

Vanda Pharmaceuticals Inc.  
Form SC 13D  
October 06, 2008

---

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

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 25, 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)

CUSIP No. 921659108

13D

Page 2 of 11

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) ý

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)

o

6 Citizenship or Place of Organization

Delaware

7 Sole Voting Power  
0

Number of

Shares  
Beneficially  
Owned by  
Each Reporting  
Person With

8 Shared Voting Power  
5,619,058

9 Sole Dispositive Power  
0

10 Shared Dispositive Power  
5,619,058

11 Aggregate Amount Beneficially Owned by Each Reporting Person

5,619,058

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

..

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

21.1%

14 Type of Reporting Person

PN

Page 2 of 11

---

CUSIP No. 921659108

13D

Page 3 of 11

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
Number of Shares Beneficially Owned by Each Reporting Person With	8	Shared Voting Power	5,619,058
	9	Sole Dispositive Power	0
	10	Shared Dispositive Power	5,619,058

11 Aggregate Amount Beneficially Owned by Each Reporting Person

5,619,058

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

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

21.1%

14 Type of Reporting Person

OO

Page 3 of 11

---

CUSIP No. 921659108

13D

Page 4 of 11

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

Number of

Shares  
Beneficially  
Owned by  
Each Reporting  
Person With

8 Shared Voting Power  
5,836,642

9 Sole Dispositive Power  
0

10 Shared Dispositive Power  
5,919,058

11 Aggregate Amount Beneficially Owned by Each Reporting Person

5,919,058

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

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

22.2%

14 Type of Reporting Person

IN

Page 4 of 11

---



Item 1. Security and Issuer

This Statement on Schedule 13D (the “Statement”) relates to the common stock, par value \$0.001 per share, of Vanda Pharmaceuticals Inc. (the “Issuer”). The principal executive offices of the Issuer are located at 9605 Medical Center Drive, Suite 300, Rockville, MD 20850.

Item 2. Identity and Background

Identity of Each Reporting Person

This Statement is being jointly filed on behalf of the following individuals and entities (each, a “Reporting Person” and collectively, “Reporting Persons”), pursuant to Rule 13d-1(k)(1) promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to Section 13 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”):

Tang Capital Partners, LP  
Tang Capital Management, LLC  
Kevin C. Tang

Background of Each Reporting Person

Tang Capital Partners, LP

The business address of Tang Capital Partners, LP is:

4401 Eastgate Mall  
San Diego, CA 92121

Tang Capital Partners, LP is a partnership engaged in capital management.

Tang Capital Management, LLC

The business address of Tang Capital Management, LLC is:

4401 Eastgate Mall  
San Diego, CA 92121

Tang Capital Management, LLC is a limited liability company that is the general partner of Tang Capital Partners, LP.

Kevin C. Tang

The business address of Kevin C. Tang is:

4401 Eastgate Mall  
San Diego, CA 92121

Mr. Tang is the manager of Tang Capital Management, LLC.

### Information Regarding Legal Proceedings

To the best knowledge of the Reporting Persons, no party identified in this Item 2 has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such party was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

### Citizenship

Tang Capital Partners, LP is a Delaware limited partnership. Tang Capital Management, LLC is a Delaware limited liability company. Mr. Tang is a United States citizen.

### Item 3. Source and Amount of Funds or Other Consideration

The Reporting Persons expended an aggregate of approximately \$5,935,665 to purchase the 5,919,058 shares of the Issuer's common stock. Such transactions were effected in open market purchases and the common stock was acquired in the ordinary course of business. Each purchaser used its own funds for the purchases, none of which were borrowed or otherwise obtained from any other source, with the exception of the shares held by Tang Capital Partners, LP. Tang Capital Partners, LP holds 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 4. Purpose of Transaction

The Reporting Persons are engaged in the investment business. The purpose of the acquisition of the shares of the common stock of the Issuer is for investment, and the acquisitions of such stock were made in the ordinary course of the Reporting Persons' business. As part of this business, the Reporting Persons are considering a wide variety of options and strategies to maximize the value of their investment. Such options and strategies may include, from time to time, meetings with the Company and/or its Board of Directors to discuss the Company's plans with respect to the operations and strategic direction of the Issuer. At such meetings or otherwise as the Reporting Persons consider appropriate in their sole discretion, the Reporting Persons may suggest, discuss or take a position on potential changes to the Issuer's business, operations, operating budget, cost structure, strategic direction, management, governance or future plans, including but not limited to the sale, transfer or other disposition of some or all of the Issuer's assets, a corporate restructuring, spin-off or other organizational changes, as well as potential change of control or other extraordinary transactions involving the Issuer, which may include a transaction with the Reporting Persons. Such suggestions, discussions or positions may relate to one or more of the transactions specified in clauses (a) through (j) of Item 4 of Schedule 13D of the Exchange Act. In addition, the Reporting Persons may take such actions in the future with respect to their investment in the Issuer as they deem, in their sole discretion, advisable including, without limitation, purchasing additional shares, nominating candidates to the Issuer's Board of Directors, seeking to persuade the Issuer's Board of Directors to engage in various alternative strategies, selling or otherwise disposing of the Reporting Persons' shares, entering into hedging transactions with respect to the Reporting Persons' shares and/or otherwise changing their intention with respect to the matters referred to in Item 4 of Schedule 13D. Such actions may depend upon various factors including, without limitation, the Issuer's financial and strategic direction and position, the price performance of the Issuer's shares, general conditions in the Issuer's industry, the economy and the securities markets, and the availability of other investment opportunities.



