

NEPHROS INC  
Form 4  
May 20, 2008

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
Expires: January 31, 2005  
Estimated average burden hours per response... 0.5

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 \*  
Stagg Capital Group LLC

(Last) (First) (Middle)  
3 GREENWICH OFFICE PARK  
  
(Street)  
GREENWICH, CT 06831

(City) (State) (Zip)

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

3. Date of Earliest Transaction (Month/Day/Year)  
11/20/2007

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing (Check Applicable Line)  
\_X\_ 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 <sup>(1)</sup>     | 11/14/2007                           |  | C <sup>(2)</sup>               | V   | 2,198,729 A \$ 0.706  | 2,198,729 <sup>(3)</sup> I                               | See footnote <sup>(1)</sup>                           |
| Common Stock <sup>(1)</sup>     | 11/14/2007                           |  | C <sup>(2)</sup>               | V   | 2,198,729 A \$ 0.706  | 4,397,458 <sup>(3)</sup> I                               | See footnote <sup>(1)</sup>                           |

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

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SEC 1474 (9-02)

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**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 and Amount of Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Series B<br>10%<br>Secured<br>Convertible<br>Note due<br>2008 <sup>(1)</sup> | \$ 0.706<br><sup>(3)</sup>                             | 11/14/2007                           |  | C <sup>(2)</sup>               | V (A) (D)<br>\$<br>1,552,302.42   | <sup>(4)</sup> <sup>(5)</sup>                            | Common Stock 2,1  |
| Series B<br>10%<br>Secured<br>Convertible<br>Note due<br>2008 <sup>(1)</sup> | \$ 0.706<br><sup>(3)</sup>                             | 11/14/2007                           |  | C <sup>(2)</sup>               | V (A) (D)<br>\$<br>1,552,302.42   | <sup>(4)</sup> <sup>(5)</sup>                            | Common Stock 2,1  |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| Stagg Capital Group LLC<br>3 GREENWICH OFFICE PARK<br>GREENWICH, CT 06831 |               | X         |         |       |

## Signatures

/s/ Scott A. Stagg Managing Member  
Date: 05/08/2008

<sup>(1)</sup>Signature of Reporting Person      <sup>(2)</sup>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) See Exhibit 99 - Footnote 1
- (2) See Exhibit 99 - Footnote 2
- (3) See Exhibit 99 - Footnote 3
- (4) See Exhibit 99 - Footnote 4
- (5) See Exhibit 99 - Footnote 5

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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