

ATHERSYS, INC / NEW
Form SC 13G/A
February 16, 2016

SCHEDULE 13G

CUSIP No. 04744L106

Page 1 of 10

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 13G

Under the Securities Exchange Act of 1934

(Amendment No. 3)*

Athersys, Inc.

(Name of Issuer)

Common Stock, par value \$0.001 per share

(Title of Class of Securities)

04744L106

(CUSIP Number)

December 31, 2015

(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 the disclosures provided in a prior cover page.

The information required in 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).

SCHEDULE 13G

CUSIP No. 04744L106

Page 2 of 10

1 NAMES OF REPORTING PERSONS

2 A.M. Pappas Life Science Ventures III, LP
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

NUMBER OF

SHARES 6 - 0 -
SHARED VOTING POWER

BENEFICIALLY

OWNED BY 3,605,724
EACH 7 SOLE DISPOSITIVE POWER

REPORTING

PERSON 8 - 0 -
SHARED DISPOSITIVE POWER

WITH

9 3,605,724
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,605,724

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

..

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

4.3% (1)

12 TYPE OF REPORTING PERSON

PN

- (1) Based upon 83,285,747 Shares outstanding as of November 1, 2015, as reported by the Issuer in its Quarterly Report on Form 10-Q filed on November 5, 2015, and on 67,785 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

SCHEDULE 13G

CUSIP No. 04744L106

Page 3 of 10

1 NAMES OF REPORTING PERSONS

2 PV III CEO Fund, LP
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

NUMBER OF

SHARES 6 - 0 -
SHARED VOTING POWER

BENEFICIALLY

OWNED BY 224,176
EACH 7 SOLE DISPOSITIVE POWER

REPORTING

PERSON 8 - 0 -
SHARED DISPOSITIVE POWER

WITH

224,176
9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

224,176

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

..

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

0.3% (2)

12 TYPE OF REPORTING PERSON

PN

- (2) Based upon 83,285,747 Shares outstanding as of November 1, 2015, as reported by the Issuer in its Quarterly Report on Form 10-Q filed on November 5, 2015, and on 4,215 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

SCHEDULE 13G

CUSIP No. 04744L106

Page 4 of 10

1 NAMES OF REPORTING PERSONS

2 AMP&A Management III, LLC
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

NUMBER OF

SHARES 6 - 0 -
SHARED VOTING POWER

BENEFICIALLY

OWNED BY
EACH 7 3,829,900
SOLE DISPOSITIVE POWER

REPORTING

PERSON 8 - 0 -
SHARED DISPOSITIVE POWER

WITH

9 3,829,900
AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,829,900

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

..

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

4.6% (3)

12 TYPE OF REPORTING PERSON

OO

(3) Based upon 83,285,747 Shares outstanding as of November 1, 2015, as reported by the Issuer in its Quarterly Report on Form 10-Q filed on November 5, 2015, and on 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

SCHEDULE 13G

CUSIP No. 04744L106

Page 5 of 10

1 NAMES OF REPORTING PERSONS

2 Pappas Capital, LLC
CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

(a) " (b) "

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

NORTH CAROLINA

5 SOLE VOTING POWER

NUMBER OF

SHARES 3,829,900
6 SHARED VOTING POWER

BENEFICIALLY

OWNED BY
EACH 7 - 0 -
SOLE DISPOSITIVE POWER

REPORTING

PERSON 8 3,829,900
SHARED DISPOSITIVE POWER

WITH

- 0 -

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,829,900

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

..

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

4.6% (4)

12 TYPE OF REPORTING PERSON

OO

- (4) Based upon 83,285,747 Shares outstanding as of November 1, 2015, as reported by the Issuer in its Quarterly Report on Form 10-Q filed on November 5, 2015, and on 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

SCHEDULE 13G

CUSIP No. 04744L106

Page 6 of 10

Item 1.

(a) Name of Issuer:

Athersys, Inc. (the Issuer)

(b) Address of Issuer's Principal Executive Offices:

3201 Carnegie Avenue, Cleveland, Ohio 44115-2634.

Item 2

(a) Name of Person Filing:

This statement is filed by A.M. Pappas Life Science Ventures III, LP, a Delaware limited partnership (Pappas Ventures III), PV III CEO Fund, LP, a Delaware limited partnership (the CEO Fund and together with Pappas Ventures III, the Pappas Funds), AMP&A Management III, LLC, a Delaware limited liability company (AMP&A Management), and Pappas Capital, LLC, a North Carolina limited liability company, which changed its name from A. M. Pappas & Associates, LLC on October 1, 2015 (Pappas). Each of the foregoing is referred to as a Reporting Person and collectively as the Reporting Persons.

AMP&A Management is the general partner of each of the Pappas Funds, and has a management agreement with Pappas whereby Pappas provides management services for the Pappas Funds. Due to its arrangements with the Pappas Funds, Pappas' investment committee has sole power to vote or to direct the vote of, and sole power to dispose or to direct the disposition of, all shares owned by the Pappas Funds. By virtue of these relationships, each of AMP&A Management and Pappas may be deemed to beneficially own the Issuer's Common Stock, par value \$0.001 per share, owned directly by the Pappas Funds.

(b) Address of Principal Business Office or, if none, Residence:

The principal business office of each of the Reporting Persons is 2520 Meridian Parkway, Suite 400, Durham, North Carolina 27713.

