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

SCHEDULE 13D

**UNDER THE SECURITIES EXCHANGE ACT OF 1934
INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED
PURSUANT TO RULE 13d-2(a)**

(Amendment No. 2)*

ProPhase Labs, Inc.

(Name of Issuer)

Common Stock, \$0.0005 Par Value

(Title of Class of Securities)

74345W108

(CUSIP Number)

**Matrixx Initiatives, Inc.
1 Grand Commons, Suite 130
Bridgewater, New Jersey 08807
Attn: Marylou Arnett**

with a copy to:

**Kirkland & Ellis LLP
300 North LaSalle Street
Chicago, IL 60654
Attn: James S. Rowe
Michael H. Weed, P.C.**

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

September 12, 2014

(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 Rule 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).

(1)	Names of reporting persons Matrixx Initiatives, Inc.	
	I.R.S. Identification Nos. of above persons (entities only):	
(2)	Check the appropriate box if a member of a group (see instructions) (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
(3)	SEC use only	
(4)	Source of funds (see instructions) OO	
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	
(6)	Citizenship or place of organization Delaware	
Number of shares beneficially owned by each reporting person with:	(7)	Sole voting power -0-
	(8)	Shared voting power -0-
	(9)	Sole dispositive power -0-
	(10)	Shared dispositive power -0-
(11)	Aggregate amount beneficially owned by each reporting person -0-	
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions) <input type="checkbox"/>	
(13)	Percent of class represented by amount in Row (11) 0%	
(14)	Type of reporting person (see instructions) CO	

(1)	Names of reporting persons Wonder Holdings Acquisition Corp.	
	I.R.S. Identification Nos. of above persons (entities only):	
(3)	SEC use only	
(4)	Source of funds (see instructions) OO	
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	
(6)	Citizenship or place of organization Delaware	
Number of shares beneficially owned by each reporting person with:	(7)	Sole voting power -0-
	(8)	Shared voting power -0-
	(9)	Sole dispositive power -0-
	(10)	Shared dispositive power -0-
(11)	Aggregate amount beneficially owned by each reporting person -0-	
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions) <input type="checkbox"/>	
(13)	Percent of class represented by amount in Row (11) 0%	
(14)	Type of reporting person (see instructions) CO	

(1)	Names of reporting persons H.I.G. Bayside Debt & LBO Fund II, L.P.	
	I.R.S. Identification Nos. of above persons (entities only):	
(3)	SEC use only	
(4)	Source of funds (see instructions) OO	
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	
(6)	Citizenship or place of organization Delaware	
Number of shares beneficially owned by each reporting person with:	(7)	Sole voting power -0-
	(8)	Shared voting power -0-
	(9)	Sole dispositive power -0-
	(10)	Shared dispositive power -0-
(11)	Aggregate amount beneficially owned by each reporting person -0-	
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions) <input type="checkbox"/>	
(13)	Percent of class represented by amount in Row (11) 0%	
(14)	Type of reporting person (see instructions) PN	

(1)	Names of reporting persons H.I.G. Bayside Advisors II, LLC	
	I.R.S. Identification Nos. of above persons (entities only):	
(3)	SEC use only	
(4)	Source of funds (see instructions) OO	
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	
(6)	Citizenship or place of organization Delaware	
Number of shares beneficially owned by each reporting person with:	(7)	Sole voting power -0-
	(8)	Shared voting power -0-
	(9)	Sole dispositive power -0-
	(10)	Shared dispositive power -0-
(11)	Aggregate amount beneficially owned by each reporting person -0-	
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions) <input type="checkbox"/>	
(13)	Percent of class represented by amount in Row (11) 0%	
(14)	Type of reporting person (see instructions) OO	

