

Capnia, Inc.
Form 4
November 20, 2014

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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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 *
MARIO ERNEST

(Last) (First) (Middle)

C/O CAPNIA, INC., 3 TWIN DOLPHIN DR., SUITE 160

(Street)

REDWOOD CITY, CA 94065

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
Capnia, Inc. [CAPN]

3. Date of Earliest Transaction
(Month/Day/Year)
11/18/2014

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

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

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

6. Individual or Joint/Group Filing(Check Applicable Line)

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) | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|---|------------------|
| | | | Code | V | Amount | (A) or (D) | Price | | |
| Common Stock | 11/18/2014 | | C | | 48,885 | A | (1) 48,885 | D | |
| Common Stock | 11/18/2014 | | C | | 10,416 | A | (1) 59,301 | I | See Footnote (2) |
| Common Stock | 11/18/2014 | | C | | 10,416 | A | (1) 69,717 | I | See Footnote (3) |
| Common Stock | 11/18/2014 | | P | | 96,803 | A | (4) 166,520 | D | |
| | 11/18/2014 | | P | | 53,512 | A | (6) 220,032 | I | |

| | | | | | | | | |
|--|------------|---|------------|---|-------------|---------------|---|-------------------------|
| Common Stock | | | | | | | | See Footnote <u>(5)</u> |
| Common Stock | 11/18/2014 | P | 114,072 | A | <u>(8)</u> | 334,104 | I | See Footnote <u>(7)</u> |
| Common Stock | 11/18/2014 | P | 44,770 | A | <u>(9)</u> | 378,874 | I | See Footnote <u>(7)</u> |
| Common Stock | 11/18/2014 | P | 253,846 | A | <u>(10)</u> | 632,720 | I | See Footnote <u>(7)</u> |
| 2010/2012 Convertible Promissory Notes | 11/18/2014 | S | 471,191.66 | D | <u>(4)</u> | \$ 815,721 | D | |
| 2010/2012 Convertible Promissory Notes | 11/18/2014 | S | 260,470.89 | D | <u>(6)</u> | \$ 555,250.11 | I | See Footnote <u>(5)</u> |
| 2010/2012 Convertible Promissory Notes | 11/18/2014 | S | 555,250.11 | D | <u>(8)</u> | \$ 0 | I | See Footnote <u>(7)</u> |
| 2014 Convertible Promissory Notes | 11/18/2014 | S | 203,705.06 | D | <u>(9)</u> | \$ 0 | I | See Footnote <u>(7)</u> |

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

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SEC 1474 (9-02)

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) | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------|--------|
| | | | | | | Date Exercisable | Expiration Date | Title | Amount |
| | <u>(1)</u> | 11/18/2014 | | Code V C | (A) 48,885 | <u>(1)</u> | <u>(1)</u> | | 4 |

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| | | | | | | | | | |
|---|------------|------------|-------------------|---------|-------------|-----------------------|--|--------------|----|
| Series C Preferred Stock | | | | | | | | Common Stock | |
| Series C Preferred Stock | <u>(1)</u> | 11/18/2014 | C | 10,416 | <u>(1)</u> | <u>(1)</u> | | Common Stock | 1 |
| Series C Preferred Stock | <u>(1)</u> | 11/18/2014 | C | 10,416 | <u>(1)</u> | <u>(1)</u> | | Common Stock | 1 |
| Warrant to Purchase Common Stock | \$ 4.8675 | 11/18/2014 | J ⁽¹¹⁾ | 13,690 | <u>(11)</u> | <u>(11)</u> | | Common Stock | 1 |
| Warrant to Purchase Common Stock | \$ 4.8675 | 11/18/2014 | J ⁽¹¹⁾ | 8,275 | <u>(11)</u> | <u>(11)</u> | | Common Stock | 8 |
| Warrant to Purchase Common Stock | \$ 4.8675 | 11/18/2014 | J ⁽¹¹⁾ | 21,928 | <u>(11)</u> | <u>(11)</u> | | Common Stock | 2 |
| Series A Warrant to Purchase Common Stock | \$ 6.5 | 11/18/2014 | P | 44,770 | | 11/18/2014 11/12/2019 | | Common Stock | 4 |
| Series B Warrant to Purchase Common Stock | \$ 6.5 | 11/18/2014 | P | 44,770 | | 11/18/2014 02/12/2016 | | Common Stock | 4 |
| Series A Warrant to Purchase Common Stock | \$ 6.5 | 11/18/2014 | P | 253,846 | | 11/18/2014 11/12/2019 | | Common Stock | 23 |
| Series B Warrant to Purchase | \$ 6.5 | 11/18/2014 | P | 253,846 | | 11/18/2014 02/12/2016 | | Common Stock | 23 |

Common
Stock

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| MARIO ERNEST C/O CAPNIA, INC., 3 TWIN DOLPHIN DR, SUITE 160 REDWOOD CITY, CA 94065 | X | X | | |

