

Vanda Pharmaceuticals Inc.
Form SC 13D/A
November 17, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D /A
Under the Securities Exchange Act of 1934
(Amendment No. 1)*

Vanda Pharmaceuticals Inc.
(Name of Issuer)

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

921659108
(CUSIP Number)

Kevin C. Tang
Tang Capital Management, LLC
4401 Eastgate Mall
San Diego, CA 92121
(858) 200-3830
(Name, Address and Telephone Number of Person Authorized to
Receive Notices and Communications)

September 15, 2008 - November 7, 2008
(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 §§240.13d-1(e), 240.13d-1(f) or 240.13d-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 § 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 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).

(Continued on following pages)

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CUSIP No. 921659108

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1 Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

Tang Capital Partners, LP

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

3 SEC Use Only

4 Source of Funds

WC

5 Check If Disclosure of Legal Proceeding Is Required Pursuant to Items 2(d) or 2(e)

6 Citizenship or Place of Organization

Delaware

Number of

Shares
Beneficially
Owned by
Each Reporting
Person With

7 Sole Voting Power
0 (1)

8 Shared Voting Power
3,520,852(1)

9 Sole Dispositive Power
0 (1)

10 Shared Dispositive Power
3,520,852(1)

11 Aggregate Amount Beneficially Owned by Each Reporting Person
3,520,852(1)

12 Check if the Aggregate Amount in Row (11) Excludes Certain Shares

13 Percent of Class Represented by Amount in Row (11)
13.2%(1)

14 Type of Reporting Person

PN

(1) Beneficial ownership numbers are based on ownership as of November 7, 2008, the date of the last transaction reported herein.

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13D

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- 1 Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

Tang Capital Management, LLC

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

- 3 SEC Use Only

- 4 Source of Funds

WC

- 5 Check If Disclosure of Legal Proceeding Is Required Pursuant to Items 2(d) or 2(e)

- 6 Citizenship or Place of Organization

Delaware

| | | | |
|--|----|--------------------------|--|
| | 7 | Sole Voting Power | |
| | | 0 (1) | |
| Number of Shares Beneficially Owned by Each Reporting Person With | 8 | Shared Voting Power | |
| | | 3,520,852(1) | |
| | 9 | Sole Dispositive Power | |
| | | 0 (1) | |
| | 10 | Shared Dispositive Power | |
| | | 3,520,852(1) | |

- 11 Aggregate Amount Beneficially Owned by Each Reporting Person
3,520,852(1)

- 12 Check if the Aggregate Amount in Row (11) Excludes Certain Shares

- 13 Percent of Class Represented by Amount in Row (11)
13.2%(1)

14 Type of Reporting Person

OO

(1) Beneficial ownership numbers are based on ownership as of November 7, 2008, the date of the last transaction reported herein.

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13D

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- 1 Names of Reporting Persons.
I.R.S. Identification Nos. of above persons (entities only).

Kevin C. Tang

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

- 3 SEC Use Only

- 4 Source of Funds

PF, WC, OO

- 5 Check If Disclosure of Legal Proceeding Is Required Pursuant to Items 2(d) or 2(e)

- 6 Citizenship or Place of Organization

United States

| | | |
|--|----|--|
| | 7 | Sole Voting Power 0 (1) |
| Number of Shares Beneficially Owned by Each Reporting Person With | 8 | Shared Voting Power 3,738,436(1) |
| | 9 | Sole Dispositive Power 0 (1) |
| | 10 | Shared Dispositive Power 3,820,852(1) |
| | 11 | Aggregate Amount Beneficially Owned by Each Reporting Person 3,820,852(1) |

- 12 Check if the Aggregate Amount in Row (11) Excludes Certain Shares

- 13 Percent of Class Represented by Amount in Row (11)

14.3%(1)

14 Type of Reporting Person

IN

(1) Beneficial ownership numbers are based on ownership as of November 7, 2008, the date of the last transaction reported herein.

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Explanatory Note: This Amendment No. 1 relates to and amends the Statement of Beneficial Ownership on Schedule 13D of Tang Capital Partners, LP, a Delaware partnership, Tang Capital Management, LLC, a Delaware limited liability company and Kevin C. Tang, a United States citizen (each, a "Reporting Person" and collectively, the "Reporting Persons"), initially filed jointly by the Reporting Persons with the Securities and Exchange Commission on October 6, 2008 (the "Statement"), with respect to the Common Stock, \$0.001 par value (the "Common Stock"), of Vanda Pharmaceuticals, Inc., a Delaware corporation (the "Issuer").

Items 3 and 5 of the Statement are hereby amended to the extent hereinafter expressly set forth. All capitalized terms used and not expressly defined herein have the respective meanings ascribed to such terms 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:

Tang Capital Partners, LP ("TCP") held 2,658,206 shares of the Issuer's common stock in an account at Lehman Brothers International (Europe) ("LBIE"). On September 15, 2008 LBIE was placed into administration under United Kingdom law and four partners of PriceWaterhouseCoopers LLP were appointed as joint administrators (the "Joint Administrators"). The Joint Administrators have advised us that most of TCP's shares were rehypothecated. The Joint Administrators and UK counsel have further advised that LBIE's customers will not be able to recover rehypothecated shares, but instead will be entitled to a general unsecured claim with respect to such shares. Accordingly, TCP in this filing has reduced the number of shares of the Issuer held by TCP to the extent such shares were held at LBIE. By making this filing, TCP does not waive any argument that it is entitled to recover such shares and expressly reserves such arguments.

