

VECTOR GROUP LTD
Form SC 13D/A
May 15, 2009

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
SCHEDULE 13D/A
INFORMATION TO BE INCLUDED IN STATEMENT FILED PURSUANT TO § 240.13d-1(a)
AND AMENDMENTS THERETO FILED PURSUANT TO § 240.13d-2(a)
(Amendment No. 2)*
VECTOR GROUP LTD.**

(Name of Issuer)
Common Stock, par value \$0.10 per share

(Title of Class of Securities)
92240M-10-8

(CUSIP Number)
**Steven D. Rubin
4400 Biscayne Boulevard, Suite 1500
Miami, Florida 33137
Telephone: (305) 575-6015**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)
May 11, 2009

(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 which 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 o.

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 the

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 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*).

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NAMES OF REPORTING PERSONS

1

Phillip Frost, M.D.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a) ☐

(b) ☐

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

☐

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States of America

SOLE VOTING POWER

7

NUMBER OF 0

SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

8

SHARED VOTING POWER

8,054,115(1)(2)

SOLE DISPOSITIVE POWER

9

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

8,054,115(1)(2)

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

8,054,115(1)(2)

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

11.5%(3)

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

IN

(1) Includes 4,719,647 Common Shares (as defined herein) of the Issuer held by the Gamma Trust (as defined herein) and 10,000 Common Shares held by Mrs. Frost (as defined herein).

(2) Includes 3,324,468 Common Shares issuable upon conversion of the 6.75% Notes (as defined herein) held by the Nevada Trust (as defined herein).

(3) The calculation of the percentage is based on (i) 66,514,825 Common Shares outstanding as of April 9, 2009, as reported in the Issuer's Proxy Statement filed with the Securities and Exchange Commission on April 15, 2009 and (ii) 3,324,468 Common Shares to be issued upon the conversion of the 6.75% Notes held by the Nevada Trust.

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NAMES OF REPORTING PERSONS

1

Frost Gamma Investments Trust

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a) ☐

(b) ☐

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

WC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

☐

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Florida

SOLE VOTING POWER

7

NUMBER OF 0

SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

8

SHARED VOTING POWER

4,719,647

SOLE DISPOSITIVE POWER

9

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

4,719,647

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

4,719,647

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

7.1%(1)

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

OO

(1) The calculation of the percentage is based on 66,514,825 Common Shares outstanding as of April 9, 2009, as reported in the Issuer's Proxy Statement filed with the Securities and Exchange Commission on April 15, 2009.

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NAMES OF REPORTING PERSONS

1

Frost Nevada Investments Trust

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a) ☐

(b) ☐

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

WC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

☐

CITIZENSHIP OR PLACE OF ORGANIZATION

6

Florida

SOLE VOTING POWER

7

NUMBER OF 0

SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

8

SHARED VOTING POWER

3,324,468(1)

SOLE DISPOSITIVE POWER

9

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

3,324,468(1)

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,324,468(1)

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

4.8%(2)

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

OO

(1) Includes 3,324,468 Common Shares issuable upon conversion of the 6.75% Notes held by the Nevada Trust.

(2) The calculation of the percentage is based on (i) 66,514,825 Common Shares outstanding as of April 9, 2009, as reported in the Issuer's Proxy Statement filed with the Securities and Exchange Commission on April 15, 2009 and (ii) 3,324,468 Common Shares to be issued upon the conversion of the 6.75% Notes held by the Nevada Trust.

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NAMES OF REPORTING PERSONS

1

Patricia Frost

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (SEE INSTRUCTIONS)

2

(a) ☐

(b) ☐

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4

OO

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5

☐

CITIZENSHIP OR PLACE OF ORGANIZATION

6

United States of America

SOLE VOTING POWER

7

NUMBER OF 0

SHARED VOTING POWER

SHARES
BENEFICIALLY 8

OWNED BY 10,000(1)

SOLE DISPOSITIVE POWER

EACH
REPORTING 9

PERSON 0

WITH SHARED DISPOSITIVE POWER

10

10,000(1)

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

10,000(1)

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

13

0.02%(2)

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

IN

(1) These shares are owned by Mrs. Frost, the spouse of Frost (as defined herein). Frost disclaims beneficial ownership of these shares.

