

Edgar Filing: NEPHROS INC - Form SC 13G

NEPHROS INC  
Form SC 13G  
February 11, 2005

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

NEPHROS, INC.

-----  
(Name of Issuer)

COMMON STOCK, PAR VALUE \$.001 PER SHARE

-----  
(Title of Class of Securities)

640671103

-----  
(CUSIP Number)

DECEMBER 31, 2004

-----  
(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed.

- Rule 13d-1(b)  
 Rule 13d-1(c)  
 Rule 13d-1(d)

\*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 otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 640671103

Schedule 13G

Page 2

Edgar Filing: NEPHROS INC - Form SC 13G

1. Name of Reporting Person  
S.S. or I.R.S. Identification No.:

WPPN, LP

2. Check the Appropriate Box if a Member of a Group:

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Delaware

Number of shares Beneficially Owned By Each Reporting Person With	5. Sole Voting Power:	918,801
	6. Shared Voting Power:	-0-
	7. Sole Dispositive Power:	918,801
	8. Shared Dispositive Power:	-0-

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

918,801

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain shares:

11. Percent of Class Represented by Amount in Row (9):

7.58%

12. Type of Reporting Person:

PN

CUSIP No. 640671103

Schedule 13G

Page 3

1. Name of Reporting Person  
S.S. or I.R.S. Identification No.:

Cypress Management Partners, LLC

2. Check the Appropriate Box if a Member of a Group:

(a)

(b)

Edgar Filing: NEPHROS INC - Form SC 13G

3. SEC Use Only

4. Citizenship or Place of Organization:

Delaware

Number of shares Beneficially Owned By Each Reporting Person With	5. Sole Voting Power:	918,801
	6. Shared Voting Power:	-0-
	7. Sole Dispositive Power:	918,801
	8. Shared Dispositive Power:	-0-

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

918,801

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain shares:

11. Percent of Class Represented by Amount in Row (9):

7.58%

12. Type of Reporting Person:

OO

CUSIP No. 640671103

Schedule 13G

Page 4

1. Name of Reporting Person  
S.S. or I.R.S. Identification No.:

Cypress Capital Assets, LP

2. Check the Appropriate Box if a Member of a Group:

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Delaware

5. Sole Voting Power: 918,801

Edgar Filing: NEPHROS INC - Form SC 13G

Number of shares Beneficially Owned By Each Reporting Person With

6. Shared Voting Power: -0-

7. Sole Dispositive Power: 918,801

8. Shared Dispositive Power: -0-

9. Aggregate Amount Beneficially Owned by Each Reporting Person:  
918,801

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain shares:

11. Percent of Class Represented by Amount in Row (9):  
7.58%

12. Type of Reporting Person:  
PN

CUSIP No. 640671103 Schedule 13G Page 5

1. Name of Reporting Person  
S.S. or I.R.S. Identification No.:  
Cypress Capital Advisors, LLC

2. Check the Appropriate Box if a Member of a Group:  
(a)   
(b)

3. SEC Use Only

4. Citizenship or Place of Organization:  
Delaware

5. Sole Voting Power: 918,801

Number of shares Beneficially Owned By Each Reporting Person With

6. Shared Voting Power: -0-

7. Sole Dispositive Power: 918,801

8. Shared Dispositive Power: -0-

Edgar Filing: NEPHROS INC - Form SC 13G

-----  
9. Aggregate Amount Beneficially Owned by Each Reporting Person:

918,801  
-----

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain shares:

-----  
11. Percent of Class Represented by Amount in Row (9):

7.58%  
-----

12. Type of Reporting Person:

OO  
-----

CUSIP No. 640671103

Schedule 13G

Page 6  
-----

1. Name of Reporting Person  
S.S. or I.R.S. Identification No.:

Wasserstein SBIC Ventures II, LP  
-----

2. Check the Appropriate Box if a Member of a Group:

(a)   
(b)

-----  
3. SEC Use Only  
-----

4. Citizenship or Place of Organization:

Delaware  
-----

Number of shares Beneficially Owned By Each Reporting Person With	5. Sole Voting Power:	829,104
	6. Shared Voting Power:	-0-
	7. Sole Dispositive Power:	829,104
	8. Shared Dispositive Power:	-0-

-----

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

829,104  
-----

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain shares:

Edgar Filing: NEPHROS INC - Form SC 13G

11. Percent of Class Represented by Amount in Row (9):

6.84%

12. Type of Reporting Person:

PN

CUSIP No. 640671103

Schedule 13G

Page 7

1. Name of Reporting Person

S.S. or I.R.S. Identification No.:

Wasserstein Levered Venture Partners II, LLC

2. Check the Appropriate Box if a Member of a Group:

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization:

[Delaware]

Number of  
shares  
Beneficially  
Owned By  
Each  
Reporting  
Person  
With

5. Sole Voting Power: 829,104

6. Shared Voting Power: -0-

7. Sole Dispositive Power: 829,104

8. Shared Dispositive Power: -0-

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

829,104

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain shares:

11. Percent of Class Represented by Amount in Row (9):

6.84%

12. Type of Reporting Person:

OO

Edgar Filing: NEPHROS INC - Form SC 13G

CUSIP No. 640671103

Schedule 13G

Page 8

1. Name of Reporting Person  
S.S. or I.R.S. Identification No.:

Wasserstein Investments LLC

2. Check the Appropriate Box if a Member of a Group:

(a)

(b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Delaware

Number of	5. Sole Voting Power:	834,492
shares		
Beneficially	6. Shared Voting Power:	-0-
Owned By		
Each		
Reporting	7. Sole Dispositive Power:	834,492
Person		
With	8. Shared Dispositive Power:	-0-

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

834,492

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain shares:

11. Percent of Class Represented by Amount in Row (9):

6.88%

12. Type of Reporting Person:

00

CUSIP No. 640671103

Schedule 13G

Page 9

1. Name of Reporting Person  
S.S. or I.R.S. Identification No.:

Wasserstein Holdings, LLC

2. Check the Appropriate Box if a Member of a Group:

Edgar Filing: NEPHROS INC - Form SC 13G

(a)   
(b)

3. SEC Use Only

4. Citizenship or Place of Organization:

Delaware

Number of shares Beneficially Owned By Each Reporting Person With	5. Sole Voting Power:	834,492
	6. Shared Voting Power:	-0-
	7. Sole Dispositive Power:	834,492
	8. Shared Dispositive Power:	-0-

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

834,492

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain shares:

11. Percent of Class Represented by Amount in Row (9):

6.88%

12. Type of Reporting Person:

OO

CUSIP No. 640671103

Schedule 13G

Page 10

1. Name of Reporting Person  
S.S. or I.R.S. Identification No.:

Bruce Wasserstein

2. Check the Appropriate Box if a Member of a Group:

(a)   
(b)

3. SEC Use Only

4. Citizenship or Place of Organization:

United States



Edgar Filing: NEPHROS INC - Form SC 13G

Number of shares Beneficially Owned By Each Reporting Person With	5. Sole Voting Power:	1,928,564
	6. Shared Voting Power:	-0-
	7. Sole Dispositive Power:	1,928,564
	8. Shared Dispositive Power:	-0-

9. Aggregate Amount Beneficially Owned by Each Reporting Person:

1,928,564

10. Check Box if the Aggregate Amount in Row (9) Excludes Certain shares:

11. Percent of Class Represented by Amount in Row (9):

15.91%

12. Type of Reporting Person:

IN

CUSIP No. 640671103

Schedule 13G

Page 11

SCHEDULE 13G

This Schedule 13G is filed by the undersigned with respect to the shares of common stock, par value \$.001 per share (the "Common Stock"), of Nephros, Inc. (the "Company").

Item 1. (a) NAME OF ISSUER

Nephros, Inc.

(b) ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES

3960 Broadway  
New York, New York 10032

Item 2. (a) NAMES OF PERSONS FILING

WPPN, LP ("WPPN");  
Cypress Management Partners, LLC ("CMP");  
Cypress Capital Assets, L.P. ("CCA");  
Cypress Capital Advisors, LLC ("CC Advisors");  
Wasserstein SBIC Ventures II, LP ("WV SBIC");  
Wasserstein Levered Venture Partners II, LLC ("Levered");  
Wasserstein Investments LLC ("WI");  
Wasserstein Holdings, LLC ("WH"); and  
Bruce Wasserstein ("BW") and, together with WPPN, CMP, CCA,

## Edgar Filing: NEPHROS INC - Form SC 13G

CC Advisors, WV SBIC, Levered, WI, and WH, the "Reporting Persons".