Since the date of the last filing on Schedule 13D, on November 7, 2008, Tang Capital Partners, LP purchased 560,000 shares of Vanda Pharmaceuticals, Inc.'s common stock through the open market for \$0.8291 per share.

Tang Capital Partners, LP holds some of its shares in commingled margin accounts, which may extend margin credit to Tang Capital Partners, LP as and when required to open or carry positions in the margin accounts, subject to applicable federal margin regulations, stock exchange rules and credit policies. In such instances, the positions held in the margin accounts are pledged as collateral security for the repayment of debit balances in the accounts. The margin accounts may from time to time have debit balances. Since other securities are held in the margin accounts, it is not possible to determine the amounts, if any, of margin used to purchase the shares of common stock reported herein.

Item 5. Interest in Securities of the Issuer.

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

All beneficial ownership numbers below are based on ownership as of November 7, 2008, the date of the last transaction reported herein.

(a) Amount beneficially owned and percentage of class:

| | |
|------------------------------|---|
| Tang Capital Partners, LP | 3,520,852 shares, representing 13.2% of the class |
| Tang Capital Management, LLC | 3,520,852 shares, representing 13.2% of the class |
| Kevin C. Tang | 3,820,852 shares, representing 14.3% of the class |

Tang Capital Partners, LP is the record and beneficial owner of 3,520,852 shares of the Issuer's common stock and shares voting and dispositive power over such securities with Tang Capital Management, LLC and Kevin C. Tang.

Tang Capital Management, LLC, as the general partner of Tang Capital Partners, LP, may be deemed to beneficially own the 3,520,852 shares held of record by Tang Capital Partners, LP and shares voting and dispositive power over such shares with Tang Capital Partners, LP and Kevin C. Tang.

Kevin C. Tang is the beneficial owner of 3,820,852 shares of the Issuer's common stock, comprising 3,520,852 shares held by Tang Capital Partners, LP, 217,584 shares owned by the Haeyoung and Kevin Tang Foundation, Inc., 41,208 shares owned by the Individual Retirement Account for the benefit of Chang L. Kong (the "Chang IRA"), and 41,208 shares owned by the Individual Retirement Account for the benefit of Chung W. Kong (the "Chung IRA").

Tang Capital Management, LLC, as the general partner of Tang Capital Partners, LP, and Kevin C. Tang, as the manager of Tang Capital Management, LLC, may also be deemed to beneficially own the shares beneficially owned by Tang Capital Partners, LP. The Haeyoung and Kevin Tang Foundation, Inc. is a private foundation, for which Kevin C. Tang serves as President and Treasurer. Mr. Tang shares voting and dispositive power over the shares held by this foundation with Haeyoung K. Tang. Chang L. and Chung W. Kong are Kevin C. Tang's in-laws and Mr. Tang may be deemed to have shared dispositive power over the shares held in the Chang IRA and the Chung IRA. Kevin C. Tang disclaims beneficial ownership of all shares reported herein except to the extent of his pecuniary interest therein. Haeyoung K. Tang is a U.S. citizen and shares her residence with Kevin C. Tang. The Haeyoung and Kevin Tang Foundation, Inc. is a not-for-profit corporation incorporated in the state of Delaware and its address is 4401 Eastgate Mall, San Diego, CA 92121. Chang L. and Chung W. Kong are retired U.S. citizens and their address is 6429 Peinado Way, San Diego, CA 92121.

(b) Voting and disposition powers:

Sole power to vote or direct the vote:

| | |
|------------------------------|----------|
| Tang Capital Partners, LP | 0 shares |
| Tang Capital Management, LLC | 0 shares |
| Kevin C. Tang | 0 shares |

Shared power to vote or direct the vote:

| | |
|------------------------------|------------------|
| Tang Capital Partners, LP | 3,520,852 shares |
| Tang Capital Management, LLC | 3,520,852 shares |
| Kevin C. Tang | 3,738,436 shares |

Sole power to dispose or direct the disposition:

| | |
|------------------------------|----------|
| Tang Capital Partners, LP | 0 shares |
| Tang Capital Management, LLC | 0 shares |
| Kevin C. Tang | 0 shares |

Shared power to dispose or direct the disposition:

| | |
|------------------------------|------------------|
| Tang Capital Partners, LP | 3,520,852 shares |
| Tang Capital Management, LLC | 3,520,852 shares |
| Kevin C. Tang | 3,820,852 shares |

(c) Other than the transactions described in Item 3 and the transactions previously reported in item 5(c) in the statement filed on October 6, 2008, none of Kevin C. Tang, Tang Capital Partners, LP and Tang Capital Management, LLC have effected any transaction in the Issuer's common stock within the last 60 days.

(d) N/A.

(e) N/A.

SIGNATURES

After reasonable inquiry and to the best of his or its knowledge and belief, each of the following Reporting Persons certifies that the information set forth in this statement is true, complete and correct.

November 17, 2008

Tang Capital Partners, LP

By: Tang Capital Management, LLC

By: /s/ Kevin C. Tang
Kevin C. Tang, Manager

Tang Capital Management, LLC

By: /s/ Kevin C. Tang
Kevin C. Tang, Manager

/s/ Kevin C. Tang
Kevin C. Tang