(c) Citizenship:

The Pappas Funds and AMP&A Management are organized under the laws of the State of Delaware. Pappas is organized under the laws of the State of North Carolina.

(d) Title of Class of Securities:

Common Stock, par value \$0.001 per share (the Shares).

(e) CUSIP Number:

04744L106

Item 3. If this statement is filed pursuant to Sections 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

Not Applicable.

Item 4. Ownership.

Pappas Ventures III

(a) Amount beneficially owned:

SCHEDULE 13G

CUSIP No. 04744L106

Page 7 of 10

3,605,724 Shares, including 67,785 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

(b) Percent of class:

4.3% (based upon 83,285,747 Shares outstanding as of November 1, 2015, as reported by the Issuer in its Quarterly Report on Form 10-Q filed on November 5, 2015, and on 67,785 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015).

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote
0 Shares.

(ii) Shared power to vote or to direct the vote

3,605,724 Shares, including 67,785 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

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

0 Shares.

(iv) Shared power to dispose or to direct the disposition of

3,605,724 Shares, including 67,785 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

CEO Fund

(a) Amount beneficially owned:

224,176 Shares, including 4,215 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

(b) Percent of class:

0.3% (based upon 83,285,747 Shares outstanding as of November 1, 2015, as reported by the Issuer in its Quarterly Report on Form 10-Q filed on November 5, 2015, and on 4,215 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015).

(c) Number of shares as to which such person has:

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

0 Shares.

(ii) Shared power to vote or to direct the vote

224,176 Shares, including 4,215 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

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

SCHEDULE 13G

CUSIP No. 04744L106

Page 8 of 10

0 Shares.

(iv) Shared power to dispose or to direct the disposition of

224,176 Shares, including 4,215 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

AMP&A Management

(a) Amount beneficially owned:

3,829,900 Shares, including 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

(b) Percent of class:

4.6% (based upon 83,285,747 Shares outstanding as of November 1, 2015, as reported by the Issuer in its Quarterly Report on Form 10-Q filed on November 5, 2015, and on 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015).

(c) Number of shares as to which such person has:

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

0 Shares.

(ii) Shared power to vote or to direct the vote

3,829,900 Shares, including 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

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

0 Shares.

(iv) Shared power to dispose or to direct the disposition of

3,829,900 Shares, including 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

Pappas

(a) Amount beneficially owned:

3,829,900 Shares, including 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

(b) Percent of class:

4.6% (based upon 83,285,747 Shares outstanding as of November 1, 2015, as reported by the Issuer in its Quarterly Report on Form 10-Q filed on November 5, 2015, and on 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015).

(c) Number of shares as to which such person has:

SCHEDULE 13G

CUSIP No. 04744L106

Page 9 of 10

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

3,829,900 Shares, including 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

(ii) Shared power to vote or to direct the vote

0 Shares.

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

3,829,900 Shares, including 72,000 Shares issuable upon exercise of warrants that are exercisable by the Reporting Person within sixty days of December 31, 2015.

(iv) Shared power to dispose or to direct the disposition of

0 Shares.

As the general partner of each of the Pappas Funds, AMP&A Management may be deemed to be the beneficial owner of the Shares owned directly by the Pappas Funds. Due to its arrangements with the Pappas Funds, Pappas's investment committee has sole power to vote or to direct the vote of, and sole power to dispose or to direct the disposition of, all Shares owned by the Pappas Funds, and thus may be deemed to be the beneficial owner of the Shares owned directly by the Pappas Funds.

The filing of this Schedule 13G shall not be construed as an admission that the Reporting Persons are, for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended, the beneficial owners of any of the Shares reported herein. Each of the Reporting Persons specifically disclaims beneficial ownership of the Shares reported herein except to the extent of his or its pecuniary interest therein.

Item 5. Ownership of Five Percent or Less of a Class.

Each of the Reporting Persons has ceased to be the beneficial owner of more than five percent of the class of securities. Accordingly, this Amendment No. 3 constitutes an exit filing for each of the Reporting Persons.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Not Applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

Not Applicable

Item 8. Identification and Classification of Members of the Group.

See Exhibit 1

Item 9. Notice of Dissolution of Group.

Not Applicable

Item 10. Certifications.

By signing below we certify that, to the best of our knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect, other than activities solely in connection with a nomination under § 240.14a-11.

SCHEDULE 13G

CUSIP No. 04744L106

Page 10 of 10

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: February 16, 2016

A.M. PAPPAS LIFE SCIENCE VENTURES III, LP

By: AMP&A Management III, LLC

General Partner

By: /s/ Ford S. Worthy
Name: Ford S. Worthy
Title: Partner & Chief Financial Officer

PV III CEO FUND, LP

By: AMP&A Management III, LLC

General Partner

By: /s/ Ford S. Worthy
Name: Ford S. Worthy
Title: Partner & Chief Financial Officer

AMP&A MANAGEMENT III, LLC

By: /s/ Ford S. Worthy
Name: Ford S. Worthy
Title: Partner & Chief Financial Officer

PAPPAS CAPITAL, LLC

By: /s/ Ford S. Worthy
Name: Ford S. Worthy
Title: Partner

Exhibit Index

Exhibit 1 Joint Filing Agreement, dated February 16, 2016, among A.M. Pappas Life Science Ventures III, LP; PV III CEO Fund, LP; AMP&A Management III, LLC; and Pappas Capital, LLC.