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

SCHEDULE 13G

**Under the Securities Exchange Act of 1934
(Amendment No. 2)***

DIFFUSION PHARMACEUTICALS INC.

(Name of Issuer)

**Common Stock, par value \$0.001 per share
(Title of Class of Securities)**

**253748206
(CUSIP Numbers)**

**David E. Smith
c/o Coast Asset Management, LLC
11150 Santa Monica Boulevard, Suite 1400
Los Angeles, California 90025
(310) 576-3500**

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

**August 17, 2016
(Date of Event Which Requires Filing of this Statement)**

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

- Rule 13d-1(b)
 Rule 13d-1(c)
 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 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	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) David E. Smith
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
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 0
	6 SHARED VOTING POWER 108,500
	7 SOLE DISPOSITIVE POWER 0
	8 SHARED DISPOSITIVE POWER 108,500
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 108,500
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES* <input type="checkbox"/>
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 1.05%
12	TYPE OF REPORTING PERSON* IN – Individual

* See Instructions

1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)	
	Shamus, LLC	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
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
		0
	6	SHARED VOTING POWER
		108,500
	7	SOLE DISPOSITIVE POWER
		0
	8	SHARED DISPOSITIVE POWER
		108,500
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	
	108,500	
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES* <input type="checkbox"/>	
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)	
	1.05%	
12	TYPE OF REPORTING PERSON*	
	OO – Limited Liability Company	

* See Instructions

1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY) The Coast Fund L.P.
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>
3	SEC USE ONLY
4	CITIZENSHIP OR PLACE OF ORGANIZATION Cayman Islands
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5 SOLE VOTING POWER 0
	6 SHARED VOTING POWER 108,500
	7 SOLE DISPOSITIVE POWER 0
	8 SHARED DISPOSITIVE POWER 108,500
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 108,500
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES* <input type="checkbox"/>
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9) 1.05%
12	TYPE OF REPORTING PERSON* PN – Partnership

* See Instructions

1	NAME OF REPORTING PERSONS I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)	
	Coast Offshore Management (Cayman), Ltd.	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP* (a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/>	
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION	
	Cayman Islands	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	5	SOLE VOTING POWER
		0
	6	SHARED VOTING POWER
		108,500
	7	SOLE DISPOSITIVE POWER
		0
	8	SHARED DISPOSITIVE POWER
		108,500
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	
	108,500	
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES* <input type="checkbox"/>	
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)	
	1.05%	
12	TYPE OF REPORTING PERSON*	
	CO – Corporation	

* See Instructions

Item 1. (a) Name of Issuer:

Diffusion Pharmaceuticals Inc.

(b) Address of Issuer's Principal Executive Offices:

2020 Avon Court, #4, Charlottesville, Virginia 22902

Item 2. (a) Name of Person Filing:**(b) Address of Principal Business Office or, if None, Residence:****(c) Citizenship:**

(a) David E. Smith

(b) 11150 Santa Monica Boulevard, Suite 1400, Los Angeles, California 90025

(c) United States of America

(a) Shamus, LLC

(b) 11150 Santa Monica Boulevard, Suite 1400, Los Angeles, California 90025

(c) Delaware

(a) The Coast Fund L.P.

(b) 11150 Santa Monica Boulevard, Suite 1400, Los Angeles, California 90025

(c) Cayman Islands

(a) Coast Offshore Management (Cayman), Ltd.

(b) 11150 Santa Monica Boulevard, Suite 1400, Los Angeles, California 90025

(c) Cayman Islands

(d) Title of Class of Securities:

Common Stock, par value \$0.001 per share

(e) CUSIP Number:

253748206

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) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o);
- (b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c);
- (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c);
- (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C. 80a-8);
- (e) An investment adviser in accordance with § 240.13d-1(b)(1)(ii)(E);
- (f) An employee benefit plan or endowment fund in accordance with § 240.13d-1(b)(1)(ii)(F);

- (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
- (h) A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C.1813);
- (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
- (j) A non-U.S. institution in accordance with § 240.13d-1(b)(1)(ii)(J);
- (k) Group, in accordance with § 240.13d-1(b)(1)(ii)(K).

If filing as a non-U.S. institution in accordance with § 240.13d-1(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:

David E. Smith – 108,500
Shamus, LLC – 108,500
The Coast Fund L.P. – 108,500
Coast Offshore Management (Cayman), Ltd. – 108,500

The number of securities beneficially owned by each Reporting Person includes (i) 86,000 shares of Common Stock of the Issuer and (ii) warrants to purchase 22,500 shares of Common Stock of the Issuer that are exercisable within 60 days of the date of this Schedule 13G.

