

STONEMOR PARTNERS LP  
Form SC 13D  
March 09, 2018

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934  
(Amendment No. \_\_)\*

StoneMor Partners L.P.  
(Name of Issuer)

Common Units Representing Limited Partnership  
Interests  
(Title of Class of Securities)

86183Q100  
(CUSIP Number)

Axar Capital Management, LP

1330 Avenue of the Americas, 30<sup>th</sup> Floor

New York, NY 10019

(212) 356-6137

With a copy to:

Stuart D. Freedman, Esq.

Schulte Roth & Zabel LLP

919 Third Avenue

New York, NY 10022

(212) 756-2000  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and  
Communications)

March 9, 2018

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(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 Rule 13d-1(e), Rule 13d-1(f) or Rule 13d-1(g), check the following box.

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\* 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).

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**1** NAME OF REPORTING PERSON

Axar Capital Management, LP

**2** CHECK THE APPROPRIATE BOX IF A

MEMBER OF (b) 7 A GROUP

**3** SEC USE ONLY SOURCE OF FUNDS

**4** AF (see Item 3) CHECK BOX IF

**5** DISCLOSURE OF LEGAL PROCEEDING IS

REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

**8** SOLE VOTING POWER -0- SHARED VOTING POWER

**9** 6,650,613 SOLE DISPOSITIVE POWER

**10** -0- SHARED DISPOSITIVE POWER

	6,650,613
<b>11</b>	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH PERSON
<b>12</b>	6,650,613 CHECK IF THE AGGREGATE AMOUNT IN ROW (11) ..
<b>13</b>	EXCLUDES CERTAIN SHARES PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)
<b>14</b>	17.5% TYPE OF REPORTING PERSON
	IA

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**1** NAME OF REPORTING PERSON

Axar GP, LLC

**2** CHECK THE APPROPRIATE BOX IF A

MEMBER OF (b) 1

**3** A GROUP

SEC USE ONLY

**4** SOURCE OF FUNDS

AF (see Item 3)

CHECK BOX

IF

DISCLOSURE

OF LEGAL

**5** PROCEEDING

IS

REQUIRED

PURSUANT

TO ITEMS

2(d) or 2(e)

CITIZENSHIP OR

PLACE OF

**6** ORGANIZATION

Delaware

SOLE

VOTING

**7** POWER

-0-

SHARED

VOTING

**8** NUMBER OF SHARES

POWER

BENEFICIALLY

6,650,613

OWNED BY

SOLE

EACH

DISPOSITIVE

**9** REPORTING PERSON WITH:

POWER

-0-

SHARED

DISPOSITIVE

**10** POWER

6,650,613

**11** AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

6,650,613

**12** CHECK IF THE  
AGGREGATE  
AMOUNT IN  
ROW (11) ..  
EXCLUDES

**13** CERTAIN  
SHARES  
PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

17.5%

**14** TYPE OF REPORTING  
PERSON

OO, HC

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**1** NAME OF REPORTING PERSON

Andrew Axelrod

**2** CHECK THE APPROPRIATE BOX IF A MEMBER OF (b) 1 A GROUP

**3** SEC USE ONLY

**4** SOURCE OF FUNDS

AF (see Item 3) CHECK BOX IF

**5** DISCLOSURE OF LEGAL PROCEEDING IS

REQUIRED PURSUANT TO ITEMS 2(d) or 2(e) CITIZENSHIP OR PLACE OF ORGANIZATION

**6** United States of America

**7** SOLE VOTING POWER

-0- SHARED VOTING POWER

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH:

**8** 6,650,613 SOLE DISPOSITIVE POWER

**9** -0- SHARED DISPOSITIVE POWER

**10** 6,650,613

**11** AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
PERSON

6,650,613

**12** CHECK IF THE  
AGGREGATE  
AMOUNT IN  
ROW (11) ..  
EXCLUDES  
CERTAIN

**13** SHARES  
PERCENT OF CLASS  
REPRESENTED BY  
AMOUNT IN ROW (11)

17.5%

**14** TYPE OF REPORTING  
PERSON

IN, HC



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**Item**  
**1. SECURITY AND ISSUER**

This statement on Schedule 13D (the "Schedule 13D") relates to the Common Units Representing Limited Partnership Interests (the "Common Units"), of StoneMor Partners L.P., a Delaware limited partnership (the "Issuer"). The Issuer's principal executive offices are located at 3600 Horizon Boulevard, Treose, Pennsylvania 19053.