Item 5. Interest in Securities of the Issuer.

(a) Amount beneficially owned and percentage of class:

Tang Capital Partners, LP	5,619,058 shares, representing 21.1% of the class
Tang Capital Management, LLC	5,619,058 shares, representing 21.1% of the class
Kevin C. Tang	5,919,058 shares, representing 22.2% of the class

Tang Capital Partners, LP is the record and beneficial owner of 5,619,058 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 5,619,058 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 5,919,058 shares of the Issuer’s common stock, comprising 5,619,058 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	5,619,058 shares
Tang Capital Management, LLC	5,619,058 shares
Kevin C. Tang	5,836,642 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	5,619,058 shares
Tang Capital Management, LLC	5,619,058 shares
Kevin C. Tang	5,919,058 shares

(c) The Reporting Persons have engaged in the following transactions in the Issuer's common stock during the last 60 days:

Entity	Transaction	Trade Date	Shares	Price/Share
Tang Capital Partners, LP	Purchase	7/28/2008	100,000	1.0600
Tang Capital Partners, LP	Purchase	7/29/2008	740,600	0.8660
Tang Capital Partners, LP	Purchase	7/30/2008	735,800	0.9210
Tang Capital Partners, LP	Purchase	7/31/2008	115,726	0.9210
Tang Capital Partners, LP	Purchase	8/1/2008	5,714	0.9300
Tang Capital Partners, LP	Purchase	8/4/2008	5,360	0.9300
Tang Capital Partners, LP	Purchase	8/5/2008	145,583	0.9230
Tang Capital Partners, LP	Purchase	8/6/2008	100,000	0.9500
Tang Capital Partners, LP	Purchase	8/7/2008	413,000	1.0250
Tang Capital Partners, LP	Sale	8/13/2008	31,703	1.3000
Tang Capital Partners, LP	Sale	8/14/2008	33,353	1.3000
Tang Capital Partners, LP	Purchase	8/18/2008	1,479	1.0800
Tang Capital Partners, LP	Purchase	8/19/2008	182,900	1.1400
Tang Capital Partners, LP	Purchase	8/20/2008	177,100	1.1280
Tang Capital Partners, LP	Purchase	9/9/2008	1,100,000	1.0498
The Haeyoung and Kevin Tang Foundation, Inc.	Purchase	9/10/2008	52,000	1.0151
The Haeyoung and Kevin Tang Foundation, Inc.	Purchase	9/11/2008	22,900	1.0471
The Haeyoung and Kevin Tang Foundation, Inc.	Purchase	9/12/2008	56,484	1.0368
The Haeyoung and Kevin Tang Foundation, Inc.	Purchase	9/15/2008	86,200	1.0134
Chang L. Kong	Purchase	9/16/2008	41,208	0.9720
Chung W. Kong	Purchase	9/16/2008	41,208	0.9720
Tang Capital Partners, LP	Purchase	9/19/2008	1,080,852	0.9793
Tang Capital Partners, LP	Purchase	9/22/2008	100,000	0.9988
Tang Capital Partners, LP	Purchase	9/23/2008	80,000	0.9815
Tang Capital Partners, LP	Purchase	9/25/2008	600,000	1.0378

(d) N/A.

(e) N/A.

Item 6. Contracts, Arrangements, Understandings or Relationships With Respect to Securities of the Issuer.

Reference is made to the relationships described in Item 5(a) of this Statement.

The Reporting Persons have entered into a Joint Filing Agreement. See Item 2.

Any of the Reporting Persons may from time to time acquire or dispose of the Issuer's securities or enter into hedging transactions with respect to the Issuer's securities. Such acquisitions or dispositions may be made in the open market or in privately negotiated transactions.

Item 7. Material to Be Filed as Exhibits

Exhibit 1: Joint Filing Agreement. (Filed herewith)

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.

October 6, 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