(1)	Names of reporting persons H.I.G.-GPIL, Inc.	
	I.R.S. Identification Nos. of above persons (entities only):	
(3)	SEC use only	
(4)	Source of funds (see instructions) OO	
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	
(6)	Citizenship or place of organization Delaware	
Number of shares beneficially owned by each reporting person with:	(7)	Sole voting power -0-
	(8)	Shared voting power -0-
	(9)	Sole dispositive power -0-
	(10)	Shared dispositive power -0-
(11)	Aggregate amount beneficially owned by each reporting person -0-	
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions) <input type="checkbox"/>	
(13)	Percent of class represented by amount in Row (11) 0%	
(14)	Type of reporting person (see instructions) CO	

(1)	Names of reporting persons Sami W. Mnaymneh	
	I.R.S. Identification Nos. of above persons (entities only):	
(3)	SEC use only	
(4)	Source of funds (see instructions) OO	
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	
(6)	Citizenship or place of organization United States	
Number of shares beneficially owned by each reporting person with:	(7)	Sole voting power -0-
	(8)	Shared voting power -0-
	(9)	Sole dispositive power -0-
	(10)	Shared dispositive power -0-
(11)	Aggregate amount beneficially owned by each reporting person -0-	
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions) <input type="checkbox"/>	
(13)	Percent of class represented by amount in Row (11) 0%	
(14)	Type of reporting person (see instructions) IN	

(1)	Names of reporting persons Anthony A. Tamer	
	I.R.S. Identification Nos. of above persons (entities only):	
(3)	SEC use only	
(4)	Source of funds (see instructions) OO	
(5)	Check if disclosure of legal proceedings is required pursuant to Items 2(d) or 2(e) <input type="checkbox"/>	
(6)	Citizenship or place of organization United States	
Number of shares beneficially owned by each reporting person with:	(7)	Sole voting power -0-
	(8)	Shared voting power -0-
	(9)	Sole dispositive power -0-
	(10)	Shared dispositive power -0-
(11)	Aggregate amount beneficially owned by each reporting person -0-	
(12)	Check if the aggregate amount in Row (11) excludes certain shares (see instructions) <input type="checkbox"/>	
(13)	Percent of class represented by amount in Row (11) 0%	
(14)	Type of reporting person (see instructions) IN	

EXPLANATORY NOTE

The Statement on Schedule 13D originally filed with the Securities and Exchange Commission on September 14, 2012 (the “Statement”) by the persons named therein, and amended by Amendment No. 1 to Schedule 13D, filed on October 9, 2012, is hereby further amended and supplemented by this Amendment No. 2 to Schedule 13D (this “Amendment”). This Amendment relates to the common stock, \$0.0005 par value per share (“Shares”), of ProPhase Labs, Inc., a Nevada corporation (the “Issuer”). Capitalized terms used herein and not otherwise defined have the meanings assigned to such terms in the Statement. Except as otherwise provided herein, each Item of the Statement remains unchanged.

Item 4 Purpose of Transaction

Item 4 of the Statement is hereby amended by adding the following immediately following the last paragraph thereof:

On September 12, 2014, the Issuer, Seller and Purchaser entered into an Option Termination Agreement (the “Termination Agreement”), pursuant to which Purchaser agreed to terminate the Option and the Proxy. In consideration thereof, the Issuer made a one-time payment to Purchaser of \$37,000. A copy of the Termination Agreement is attached hereto as Exhibit 99.11 and is incorporated by reference herein.

Item 5 Interest in Securities of the Issuer

Item 5 of the Statement is hereby amended and restated in its entirety as follows:

(a)—(b) The Reporting Persons do not beneficially own any Shares.

(c) Except for the agreements described in this Schedule 13D, to the knowledge of the Reporting Persons, no transactions in the class of securities reported have been effected during the past 60 days by any person named in Item 2 or Item 5(a)—(b).

(d) To the knowledge of the Reporting Persons, no other person has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the securities of the Issuer reported herein.

(e) Not applicable.

Item 7 Material to be Filed as Exhibits.

Item 7 of the Statement is hereby amended by adding the following Exhibits:

Exhibit 99.11 Option Termination Agreement, dated as of September 12, 2014, by and between Matrixx Initiates, Inc. and ProPhase Labs, Inc.

SIGNATURES

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.