**Item**  
**2. IDENTITY AND BACKGROUND**

This statement is filed by the entities and persons listed below, who are collectively referred to herein as the "Reporting Persons":

(i) Axar Capital Management, LP, a Delaware limited partnership, which serves as the investment manager (the "Investment Manager") to certain funds and/or managed accounts (collectively, the "Axar Vehicles"), with respect to the Common Units held by the Axar Vehicles;

(ii) Axar GP, LLC, a Delaware limited liability company (the "GP"), which serves as the general partner to the Investment Manager, with respect to the Common Units held by the Axar Vehicles; and

(a)

(iii) Mr. Andrew Axelrod, a United States citizen, who serves as the sole member of the GP, with respect to the Common Units held by the Axar Vehicles.

Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief.

The filing of this statement should not be construed as an admission that any of the Reporting Persons is, for the purposes of Sections 13 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the beneficial owner of the Common Units reported herein.

(b) The address of the business office of each of the Reporting Persons is 1330 Avenue of the Americas, 30th Floor, New York, NY 10019.

(c) The principal business of: (i) the Investment Manager is to serve as investment manager to the Axar Vehicles and certain other funds and/or managed accounts, (ii) the GP is to serve as the general partner to the Investment Manager and (iii) Mr. Axelrod is to serve as the sole member to the GP.

- (d) None of the Reporting Persons has, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

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(e) None of the Reporting Persons has, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and, as a result of such proceeding, 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.

(f) The Investment Manager is a limited partnership organized under the laws of Delaware. The GP is a limited liability company organized under the laws of Delaware. Mr. Axelrod is a United States citizen.

The Reporting Persons have executed a Joint Filing Agreement, dated March 9, 2018, with respect to the joint filing of this Schedule 13D, and any amendment or amendments hereto, a copy of which is attached hereto as Exhibit 1.

**Item 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION**

Funds for the purchase of the Common Units reported herein were derived from general working capital of the Axar Vehicles. A total of approximately \$46,437,748.42 was paid to acquire the Common Units reported herein.

**Item 4. PURPOSE OF TRANSACTION**

The Reporting Persons originally acquired the Common Units for investment in the ordinary course of business because they believed that the Common Units, when purchased, were undervalued and represented an attractive investment opportunity.

The Reporting Persons intend to actively pursue discussions with the Board of Directors and/or management of StoneMor GP LLC, the general partner of the Issuer (the "General Partner") regarding the potential of converting the Issuer's structure from a master limited partnership into a Subchapter C corporation for U.S. Federal income tax purposes, including through or together with transactions in which the Reporting Persons may seek to participate. The Reporting Persons believe that the recent reductions of corporate tax rates effective for 2018 make the conversion of the Issuer into a C corporation more attractive than under prior tax rates. The Reporting Persons also believe that a conversion of the Issuer into a Subchapter C corporation, together with addressing the Issuer's incentive distribution rights, would result in a more liquid market for the Issuer's equity securities, improving the Issuer's opportunities for capital raising, senior management recruitment and other strategic transactions.

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The Reporting Persons may also engage in discussions with management and the Board of Directors of the General Partner, other shareholders of the Issuer and other relevant parties, including representatives of any of the foregoing, concerning the Reporting Persons' investment in the Common Units and the Issuer, including, without limitation, matters concerning the Issuer's legal form, business, operations, governance, management, capital raises and strategic plans. The Reporting Persons may exchange information with any persons pursuant to appropriate confidentiality or similar agreements or otherwise, work together with any persons pursuant to joint agreements or otherwise, and may propose changes in the Issuer's legal form, business, operations, governance, management, capitalization or strategic plans, or propose or engage in one or more other actions set forth under subparagraphs (a)-(j) of Item 4 of Schedule 13D.

The Reporting Persons intend to review their investment in the Issuer on a continuing basis. Depending on various factors, including, without limitation, the outcome of any discussions referenced above, the Issuer's financial position and strategic direction, actions taken by the General Partner's management or Board of Directors, price levels of the Common Units, other investment opportunities available to the Reporting Persons, conditions in the securities market and general economic and industry conditions, the Reporting Persons may in the future take such actions with respect to their investment in the Issuer as they deem appropriate, including, without limitation, acquiring additional Common Units and/or other equity, debt, notes, instruments or other securities of the Issuer (collectively, "Securities") or disposing of some or all of the Securities beneficially owned by them, in public market or privately negotiated transactions; entering into financial instruments or other agreements that increase or decrease the Reporting Persons' economic exposure with respect to their investment in the Issuer and/or otherwise changing their intention with respect to any and all matters referred to in Item 4 of Schedule 13D.

Except as set forth herein, the Reporting Persons have no present plan or proposal that would relate to or result in any of the matters set forth in subparagraphs (a)-(j) of Item 4 of Schedule 13D.

**Item 5. INTEREST IN SECURITIES OF THE ISSUER**

- (a) The percentages used in this Schedule 13D are calculated based upon 37,957,936 Common Units reported to be outstanding as of January 19, 2018 in the Issuer's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2017 filed with the Securities and Exchange Commission on January 25, 2018.

