American Community Newspapers Inc.
Form SC 13G/A
February 17, 2009

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G*

(Rule 13d-102)
INFORMATION TO BE INCLUDED IN STATEMENTS FILED
PURSUANT TO RULES 13d-1(b), (c), AND (d) AND
AMENDMENTS THERETO FILED PURSUANT TO RULE 13d-2

(Amendment No 1)*

American Community Newspapers, Inc.
(Name of Issuer)
Common Stock
(Title of Class of Securities)
02520T103
(CUSIP Number)
December 31, 2008
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

o Rule 13d-1(b)

þ Rule 13d-1(c)

o Rule 13d-1(d)

* 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 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	NAMES OF REPORTING PERSONS MHR CAPITAL PARTNERS MASTER ACCOUNT LP	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (see instructions) (a) o (b) þ	
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION Anguilla, British West Indies	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**5**	SOLE VOTING POWER 983,556
	6	SHARED VOTING POWER -0-
	7	SOLE DISPOSITIVE POWER 983,556
	8	SHARED DISPOSITIVE POWER -0-
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	

983,556

10 CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

6.3%

12 TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

PN

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1	NAMES OF REPORTING PERSONS MHR ADVISORS LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (see instructions) (a) o (b) þ	
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**5**	SOLE VOTING POWER 1,120,000
	6	SHARED VOTING POWER -0-
	7	SOLE DISPOSITIVE POWER 1,120,000
	8	SHARED DISPOSITIVE POWER -0-
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	

	1,120,000
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
	o
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9
	7.1%
12	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
	OO

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1	NAMES OF REPORTING PERSONS MHR FUND MANAGEMENT LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (see instructions) (a) o (b) þ	
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION Delaware	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**5**	SOLE VOTING POWER 1,120,000
	6	SHARED VOTING POWER -0-
	7	SOLE DISPOSITIVE POWER 1,120,000
	8	SHARED DISPOSITIVE POWER -0-
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	

	1,120,000
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
	o
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9
	7.1%
12	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
	OO

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1	NAMES OF REPORTING PERSONS MARK H. RACHESKY, M.D.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (see instructions) (a) o (b) þ	
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION United States of America	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	**5**	SOLE VOTING POWER 1,120,000
	6	SHARED VOTING POWER -0-
	7	SOLE DISPOSITIVE POWER 1,120,000
	8	SHARED DISPOSITIVE POWER -0-
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	

	1,120,000
10	CHECK IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)
	o
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9
	7.1%
12	TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)
	IN; HC

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Item 2(d). Title of Class of Securities:
Item 2(e). CUSIP Number:
Item 3. If this statement is filed pursuant to §§ 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:
Item 4. Ownership.
Item 5. Ownership of Five Percent or Less of a Class.
Item 6. Ownership of More than Five Percent on Behalf of Another Person.
Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.
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SIGNATURE

This statement on Schedule 13G (this Statement) amends and supplements, as Amendment No. 1, the statement on Schedule13G filed February 7, 2008 (the Initial 13G) and relates to shares of common stock, par value $0.0001 per share (the Common Stock), of American Community Newspapers, Inc. (the Issuer). This Statement is being filed by the Reporting Persons (as defined below) to report a decrease in the number of shares of Common Stock which the Reporting Persons may be deemed to beneficially own as of December 31, 2008.

Item 1(a). Name of Issuer:

American Community Newspapers, Inc.

Item 1(b). Address of Issuer s Principal Executive Offices:

14875 Landmark Blvd., Suite 110
Addison, TX 75254

Item 2(a). Name of Person Filing:

This Statement is filed on behalf of each of the following persons (collectively, the Reporting Persons):

1. MHR Capital Partners Master Account LP (Master Account);

2. MHR Advisors LLC (Advisors);

3. MHR Fund Management LLC (Fund Management); and

4. Mark H. Rachesky, M.D. (Dr. Rachesky).

This Statement relates to securities held for the accounts of each of Master Account, a limited partnership organized in Anguilla, British West Indies, and MHR Capital Partners (100) LP (Capital Partners (100)), a Delaware limited partnership. Advisors is the general partner of each of Master Account and Capital Partners (100) and, in such capacity, may be deemed to beneficially own the shares of Common Stock held for the accounts of each of Master Account and Capital Partners (100). Fund Management is a Delaware limited liability company that is an affiliate of and has an investment management agreement with Master Account and Capital Partners (100) and other affiliated entities, pursuant to which it has the power to vote or direct the vote and to dispose or to direct the disposition of the securities reported herein and, accordingly, Fund Management may be deemed to beneficially own the securities reported herein which are held for the account of each of Master Account and Capital Partners (100). Dr. Rachesky is the managing member of Advisors and Fund Management and, in such capacity, may be deemed to beneficially own the securities held for the accounts of each of Master Account and Capital Partners (100).

Item 2(b). Address of Principal Business Office or, if none, Residence:

The address of the principal business office of each of the Reporting Persons is 40 West 57th Street, 24th Floor, New York, New York, 10019.