(2) The calculation of the percentage is based on 66,514,825 Common Shares outstanding as of April 9, 2009, as reported in the Issuer's Proxy Statement filed with the Securities and Exchange Commission on April 15, 2009.

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SCHEDULE 13D/A
AMENDMENT NO. 2 TO SCHEDULE 13D

This Amendment No. 2 to Schedule 13D (this Second Amendment) amends and supplements certain Items of the Schedule 13D filed by Phillip Frost, M.D., an individual (Frost), and Frost Gamma Investments Trust, a trust organized under the laws of Florida (the Gamma Trust), with the Securities and Exchange Commission (the SEC) on July 20, 2006, as amended by Amendment No. 1 thereto filed by Frost, the Gamma Trust, Frost Nevada Investments Trust, a trust organized under the laws of Florida (the Nevada Trust), and Patricia Frost (Mrs. Frost) with the SEC on March 24, 2009 (together, the Original 13D) with respect to the common stock, par value \$0.10 per share (the Common Shares), of Vector Group Ltd., a Delaware corporation (the Issuer), by furnishing the information set forth below. Except as set forth below, all previous Items are unchanged. Capitalized terms used but not defined herein shall have the meanings ascribed thereto in the Original 13D.

Item 3. Source and Amount of Funds or Other Consideration

Item 3 is hereby amended to add the following:

The Nevada Trust acquired \$50,000,000 principal amount of the Issuer's 6.75% Variable Interest Senior Convertible Notes due 2014 (6.75% Notes) from the Issuer in a private placement on May 11, 2009 pursuant to the terms of a Purchase Agreement, dated as of such date, between the Nevada Trust and the Issuer (the Purchase Agreement). The \$50,000,000 principal amount of 6.75% Notes are convertible at the option of the holder at any time on or prior to maturity into 3,324,468 Common Shares (a conversion price of \$15.04 per share), subject to adjustment. The source of funds for the acquisition of the \$50,000,000 principal amount of 6.75% Notes consisted of \$38,224,650 in cash from the working capital of the Nevada Trust and \$11,005,000 in aggregate principal amount of the Issuer's 5% Variable Interest Senior Convertible Notes due 2011 (as previously defined in the Original 13D as the Notes), valued at 107% of principal amount thereof, which Notes had previously been acquired with funds from the working capital of the Nevada Trust.

The foregoing description of each of the 6.75% Notes and the Purchase Agreement does not purport to be complete and is qualified in its entirety by reference to the Form of 6.75% Note and the Purchase Agreement, as applicable, copies of which are filed as Exhibits 2 and 3 hereto, respectively, and are incorporated herein by reference.

Item 4. Purpose of Transaction

Item 4 is hereby amended to add the following:

The Nevada Trust acquired an aggregate of \$50,000,000 principal amount of 6.75% Notes in a private placement on May 11, 2009 for investment purposes.

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Item 5. Interest in Securities of the Issuer

(a) and (b) Items 5(a) and 5(b) are hereby deleted in their entirety and replaced with the following:
The Reporting Persons may be deemed to beneficially own Common Shares as follows:

Name	Number of Common Shares	Sole or Shared Voting	Sole or Shared Dispositive	% of Total Outstanding
Phillip Frost, M.D.	8,054,115 ⁽¹⁾⁽²⁾	Shared ⁽³⁾⁽⁴⁾⁽⁷⁾	Shared ⁽³⁾⁽⁴⁾⁽⁷⁾	11.5% ⁽⁵⁾
Frost Gamma Investments Trust	4,719,647 ⁽³⁾	Shared ⁽³⁾	Shared ⁽³⁾	7.1% ⁽⁶⁾
Frost Nevada Investments Trust	3,324,468 ⁽²⁾⁽⁴⁾	Shared ⁽⁴⁾	Shared ⁽⁴⁾	4.8% ⁽⁵⁾
Patricia Frost	10,000 ⁽⁷⁾	Shared ⁽⁷⁾	Shared ⁽⁷⁾	0.02% ⁽⁶⁾

(1) Includes
4,719,647
Common Shares
held by the
Gamma Trust
and 10,000
Common Shares
held by Mrs.
Frost.

