

LOF PARTNERS LLC
 Form 4
 April 13, 2010

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
 Expires: January 31, 2005
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
LIFE SCIENCES OPPORTUNITIES FUND II LP

2. Issuer Name and Ticker or Trading Symbol
IGI LABORATORIES, INC [IG]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)
CARNEGIE HALL TOWER, 152 WEST 57TH STREET, 19TH FLOOR

3. Date of Earliest Transaction (Month/Day/Year)
03/29/2010

Director 10% Owner
 Officer (give title below) Other (specify below)

(Street)
NEW YORK, NY 10019

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) | | |
|---------------------------------|--------------------------------------|----------------------------------------------------|--------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|----------------------------------------------------------|-----------------------------------|-----|-------|
| | | | | (A) or (D) | Code | V | Amount | (D) | Price |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative | 2. Conversion | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if | 4. Transaction of | 5. Number of | 6. Date Exercisable and Expiration Date | 7. Title and Amount of Underlying Securities | 8. Price of Derivative |
|------------------------|---------------|--------------------------------------|-------------------------------|-------------------|--------------|-----------------------------------------|----------------------------------------------|------------------------|
|------------------------|---------------|--------------------------------------|-------------------------------|-------------------|--------------|-----------------------------------------|----------------------------------------------|------------------------|

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| Security (Instr. 3) | or Exercise Price of Derivative Security | any (Month/Day/Year) | Code (Instr. 8) | Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Month/Day/Year) | (Instr. 3 and 4) | | | | |
|--------------------------------------|------------------------------------------|----------------------|-----------------|----------------------------------------------------------------------------|------------------|------------------|------------------|-----------------|--------------|----------------------------|
| | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Series C Convertible Preferred Stock | (1) (2) | 03/29/2010 | P | | 573 | | (1)(2) | (1)(2) | Common Stock | (1) (2) |
| Series C Convertible Preferred Stock | (1) (2) | 03/29/2010 | P | | 102 | | (1)(2) | (1)(2) | Common Stock | (1) (2) |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|----------------------------------------------------------------------------------------------------------------------------------------|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| LIFE SCIENCES OPPORTUNITIES FUND II LP CARNEGIE HALL TOWER 152 WEST 57TH STREET, 19TH FLOOR NEW YORK, NY 10019 | X | X | | |
| LIFE SCIENCES OPPORTUNITIES FUND INSTITTUTIONAL II LP CARNEGIE HALL TOWER 152 WEST 57TH STREET, 19TH FLOOR NEW YORK, NY 10019 | X | X | | |
| LOF PARTNERS LLC 600 TRAVIS, SUITE 5800 HOUSTON, TX 77002 | | X | | |
| SMH CAPITAL INC. 600 TRAVIS, SUITE 5800 HOUSTON, TX 77002 | | X | | |
| SANDERS MORRIS HARRIS GROUP INC 600 TRAVIS, SUITE 5800 HOUSTON, TX 77002 | | X | | |
| GALE JAMES C CARNEGIE HALL TOWER 152 WEST 57TH STREET, 19TH FLOOR NEW YORK, NY 10019 | X | X | | |

Erony Joyce
 CARNEGIE HALL TOWER
 152 WEST 57TH STREET, 19TH FLOOR
 NEW YORK, NY 10019

X X

BALL GEORGE L
 600 TRAVIS, SUITE 5800
 HOUSTON, TX 77002

X

Signatures

Life Sciences Opportunities Fund II, L.P., By: Signet Healthcare Partners, LLC, By: /s/ James C. Gale, Manager 04/13/2010

__Signature of Reporting Person Date

Life Sciences Opportunities Fund (Institutional) II, L.P., By: Signet Healthcare Partners, LLC, By: /s/ James C. Gale, Manager 04/13/2010

__Signature of Reporting Person Date

Signet Healthcare Partners, LLC, By: SMH Capital Inc., By: /s/ George L. Ball, Chief Executive Officer 04/13/2010

__Signature of Reporting Person Date

Sanders Morris Harris Inc., By: /s/ George L. Ball, Chief Executive Officer 04/13/2010

__Signature of Reporting Person Date

Sanders Morris Harris Group, Inc., By: /s/ George L. Ball, Chief Executive Officer 04/13/2010

__Signature of Reporting Person Date

/s/ James C. Gale 04/13/2010

__Signature of Reporting Person Date

/s/ Joyce Erony 04/13/2010

__Signature of Reporting Person Date

/s/ George L. Ball 04/13/2010

__Signature of Reporting Person Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Each share of Series C Convertible Preferred Stock (the "Series C Preferred Stock") is convertible into shares of common stock equal to (i) 1,000 plus any accrued and unpaid dividends, divided by (ii) \$0.69 (the closing price of the Company's common stock on the date of issuance), and has no expiration date. Notwithstanding the foregoing, pursuant to the terms of the Certificate of Designation, the Series C Preferred Stock will automatically convert into shares of common stock upon the earlier of the date that (i) the closing price of the common stock shall have exceeded \$2.07 for a period of twenty-five (25) consecutive trading days immediately preceding such date and (continued in Footnote 2)

(2) (ii) as determined by the affirmative vote or consent of the holders of at least a majority of the shares of the Series C Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting. Quarterly dividends at the annual rate of 5% of the Original Issue Price, or \$1,000 per share, on each outstanding share of Series C Preferred Stock shall accrue from day to day, whether or not earned or declared, commencing on the last day of the calendar quarter in which they would otherwise be declared.

(3) These securities are owned directly by Life Sciences Opportunities Fund (Institutional) II, L.P. and indirectly by Signet Healthcare Partners, LLC ("General Partner"), the general partner of Life Sciences Opportunities Fund (Institutional) II, L.P., James C. Gale, the chief investment officer, a manager and member of the General Partner and a director of IGI Laboratories, Sanders Morris Harris Inc. ("SMH Capital"), the controlling member of the General Partner, Sanders Morris Harris Group, Inc. ("SMHG"), the parent company of

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SMH Capital, Joyce Erony, a director of IGI Laboratories and a managing director of the General Partner, and George L. Ball, a manager of the General Partner and Chief Executive Officer and a director of SMH Capital and SMHG. The General Partner, Mr. Gale, SMH Capital, SMHG, Ms. Erony and Mr. Ball disclaim beneficial ownership of the reported securities except to the extent of their pecuniary interest therein, if any.

- (4) These securities are owned directly by Life Sciences Opportunities Fund II, L.P. and indirectly by the General Partner, Mr. Gale, SMH Capital, SMHG, Ms. Erony and Mr. Ball. The General Partner, Mr. Gale, SMH Capital, SMHG, Ms. Erony and Mr. Ball disclaim beneficial ownership of the reported securities except to the extent of their pecuniary interest therein, if any.

Remarks:

This is a joint filing by Life Sciences Opportunities Fund (Institutional) II, L.P., Life Sciences Opportunities Fund II, L.P., the

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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