(b) Percent of class:

David E. Smith – 1.05%
Shamus, LLC – 1.05%
The Coast Fund L.P. – 1.05%
Coast Offshore Management (Cayman), Ltd. – 1.05%

All calculations of percentage ownership in this Schedule 13G are based on (i) approximately 10,345,637 shares of Common Stock of the Issuer outstanding as of November 23, 2016, as reported in the Issuer's Schedule 14A filed with the Securities and Exchange Commission on December 8, 2016, and (ii) an estimated 22,500 shares of Common Stock of the Issuer issuable upon exercise of all warrants beneficially owned by the Reporting Person.

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

(i) Sole power to vote or to direct the vote

David E. Smith – 0
Shamus, LLC – 0
The Coast Fund L.P. – 0
Coast Offshore Management (Cayman), Ltd. – 0

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

David E. Smith – 108,500
Shamus, LLC – 108,500
The Coast Fund L.P. – 108,500
Coast Offshore Management (Cayman), Ltd. – 108,500

(iii) Sole power to dispose or to direct the disposition of

David E. Smith – 0
Shamus, LLC – 0
The Coast Fund L.P. – 0
Coast Offshore Management (Cayman), Ltd. – 0

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

David E. Smith – 108,500
Shamus, LLC – 108,500
The Coast Fund L.P. – 108,500
Coast Offshore Management (Cayman), Ltd. – 108,500

Instruction. For computations regarding securities which represent a right to acquire an underlying security see § 240.13d-3(d)(1).

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

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following .

Instruction. Dissolution of a group requires a response to this item.

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

If any other person is known to have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, such securities, a statement to that effect should be included in response to this item and, if such interest relates to more than 5 percent of the class, such person should be identified. A listing of the shareholders of an investment company registered under the Investment Company Act of 1940 or the beneficiaries of employee benefit plan, pension fund or endowment fund is not required.

N/A

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

If a parent holding company or control person has filed this schedule, pursuant to Rule 13d-1(b)(1)(ii)(G), so indicate under Item 3(g) and attach an exhibit stating the identity and the Item 3 classification of the relevant subsidiary. If a parent holding company or control person has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identification of the relevant subsidiary.

N/A

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

If a group has filed this schedule pursuant to §240.13d-1(b)(1)(ii)(J), so indicate under Item 3(j) and attach an exhibit stating the identity and Item 3 classification of each member of the group. If a group has filed this schedule pursuant to Rule 13d-1(c) or Rule 13d-1(d), attach an exhibit stating the identity of each member of the group.

N/A

Item 9. Notice of Dissolution of Group.

Notice of dissolution of a group may be furnished as an exhibit stating the date of the dissolution and that all further filings with respect to transactions in the security reported on will be filed, if required, by members of the group, in their individual capacity. (See Item 5.)

N/A

Item 10. Certifications.

- (a) The following certification shall be included if the statement is filed pursuant to § 240.13d-1(b).

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and 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, other than activities solely in connection with a nomination under § 240.14a-11.

- (b) The following certification shall be included if the statement is filed pursuant to § 240.13d-1(b)(1)(ii)(J), or if the statement is filed pursuant to § 240.13d-1(b)(1)(ii)(K) and a member of the group is a non-U.S. institution eligible to file pursuant to § 240.13d-1(b)(1)(ii)(J):

By signing below I certify that, to the best of my knowledge and belief, the foreign regulatory scheme applicable to [insert particular category of institutional investor] is substantially comparable to the regulatory scheme applicable to the functionally equivalent U.S. institution(s). I also undertake to furnish to the Commission staff, upon request, information that would otherwise be disclosed in a Schedule 13D.

- (c) The following certification shall be included if the statement is filed pursuant to § 240.13d-1(c):

By signing below I certify that, to the best of my 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, other than activities solely in connection with a nomination under § 240.14a-11.

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: February 2, 2017

DAVID E. SMITH

/s/ David E. Smith

SHAMUS, LLC

By: THE COAST FUND L.P., its sole member

By: COAST OFFSHORE MANAGEMENT
(CAYMAN), LTD., its managing general partner

By: /s/ David E. Smith

Name: David E. Smith

Title: President

THE COAST FUND L.P.

By: COAST OFFSHORE MANAGEMENT
(CAYMAN), LTD., its managing general partner

By: /s/ David E. Smith

Name: David E. Smith

Title: President

COAST OFFSHORE MANAGEMENT (CAYMAN), LTD.

By: /s/ David E. Smith

Name: David E. Smith

Title: President

The original statement shall be signed by each person on whose behalf the statement is filed or that person's authorized representative. If the statement is signed on behalf of a person by that person's authorized representative other than an executive officer or general partner of the filing person, evidence of the representative's authority to sign on behalf of such person shall be filed with the statement, *provided, however*, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath that person's signature.

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 for whom copies are to be sent.

**Attention: Intentional misstatements or omissions of fact constitute
Federal criminal violations (see 18 U.S.C. 1001).**