(2) Includes
3,324,468
Common Shares
issuable upon
conversion of
the 6.75% Notes
held by the
Nevada Trust.

(3) Frost is the sole
trustee of the
Gamma Trust
and may be
deemed to share
beneficial
ownership of
the securities
held by the
Gamma Trust
with the Gamma
Trust. Frost
Gamma Limited
Partnership is
the sole and
exclusive

beneficiary of the Gamma Trust. Frost is one of two limited partners of Frost Gamma Limited Partnership. The general partner of Frost Gamma Limited Partnership is Frost Gamma, Inc. and the sole shareholder of Frost Gamma, Inc. is Frost-Nevada Corporation. Frost is also the sole shareholder of Frost-Nevada Corporation.

- (4) Frost is the sole trustee of the Nevada Trust and may be deemed to share beneficial ownership of the securities held by the Nevada Trust with the Nevada Trust. Frost-Nevada Limited Partnership is the sole and exclusive beneficiary of the Nevada Trust. Frost is one of five limited partners of Frost-Nevada Limited Partnership and the sole shareholder of

Frost-Nevada
Corporation, the
sole general
partner of
Frost-Nevada
Limited
Partnership.

- (5) The calculation of the percentage is based on
- (i) 66,514,825 Common Shares outstanding as of April 9, 2009, as reported in the Issuer's Proxy Statement filed with the Securities and Exchange Commission on April 15, 2009 and
 - (ii) 3,324,468 Common Shares to be issued upon the conversion of the 6.75% Notes held by the Nevada Trust.
- (6) The calculation of the percentage is based on 66,514,825 Common Shares outstanding as of April 9, 2009, as reported in the Issuer's Proxy Statement filed with the Securities and Exchange Commission on April 15, 2009.

- (7) Includes 10,000
Common Shares
held of record
by Mrs. Frost.
Frost disclaims
beneficial
ownership of
these shares.

(c) Item 5(c) is hereby amended to add the following:

The information contained in Item 3 of this Second Amendment is incorporated herein by reference.

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

Item 6 is hereby amended to add the following:

The information contained in Item 3 of this Second Amendment is incorporated herein by reference.

The Gamma Trust sold the following exchange-traded put option contracts relating to the Common Shares, which contracts give the counterparties thereto the right to sell the number of Common Shares underlying the respective contracts to the Gamma Trust at the below-listed exercise prices. The contracts can be exercised by the counterparties thereto at any time prior to their expiration date.

Date of Sale	Expiration Date	Exercise Price	Number of Common Shares Underlying Option Contracts
January 27, 2009	January 16, 2010	\$12.50	50,000
February 24, 2009	January 16, 2010	\$12.50	25,000
January 27, 2009	January 16, 2010	\$15.00	50,000
February 24, 2009	January 16, 2010	\$15.00	25,000
December 9, 2008	January 16, 2010	\$17.50	50,400
January 27, 2009	January 16, 2010	\$17.50	20,000
February 24, 2009	January 16, 2010	\$17.50	52,000
March 6, 2009	January 16, 2010	\$17.50	100,000
December 22, 2008	January 16, 2010	\$20.00	118,020

Item 7. Material to be Filed as Exhibits

Item 7 is hereby amended to add the following:

Exhibit 2 Form of Note, dated May 11, 2009, by Vector Group Ltd. to Frost Nevada Investments Trust (incorporated herein by reference to Exhibit 4.1 to the Current Report on Form 8-K filed by the Issuer on May 11, 2009).

Exhibit 3 Purchase Agreement, dated as of May 11, 2009, between Vector Group Ltd. and Frost Nevada Investments Trust (incorporated herein by reference to Exhibit 4.2 to the Current Report on Form 8-K filed by the Issuer on May 11, 2009).

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated as of May 15, 2009

/s/ Phillip Frost, M.D.
Phillip Frost, M.D.

FROST GAMMA INVESTMENTS TRUST

By: /s/ Phillip Frost, M.D.
Name: Phillip Frost, M.D.
Title: Trustee

FROST NEVADA INVESTMENTS TRUST

By: /s/ Phillip Frost, M.D.
Name: Phillip Frost, M.D.
Title: Trustee

/s/ Patricia Frost
Patricia Frost