General Partner of Wexford Capital, be deemed to own beneficially the shares of Common Stock of which Lambda possess beneficial ownership. Each of Messrs. Davidson and Jacobs may, by reason of his status as a controlling person of Wexford GP, be deemed to own beneficially the shares of Common Stock of which Lambda possess beneficial ownership. Each of Wexford Capital, Wexford GP, Davidson and Jacobs shares the power to vote and to dispose of the shares of Common Stock beneficially owned by Lambda. Each of Wexford Capital, Wexford GP and Messrs. Davidson and Jacobs disclaims beneficial ownership of the shares of Common Stock owned by Lambda and

this report shall not be deemed as an admission that they are the beneficial owner of such securities except, in the case of Davidson and Jacobs, to the extent of their respective personal ownership interests in any of the members of Lambda.

Except as set forth in Item 3 and Item 4 above, the Reporting Persons have not effected any transactions in the Common Stock during the 60 days preceding the date of this Amendment No. 9.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer

Item 6 of the Statement is hereby amended to add the following:

The disclosure concerning the Offer to Purchase and Warrant Amendment contained in Item 4 is incorporated herein by reference.

Item 7. Material to be Filed as Exhibits

Exhibits

1 The Offer to Purchase and Warrant Amendment (incorporated by reference to Exhibit 99.1 and Exhibit 4.1 to the Company's 8-k, filed on with the Commission on December 21, 2015).

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\* \* \* \* \*

SIGNATURE

After reasonable inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: January 14, 2016

LAMBDA INVESTORS LLC

By: /s/ Arthur H. Amron  
Name: Arthur H. Amron  
Title: Vice President and  
Assistant Secretary

WEXFORD CAPITAL LP

By: Wexford GP LLC, its  
general partner

By: /s/ Arthur H. Amron  
Name: Arthur H. Amron  
Title: Vice President and  
Assistant Secretary

WEXFORD GP LLC

By: /s/ Arthur H. Amron  
Name: Arthur H. Amron  
Title: Vice President and  
Assistant Secretary

/s/ Charles E. Davidson  
CHARLES E. DAVIDSON

/s/ Joseph M. Jacobs  
JOSEPH M. JACOBS