

CALLISTO PHARMACEUTICALS INC

Form 8-K

August 21, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): August 15, 2007

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))
-

Item 1.01 Entry into a Material Definitive Agreement.

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

Item 3.02 Unregistered Sales of Equity Securities.

On August 15, 2007, Callisto Pharmaceuticals, Inc. (the Company) closed a private placement of 22,500 shares of Series B Convertible Preferred Stock (the Series B Preferred Stock) and 450,000 warrants (the Warrants) to an investor (the Investor) for gross proceeds of \$225,000 pursuant to a Securities Purchase Agreement dated as of August 2, 2007. The Warrants are immediately exercisable at \$0.70 per share and are exercisable at any time within three years from the date of issuance. Other than pursuant to certain issuances, for the twelve (12) month period beginning on the effective date of the Registration Statement registering the resale of the shares of Common Stock underlying the Warrants by the Holder, if the Company at any time while the Warrants are outstanding, shall sell or grant any option to purchase or otherwise dispose of or issue any Common Stock or common stock equivalents entitling any Person to acquire shares of Common Stock, at an effective price per share less than the then exercise price (such lower price, the Base Exercise Price), then, the exercise price shall be reduced to an amount equal to the Base Exercise Price.

The Company paid an aggregate \$22,500 and issued a warrant to purchase 45,000 shares of common stock at \$0.50 per share and 45,000 shares of common stock at \$0.70 per share to a selling agent. The warrants will expire three years after issuance.

In connection with the offer and sale of securities to the Investor and the selling agent, the Company relied on the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the Securities Act), and Regulation D promulgated thereunder. The Company believes that the Investor and the selling agent are accredited investors , as such term is defined in Rule 501(a) promulgated under the Securities Act.

The Investor is also a party to a Registration Rights Agreement, dated as of August 2, 2007 (the Registration Rights Agreement), pursuant to which the Company has agreed to file, within 45 days from August 2, 2007, a registration statement covering the resale of the shares of common stock underlying the Series B Preferred Stock and Warrants issued to the Investor.

Item 9.01 Financial Statements and Exhibits

(c) Exhibits.

3.1 Certificate of Designations, Number, Voting Powers, Preferences and Rights of Series B Convertible Preferred Stock of Callisto Pharmaceuticals, Inc. (Incorporated by reference from Exhibit 3.1 to the Company s Current Report on Form 8-K filed August 7, 2007).

4.1 Form of Warrant to purchase shares of Common Stock issued in connection with the sale of the Series B Convertible Preferred Stock (Incorporated by reference from Exhibit 4.1 to the Company s Current Report on Form 8-K filed August 7, 2007).

10.1 Form of Securities Purchase Agreement dated August 2, 2007 by and among Callisto Pharmaceuticals, Inc. and the purchasers set forth on the signature page thereto

(Incorporated by reference from Exhibit 10.1 to the Company's Current Report on Form 8-K filed August 7, 2007).

10.2 Form of Registration Rights Agreement dated August 2, 2007 by and among Callisto Pharmaceuticals, Inc. and the purchasers signatory thereto (Incorporated by reference from Exhibit 10.2 to the Company's Current Report on Form 8-K filed August 7, 2007).

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: August 21, 2007

CALLISTO PHARMACEUTICALS, INC.

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