Signatures

/s/ David O'Toole, Attorney-in-Fact for Ernest
Mario

11/20/2014

__Signature of Reporting Person

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) The Series C Preferred Stock converted into shares of Common Stock on a 1:1 basis and had no expiration date.
These shares are held directly by Ernest Mario 2008 Annuity Trust III ("E. Mario 2008 Trust"). Ernest Mario serves as trustee of the E. Mario 2008 Trust and may be deemed to be the beneficial owner of the shares held directly by E. Mario 2008 Trust. Ernest Mario disclaims beneficial ownership of the securities held by E. Mario 2008 Trust, except to the extent of such individual's pecuniary interests in the securities.
- (2) These shares are held directly by Mildred Mario 2008 Annuity Trust III ("M. Mario 2008 Trust"). Ernest Mario and Ernest Mario's spouse, Mildred Mario, serves as trustees of the M. Mario 2008 Trust and may be deemed to be the beneficial owner of the shares held directly by M. Mario 2008 Trust. Ernest Mario disclaims beneficial ownership of the securities held by M. Mario 2008 Trust, except to the extent of such individual's pecuniary interests in the securities.
- (3) Ernest Mario converted an aggregate of \$471,191.66 in principal amount and accrued interest under the 2010/2012 Convertible Promissory Notes on November 18, 2014, at a conversion price of \$4.8675 per share, resulting in an acquisition of 96,803 shares of Common Stock. The 2012/2012 Convertible Promissory Notes were convertible into shares of Common Stock at a conversion price equal to 75% of the market price of the Common Stock on the date of conversion, which was \$6.49 per share of Common Stock.
- (4) These shares are held directly by the Mario 2002 Grandchildren's Trust ("2002 Trust"). Ernest Mario serves as trustee of the 2002 Trust and may be deemed to be the beneficial owner of the shares held directly by 2002 Trust. Ernest Mario disclaims beneficial ownership of the securities held by 2002 Trust, except to the extent of such individual's pecuniary interests in the securities.
- (5) The 2002 Trust converted an aggregate of \$260,470.89 in principal amount and accrued interest under the 2010/2012 Convertible Promissory Notes on November 18, 2014, at a conversion price of \$4.8675 per share, resulting in an acquisition of 53,512 shares of Common Stock. The 2012/2012 Convertible Promissory Notes were convertible into shares of Common Stock at a conversion price equal to 75% of the market price of the Common Stock on the date of conversion, which was \$6.49 per share of Common Stock.
- (6) These shares are held directly by Mario Family Partners LP ("MFP"). Ernest Mario serves as general partner of the MFP and may be deemed to be the beneficial owner of the shares held directly by MFP. Ernest Mario disclaims beneficial ownership of the securities held by MFP, except to the extent of such individual's pecuniary interests in the securities.
- (7) MFP converted an aggregate of \$555,250.11 in principal amount and accrued interest under the 2010/2012 Convertible Promissory Notes on November 18, 2014, at a conversion price of \$4.8675 per share, resulting in an acquisition of 114,072 shares of Common Stock. The 2012/2012 Convertible Promissory Notes were convertible into shares of Common Stock at a conversion price equal to 75% of the market price of the Common Stock on the date of conversion, which was \$6.49 per share of Common Stock.
- (8) MFP converted an aggregate of \$203,705.06 in principal amount and accrued interest under the 2014 Convertible Promissory Notes on November 18, 2014, at a conversion price of \$4.55 per Unit, resulting in an acquisition of 44,770 Units. The 2014 Convertible
- (9)

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Promissory Notes were convertible into Units at a conversion price equal to 70% of the market price of the Units being sold on the date of conversion, which was \$6.50 per Unit, with each Unit consisting of (i) one share of Common Stock, (ii) one Series A Warrant to purchase one share of Common Stock, and (iii) one Series B Warrant to purchase one share of Common Stock.

- (10) The reported securities are included within 253,846 Units purchased by MFP for \$6.50 per Unit. Each Unit consists of (i) one share of Common Stock, (ii) one Series A Warrant to purchase one share of Common Stock, and (iii) one Series B Warrant to purchase one share of Common Stock.

- (11) The 2010/2012 Warrants to Purchase Common Stock were issued in connection with the 2010/2012 Convertible Promissory Notes and on November 18, 2014, became exercisable for that number of shares of Common Stock as is equal to the quotient of (x) and (y), where (x) is equal to 25% of the principal amount of the corresponding 2010/2012 Convertible Promissory Note in connection with which such warrant was issued and which is referenced in footnotes 4, 6, and 8, and, (y) is equal to 75% of the market price of the Common Stock on November 18, 2014, which was \$6.49 per share of Common Stock. The exercise price for each of the warrants is \$4.8675 per share which is equal to 75% of the market price of the Common Stock on November 18, 2014, which was \$6.49 per share of Common Stock. The 2010/2012 Warrants to Purchase Common Stock expire on either February 10, 2020 or January 17, 2022, as more particularly set forth in each 2010/2012 Warrant to Purchase Common Stock.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.