Date: October 3, 2014

MATRIX INITIATIVES, INC.

By: /s/ Richard H. Siegel
Name: Richard H. Siegel
Title: Attorney-in-Fact

WONDER HOLDINGS ACQUISITION CORP.

By: /s/ Richard H. Siegel
Name: Richard H. Siegel
Title: Attorney-in-Fact

H.I.G. BAYSIDE DEBT & LBO FUND II, L.P.

By: H.I.G. Bayside Advisors II, LLC
Its: General Partner

By: H.I.G.-GPII, Inc.
Its: Manager

By: /s/ Richard H. Siegel
Name: Richard H. Siegel
Its: Vice President and General Counsel

H.I.G. BAYSIDE ADVISORS II, LLC

By: H.I.G.-GPII, Inc.
Its: Manager

By: /s/ Richard H. Siegel
Name: Richard H. Siegel
Its: Vice President and General Counsel

H.I.G.-GPII, INC.

By: /s/ Richard H. Siegel
Name: Richard H. Siegel
Its: Vice President and General Counsel

SAMI W. MNAYMNEH

By: /s/ Richard H. Siegel
Name: Richard H. Siegel
Its: Attorney-in-Fact

ANTHONY A. TAMER

By: /s/ Richard H. Siegel
Name: Richard H. Siegel
Its: Attorney-in-Fact

OPTION TERMINATION AGREEMENT

THIS AGREEMENT (the "Agreement") is made as of September 12, 2014, among Matrixx Initiatives, Inc. ("Matrixx") and ProPhase Labs, Inc. (the "Company").

WHEREAS, pursuant to the Stock Option Agreement, dated as of September 4, 2012 (the "Option Agreement"), Guy J. Quigley ("Quigley") granted Matrixx an option (the "Option") to acquire 1,453,427 shares of Common Stock of the Company owned by Quigley.

WHEREAS, in connection with the execution of the Option Agreement, Quigley delivered to Matrixx an irrevocable proxy in the form attached as Exhibit A to the Option Agreement (the "Proxy").

WHEREAS, the Company has entered into a settlement agreement with certain parties, including Quigley, whereby, among other things, those parties are returning to the Company shares of Company stock they own, including but not limited to the shares which are subject to the Option.

WHEREAS the Company desires that Matrixx agree that the Option Agreement and Proxy are hereby terminated, and that Matrixx will not exercise the Option or the Proxy and, in consideration thereof, the Company has agreed to pay Matrixx consideration of \$37,500.00 (the "Consideration").

WHEREAS, Guy Quigley consents to the foregoing.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Subject to the terms and conditions of this Agreement and to receipt of the Consideration by Matrixx at the Closing, Matrixx hereby agrees that the Option and the Proxy are hereby deemed cancelled and terminated, and of no further effect, and that Matrixx has not exercised and will not exercise the Option or the Proxy.

2. Subject to the conditions set forth herein, the consummation of the transactions that are the subject of this Agreement (the "Closing") shall occur by electronic exchange of executed agreements, or at the offices of Kirkland & Ellis LLP, 300 North LaSalle Street, Chicago, Illinois 60654 or such other place as Matrixx and the Company may mutually agree upon in writing, at 10:00 a.m., Chicago time, on the date hereof and the Closing shall be deemed effective as of the open of business on the date hereof.

3. At the Closing, the Company shall deliver to Matrixx the Consideration by wire transfer of immediately available funds to the following account:

_____.

4. This Agreement shall be construed under the laws of the State of Delaware and may not be amended without the prior written consent of the parties hereto.

5. This Agreement may be executed in counterparts, which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the undersigned have executed this Option Cancellation Agreement as of the date and year first above written.

MATRIX INITIATIVES, INC.

By: /s/ Marylou Arnett

Name: Marylou Arnett

Title: Chief Executive Officer

PROPHASE LABS, INC.

By: /s/ Ted Karkus

Name: Ted Karkus

Title: Chief Executive Officer

Consented To:

/s/ Guy Quigley

Guy Quigley