The Reporting Persons are making this single, joint filing because they may be deemed to constitute a "group" within the meaning of Section 13(d)(3) of the Act, although neither the fact of this filing nor anything contained herein shall be deemed to be an admission by the Reporting Persons that such a group exists.

(b) ADDRESS OF PRINCIPAL BUSINESS OFFICE

1301 Avenue of the Americas  
New York, NY 10019

(c) CITIZENSHIP

WPPN - Delaware  
CMP - Delaware  
CCA - Delaware  
CC Advisors - Delaware

CUSIP No. 640671103

Schedule 13G

Page 12

---

WV SBIC - Delaware  
Levered - Delaware  
WI - Delaware  
WH - Delaware  
BW - United States

(d) TITLE OF CLASS OF SECURITIES

Common Stock, par value \$.001 per share (the "Common Stock")

(e) CUSIP NUMBER

640671103

Item 3. This Schedule 13G Statement is not being filed pursuant to Rule 13d-1(b) or Rule 13d-2(b) or (c).

Item 4. (a) - (b)

WPPN

WPPN beneficially owns an aggregate of 918,801 shares of Common Stock, which represents approximately 7.58% of the issued and outstanding shares of Common Stock.

CMP

As the general partner of WPPN, CMP beneficially owns an aggregate of 918,801 shares of Common Stock, which represents approximately 7.58% of the issued and outstanding shares of Common Stock.

CCA

## Edgar Filing: NEPHROS INC - Form SC 13G

As the sole member of CMP, CCA beneficially owns an aggregate of 918,801 shares of Common Stock, which represents approximately 7.58% of the issued and outstanding shares of Common Stock.

### CC Advisors

As the general partner of CCA, CC Advisors may be deemed to beneficially own an aggregate of 918,801 shares of Common Stock, which represents approximately 7.58% of the issued and outstanding shares of Common Stock.

CUSIP No. 640671103

Schedule 13G

Page 13

---

### WV SBIC

WV SBIC beneficially owns an aggregate of 829,104 shares of Common Stock, which represents approximately 6.84% of the issued and outstanding shares of Common Stock.

### Levered

As the general partner of WV SBIC, Levered beneficially owns an aggregate of 829,104 shares of Common Stock, which represents approximately 6.84% of the issued and outstanding shares of Common Stock.

### WI

As the sole member of Levered and the controlling person of Wasserstein & Co., L.P., WI beneficially owns an aggregate of 834,492 shares of Common Stock consisting of 829,104 shares held by WV SBIC and 5,388 shares held by WV II Employee Partnership, LLC, the managing member of which is Wasserstein & Co., L.P. This represents approximately 6.88% of the issued and outstanding shares of Common Stock.

### WH

As the sole member of WI, WH beneficially owns an aggregate of 834,492 shares of Common Stock, which represents approximately 6.88% of the issued and outstanding shares of Common Stock.

### BW

Because he may be deemed to control CC Advisors, WH and BW Employee Holdings, LLC, BW may be deemed to beneficially own 1,928,564 shares of Common Stock, consisting of (i) 918,801 shares directly held by WPPN, (ii) 829,104 shares directly held by WV SBIC, (iii) 5,388 shares held directly by WV Employee Partnership, LLC and (iv) 175,271 shares held directly by BW Employee Holdings, LLC. This represents 15.91% of the issued and outstanding shares of Common Stock. BW disclaims beneficial ownership of these shares except for his pecuniary interest in 29,446 shares.

(c)

Edgar Filing: NEPHROS INC - Form SC 13G

WPPN

WPPN has the sole power to vote or direct the vote of 918,801 shares of Common Stock and the sole power to dispose or to direct the disposition of 918,801 shares of Common Stock.

CUSIP No. 640671103

Schedule 13G

Page 14

---

CMP

As the general partner of WPPN, CMP has the sole power to vote or direct the vote of 918,801 shares of Common Stock and the sole power to dispose or to direct the disposition of 918,801 shares of Common Stock.

CCA

As the sole member of CMP, CCA, has the sole power to vote or direct the vote of 918,801 shares of Common Stock and the sole power to dispose or to direct the disposition of 918,801 shares of Common Stock.

CC Advisors

As the general partner of CCA Assets, CC Advisors has the sole power to vote or direct the vote of 918,801 shares of Common Stock and the sole power to dispose or to direct the disposition of 918,801 shares of Common Stock.

WV SBIC

WV SBIC has the sole power to vote or direct the vote of 829,104 shares of Common Stock and the sole power to dispose of to direct the disposition of 829,104 shares of Common Stock.

