

NEPHROS INC
Form 3
October 01, 2007

FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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INITIAL STATEMENT OF 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 *		2. Date of Event Requiring Statement	3. Issuer Name and Ticker or Trading Symbol	
Â WEXFORD CAPITAL LLC		(Month/Day/Year)	NEPHROS INC [NEP]	
(Last)	(First)	(Middle)	09/19/2007	
411 WEST PUTNAM AVENUE		4. Relationship of Reporting Person(s) to Issuer		5. If Amendment, Date Original Filed(Month/Day/Year)
(Street)		(Check all applicable)		6. Individual or Joint/Group Filing(Check Applicable Line)
GREENWICH,Â CTÂ 06830		<input type="checkbox"/> Director <input checked="" type="checkbox"/> 10% Owner <input type="checkbox"/> Officer <input type="checkbox"/> Other (give title below) (specify below)		<input type="checkbox"/> Form filed by One Reporting Person <input checked="" type="checkbox"/> Form filed by More than One Reporting Person
(City)	(State)	(Zip)		

Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
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Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

SEC 1473 (7-02)

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.

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)	3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)	4. Conversion or Exercise Price of Derivative Security	5. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable Expiration Date	Title Amount or Number of Shares			

Series A 10% Secured Convertible Note due 2008	Â (1)	Â (2)	Common Stock and Warrants to Purchase Common Stock	21,246,459 (3)	\$ 0.706 (4)	I	By Lambda Investors LLC (5)
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Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
WEXFORD CAPITAL LLC 411 WEST PUTNAM AVENUE GREENWICH, CT 06830	Â	Â X	Â	Â
JACOBS JOSEPH X1	Â	Â X	Â	Â
DAVIDSON CHARLES E X1	Â	Â X	Â	Â

Signatures

Arthur H. Amron as Partner and Secretary of Wexford Capital LLC	10/01/2007
**Signature of Reporting Person	Date
Charles E. Davidson	10/01/2007
**Signature of Reporting Person	Date
Joseph M. Jacobs	10/01/2007
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 5(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).
- The Note will automatically convert on the twenty-first (21st) day after the issuer sends or gives its stockholders a definitive Schedule
- (1) 14C information statement relating to certain actions taken by stockholders of the issuer by written consent (the "Automatic Conversion Date?").
 - (2) The maturity date of the Note is September 19, 2008.
 - (3) The number reported includes 14,164,306 shares of Common Stock and warrants to purchase an additional 7,082,153 shares of Common Stock. The number of shares and warrants reported is based on the original principal amount of the Note (\$10,000,000). The Note accrues interest at a rate of 10% per annum, and the accrued interest will automatically be converted into shares of Common Stock on the Automatic Conversion Date at the same conversion rate as the rate that applies to the original principal amount. The number of warrants issued upon conversion of the Note will increase by 50% of the number of shares of Common Stock issued with respect to the accrued interest.
 - (4) The amount reported represents the conversion price used to determine the number of shares of Common Stock issuable upon the conversion of the Note. The exercise price of the warrants that will be issued upon the conversion of the Note is \$0.90 per share.

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The Note is owned by Lambda Investors LLC (?Lambda?). Wexford Capital LLC (?Wexford?), as manager of Lambda, may be deemed to beneficially own the Note. Charles E. Davidson (?Davidson?) and Joseph M. Jacobs (?Jacobs?) are the managing members of

(5) Wexford. Davidson and Jacobs may also be deemed to beneficially own the Note. Wexford, Davidson and Jacobs each disclaims beneficial ownership of the securities reported hereby and this report shall not be deemed as an admission that they are the beneficial owners of such securities except in the case of Davidson and Jacobs to the extent of their interests in each member of Lambda.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.