See rows (11) and (13) of the cover pages to this Schedule 13D for the aggregate number of Common Units and percentage of the Common Units beneficially owned by each of the Reporting Persons.

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See rows (7) through (10) of the cover pages to this Schedule 13D for the number of Common Units as to which (b) each Reporting Person has the sole or shared power to vote or direct the vote and sole or shared power to dispose or to direct the disposition.

(c) Information concerning transactions in the Common Units effected by the Reporting Persons during the past sixty days is set forth in Schedule A hereto and is incorporated herein by reference.

The Axar Vehicles are known to have the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, such Common Units that may be deemed to be beneficially owned by the Reporting (d) Persons. SMP SPV LLC, a wholly owned subsidiary of Axar Master Fund, Ltd., has the right to receive, or the power to direct the receipt of dividends from, or proceeds from the sale of, more than 5% of the Common Units.

(e) Not applicable.

**Item CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO  
6. SECURITIES OF THE ISSUER**

The Reporting Persons may be deemed to have economic exposure to an additional 1,296,000 Common Units pursuant to certain cash-settled equity swaps each between an Axar Vehicle and a broker-dealer counterparty. Such swaps mature on June 20, 2019. The reference prices for such swaps range from \$4.7764 to \$7.5565. The Reporting Persons do not have voting power or dispositive power with respect to the Common Units referenced in such swaps and disclaim beneficial ownership of the shares underlying such swaps.

Other than as described in this Item 6 and the Joint Filing Agreement attached as Exhibit 1 hereto, there are no contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 hereof and between such persons and any person with respect to any securities of the Issuer, including but not limited to transfer or voting of any other securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profits, divisions of profits or loss, or the giving or withholding of proxies, including any securities pledged or otherwise subject to a contingency the occurrence of which would give another person voting power or investment power over such securities other than standard default and similar provisions contained in loan agreements.

**Item 7. MATERIAL TO BE FILED AS EXHIBITS**

Exhibit 1: Joint Filing Agreement Statement as required by Rule 13d-1(k)(1) under the Act.

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**SIGNATURES**

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

Date: March 9, 2018

**AXAR CAPITAL Management, LP**

By: Axar GP, LLC, its General Partner

By: /s/ Andrew Axelrod  
Name: Andrew Axelrod  
Title: Sole Member

**AXAR GP, LLC**

By: /s/ Andrew Axelrod  
Name: Andrew Axelrod  
Title: Sole Member

/s/ Andrew Axelrod  
**ANDREW AXELROD**

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Schedule A

**Transactions in Common Units of the Issuer During the Last 60 Days**

The following table sets forth all transactions in the Common Units effected in the past sixty days by the Reporting Persons. Except as otherwise noted, all such transactions were effected in the open market through brokers and the price per share is net of commissions.

Trade Date Shares Purchased (Sold) Price Per Share (\$)

01/08/2018	40,000	5.8225
01/09/2018	40,000	5.8218
01/10/2018	46,575	5.7513
01/16/2018	20,000	5.4733
01/17/2018	20,000	5.3823
01/18/2018	20,000	5.3336
01/19/2018	20,000	5.4096
01/22/2018	20,000	5.4702
01/23/2018	20,000	5.4128
01/24/2018	24,000	5.4906
01/29/2018	20,000	4.9023
01/30/2018	20,000	4.7746
01/31/2018	20,000	4.8191
02/01/2018	20,000	4.884
02/02/2018	8,109	4.9976
02/05/2018	1,500	4.9873
02/06/2018	15,600	5.212
02/07/2018	8,354	5.2976
02/08/2018	6,804	5.3
02/09/2018	39,633	5.3026

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EXHIBIT 1

JOINT FILING AGREEMENT  
PURSUANT TO RULE 13d-1(k)

The undersigned acknowledge and agree that the foregoing statement on Schedule 13D is filed on behalf of each of the undersigned and that all subsequent amendments to this statement on Schedule 13D shall be filed on behalf of each of the undersigned without the necessity of filing additional joint filing agreements. The undersigned acknowledge that each shall be responsible for the timely filing of such amendments, and for the completeness and accuracy of the information concerning him or it contained herein and therein, but shall not be responsible for the completeness and accuracy of the information concerning the others, except to the extent that he or it knows or has reason to believe that such information is inaccurate.

DATE: March 9, 2018

**AXAR CAPITAL Management, LP**

By: Axar GP, LLC, its General Partner

By: /s/ Andrew Axelrod  
Name: Andrew Axelrod  
Title: Sole Member

**AXAR GP, LLC**

By: /s/ Andrew Axelrod  
Name: Andrew Axelrod  
Title: Sole Member

/s/ Andrew Axelrod  
**ANDREW AXELROD**