Item 2(c). Citizenship:

1. Master Account is an Anguilla, British West Indies limited partnership.

2. Advisors is a Delaware limited liability company.

3. Fund Management is a Delaware limited liability company.

4. Dr. Rachesky is a United States citizen.

Item 2(d). Title of Class of Securities:

Common Stock

Item 2(e). CUSIP Number:

02520T103

Item 3. If this statement is filed pursuant to §§ 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

(a) o Broker or dealer registered under Section 15 of the Act (15 U.S.C. 78o);

(b) o Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);

(c) o Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c);
(d) o Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);
(e) o An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
(f) o An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
(g) o A parent holding company or control person in accordance with §240.13d-1(b)(1)(ii)(G);
(h) o A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
(i) o A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act (15 U.S.C. 80a-3);
(j) o A non-U.S. institution in accordance with §240.13d-1(b)(1)(ii)(J);
(k) o Group, in accordance with §240.13d-1(b)(1)(ii)(K).
If filing as a non-U.S. institution in accordance with §240.13d-I(b)(1)(ii)(J), please specify the type of institution:

Item 4. Ownership.
Provide the following information regarding the aggregate number and percentage of the class of securities of the Issuer identified in Item 1.
(a) Amount beneficially owned:
As of the date hereof:

1. Master Account may be deemed to be the beneficial owner of 983,556 shares of Common Stock held for its own account. This number consists of 983,556 shares of Common Stock that can be obtained by Master Account upon exercise of warrants to acquire shares of Common Stock.

2. Capital Partners (100) may be deemed to be the beneficial owner of 136,444 shares of Common Stock held for its own account. This number consists of 136,444 shares of Common Stock that can be obtained by Capital Partners (100) upon exercise of warrants to acquire shares of Common Stock.

3. Advisors may be deemed to be the beneficial owner of 1,120,000 shares of Common Stock. This number consists of (A) 983,556 shares of Common Stock that can be obtained by Master Account upon exercise of warrants to acquire shares of Common Stock and (B) 136,444 shares of Common Stock that can be obtained by Capital Partners (100) upon exercise of warrants to acquire shares of Common Stock.

4. Fund Management may be deemed to be the beneficial owner of 1,120,000 shares of Common Stock. This number consists of all of the shares of Common Stock otherwise described in this Item 4(a) by virtue of Fund Management s investment management agreement with Master Account and Capital Partners (100).

5. Dr. Rachesky may be deemed to be the beneficial owner of 1,120,000 shares of Common Stock. This number consists of all of the shares of Common Stock otherwise described in this Item 4(a) by virtue of Dr. Rachesky s position as the managing member of each of Fund Management and Advisors.

(b) Percent of class:

The percentages set forth below are calculated based on information contained in the Issuer s Form 10-Q for the quarterly period ended June 29, 2008, which disclosed that there were 14,623,445 shares of Common Stock outstanding as of November 6, 2008.

1. Master Account may be deemed to be the beneficial owner of approximately 6.3% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act.

2. Capital Partners (100) may be deemed to be the beneficial owner of approximately 0.9% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act.

3. Advisors may be deemed to be the beneficial owner of approximately 7.1% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act.

4. Fund Management may be deemed to be the beneficial owner of approximately 7.1% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act.

5. Dr. Rachesky may be deemed to be the beneficial owner of approximately 7.1% of the total number of shares of Common Stock outstanding, calculated in accordance with Rule 13d-3(d)(1)(i) under the Act.

(c) Number of shares as to which such person has:

1. Master Account
   - (i) Sole power to vote or to direct the vote: 983,556
   - (ii) Shared power to vote or to direct the vote: 0
   - (iii) Sole power to dispose or to direct the disposition of: 983,556
   - (iv) Shared power to dispose or to direct the disposition of: 0
2. Capital Partners (100)
   - (i) Sole power to vote or to direct the vote: 136,444
   - (ii) Shared power to vote or to direct the vote: 0
   - (iii) Sole power to dispose or to direct the disposition of: 136,444
   - (iv) Shared power to dispose or to direct the disposition of: 0

3. Advisors
   (i) Sole power to vote or to direct the vote: 1,120,000

   (ii) Shared power to vote or to direct the vote: 0

   (iii) Sole power to dispose or to direct the disposition of: 1,120,000

   (iv) Shared power to dispose or to direct the disposition of: 0
4. Fund Management
   (i) Sole power to vote or to direct the vote: 1,120,000

   (ii) Shared power to vote or to direct the vote: 0

   (iii) Sole power to dispose or to direct the disposition of: 1,120,000

   (iv) Shared power to dispose or to direct the disposition of: 0
5. Dr. Rachesky
   (i) Sole power to vote or to direct the vote: 1,120,000

   (ii) Shared power to vote or to direct the vote: 0

   (iii) Sole power to dispose or to direct the disposition of: 1,120,000

   (iv) Shared power to dispose or to direct the disposition of: 0

Item 5. Ownership of Five Percent or Less of a Class.

This Item 5 is not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

The partners of each of Master Account and Capital Partners (100), including Advisors, have the right to participate in the receipt of dividends from, or proceeds from the sale of, the shares of Common Stock held for the accounts of each of Master Account and Capital Partners (100) in accordance with their respective ownership interests in Master Account and Capital Partners (100).

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

This Item 7 is not applicable.

Item 8. Identification and Classification of Members of the Group.

This Item 8 is not applicable.

Item 9. Notice of Dissolution of Group.

This Item 9 is not applicable.

Item 10. Certification.

By signing below each signatory certifies that, to the best of its knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection

with or as a participant in any transaction having that purpose or effect.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this Statement is true, complete and correct.

February 17, 2009

MHR CAPITAL PARTNERS MASTER ACCOUNT LP

By: MHR Advisors LLC, its General Partner

By: /s/ Hal Goldstein
Name: Hal Goldstein
Title: Vice President

MHR ADVISORS LLC

By: /s/ Hal Goldstein
Name: Hal Goldstein
Title: Vice President

MHR FUND MANAGEMENT LLC

By: /s/ Hal Goldstein
Name: Hal Goldstein
Title: Managing Principal

MARK H. RACHESKY, M.D.

By: /s/ Hal Goldstein, Attorney in Fact