Levered

As the general partner of WV SBIC, Levered has the sole power to vote or direct the vote of 829,104 shares of Common Stock and the sole power to dispose or to direct the disposition of 829,104 shares of Common Stock.

WI

As the sole member of Levered and the controlling person of Wasserstein & Co., L.P. WI has the sole power to vote or direct the vote of 834,492 shares of Common Stock and the sole power to dispose or to direct the disposition of 834,492 shares of Common Stock.

WH

As the sole member of WI, WH has the sole power to vote or direct the vote of 834,492 shares of Common Stock and the

Edgar Filing: NEPHROS INC - Form SC 13G

sole power to dispose or direct the disposition of 834,492 shares of Common Stock.

CUSIP No. 640671103

Schedule 13G

Page 15

---

BW

Because he may be deemed to control CC Advisors, WH and BW Employee Holdings, LLC, BW may be deemed to have sole power to vote or direct the vote of 1,928,564 shares of Common Stock and the sole power to dispose or direct the disposition of 1,928,564 shares of Common Stock. BW disclaims beneficial ownership of these shares except for his pecuniary interest in 29,446 shares.

Item 5. OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS

Not applicable.

Item 6. OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON

Not applicable.

Item 7. IDENTIFICATION AND CLASSIFICATION OF SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY

Not applicable.

Item 8. IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP

Not applicable.

Item 9. NOTICE OF DISSOLUTION OF GROUP

Not applicable.

Item 10. CERTIFICATION

Not applicable.

CUSIP No. 640671103

Schedule 13G

Page 16

---

SIGNATURES

After reasonable inquiry and to the best of our knowledge and belief, we certify that the information set forth in this statement is true, complete and correct.

Dated as of February 11, 2005

Edgar Filing: NEPHROS INC - Form SC 13G

WPPN, L.P.

By: Cypress Management Partners, LLC  
its General Partner

By: Cypress Capital Assets, LP  
its Sole Member

By: Cypress Capital Advisors, LLC  
its General Partner

By: /s/ Robert Mersten

-----  
Name: Robert Mersten  
Title: Vice President and Secretary

CYPRESS MANAGEMENT PARTNERS, LLC

By: Cypress Capital Assets, LP  
its Sole Member

By: Cypress Capital Advisors, LLC  
its General Partner

By: /s/ Robert Mersten

-----  
Name: Robert Mersten  
Title: Vice President and Secretary

CYPRESS CAPITAL ASSETS, LP

By: Cypress Capital Advisors, LLC  
its General Partner

By: /s/ Robert Mersten

-----  
Name: Robert Mersten  
Title: Vice President and Secretary

CUSIP No. 640671103

Schedule 13G

Page 17

---

CYPRESS CAPITAL ADVISORS, LLC

By: /s/ Robert Mersten

-----  
Name: Robert Mersten  
Title: Vice President and Secretary

WASSERSTEIN SBIC VENTURES II, LP

Edgar Filing: NEPHROS INC - Form SC 13G

By: Wasserstein Levered Venture  
Partners II, LLC  
its General Partner

By: Wasserstein Investments, LLC  
its Sole Member

By: Wasserstein Holdings, LLC  
its Sole Member

By: /s/ Townsend Ziebold

-----  
Name: Townsend Ziebold  
Title: President

WASSERSTEIN LEVERED VENTURE PARTNERS II, LLC

By: Wasserstein Investments, LLC  
its Sole Member

By: Wasserstein Holdings, LLC  
its Sole Member

By: /s/ Townsend Ziebold

-----  
Name: Townsend Ziebold  
Title: President

CUSIP No. 640671103

Schedule 13G

Page 18

-----  
WASSERSTEIN INVESTMENTS, LLC

By: Wasserstein Holdings, LLC  
its Sole Member

By: /s/ Robert Mersten

-----  
Name: Robert Mersten  
Title: Vice President and Secretary

WASSERSTEIN HOLDINGS, LLC

By: /s/ Robert Mersten

-----  
Name: Robert Mersten  
Title: Vice President and Secretary

\* /s/ Townsend Ziebold  
-----

Edgar Filing: NEPHROS INC - Form SC 13G

W. Townsend Ziebold, Jr. for Bruce Wasserstein\*

\* Pursuant to a Power of Attorney filed  
herewith as Exhibit 2.