

CALLISTO PHARMACEUTICALS INC

Form 8-K/A

December 14, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **September 8, 2006**

Callisto Pharmaceuticals, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

001-32325
(Commission
File Number)

13-3894575
(IRS Employer
Identification No.)

420 Lexington Avenue, Suite 1609
New York, New York 10170
(Address of principal executive offices)

Registrant's telephone number, including area code: **(212) 297-0010**
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- o Written communication pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Explanatory Note

This amendment is being filed to correct the number of shares and warrants issued pursuant to the Letter Agreements entered into by Callisto Pharmaceuticals, Inc.

Item 1.01 Entry into a Material Definitive Agreement.

On September 8, 2006, Callisto Pharmaceuticals, Inc., a Delaware corporation (the *Company*) entered into a Letter Agreement with certain investors (the *Investors*) who participated in a private placement of the *Company*'s common stock and warrants in February and April 2006 (the *Prior Placement*). Pursuant to the Letter Agreement, the *Investors* agreed to amend (the *Amendment*) the securities purchase agreement (the *Securities Purchase Agreement*) entered into in connection with the *Prior Placement* to (i) delete the mandatory registration rights set forth in the *Securities Purchase Agreement* and add piggyback registration rights and (ii) waive any and all penalties pursuant to the liquidated damages provisions contained in Section 5.2(b) of the *Securities Purchase Agreement*. In addition, the *Investors* agreed to enter into a lock-up agreement (the *Lock-up Agreement*) pursuant to which they agreed with the *Company* not to sell or transfer the shares of common stock and warrants acquired from the *Company* in the *Prior Placement* during the period beginning September 1, 2006 and ending May 31, 2007.

In exchange for the *Investors* entering into the *Amendment* and the *Lock-Up Agreement*, the *Company* issued to each *Investor* one share of common stock (the *New Shares*) for every five shares of common stock they purchased in the *Prior Placement*. Further, the *Company* issued to each *Investor* a number of warrants (the *New Warrants*) equal to 47% of the aggregate number of shares such *Investor* purchased in the *Prior Placement* plus the *New Shares*. In addition, the *Company* agreed in the *Letter Agreement* to amend the warrants (the *Old Warrants*) issued in the *Prior Placement* to the *Investors* to (i) extend the expiration date of the *Old Warrants* by 42 months thereby making them 5 year warrants and (ii) eliminate the provision in the *Old Warrants* by which the *Company* can force exercise of the unexercised warrants.

Pursuant to the *Amendment*, the *Company* issued 740,067 *New Shares* and 2,086,988 *New Warrants* to the *Investors*. In connection with the issuance of the securities to the *Investors*, the *Company* relied on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the *Securities Act*). The *Company* believes that the *Investors* are *accredited investors*, as such term is defined in Rule 501(a) promulgated under the *Securities Act*.

Item 3.02 Unregistered Sales of Equity Securities.

The information required to be disclosed in this Item 3.02 is incorporated herein by reference from Item 1.01.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits.

4.1 Form of Warrant issued pursuant to the Letter Agreement dated September 8, 2006 between Callisto Pharmaceuticals, Inc. and certain investors (Incorporated by reference to Exhibit 4.1 to the *Company*'s Current Report on Form 8-K filed on September 14, 2006).

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10.1 Form of Letter Agreement dated September 8, 2006 between Callisto Pharmaceuticals, Inc. and certain investors (Incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on September 14, 2006).

10.2 Form of Amendment Agreement dated as of September 8, 2006 between Callisto Pharmaceuticals, Inc. and certain investors (Incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K filed on September 14, 2006).

10.3 Form of Lock-Up Agreement dated as of September 8, 2006 between Callisto Pharmaceuticals, Inc. and certain investors (Incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K filed on September 14, 2006).

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: December 14, 2006

CALLISTO PHARMACEUTICALS, INC.

By: */s/ Gary S. Jacob*
Gary S. Jacob, Ph.D.
Chief Executive Officer