

VioQuest Pharmaceuticals, Inc.  
Form 10KSB/A  
April 29, 2008

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

FORM 10-KSB/A

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2007

Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_ to \_\_\_

Commission File Number 0-16686

VIOQUEST PHARMACEUTICALS, INC.  
(Exact name of issuer as specified in its charter)

Delaware 58-1486040  
(State or other jurisdiction of incorporation or organization) (IRS Employer Identification No.)

180 Mt. Airy Road, Suite 102, Basking Ridge, NJ 07920  
(Address of Principal Executive Offices) (Zip Code)

(908) 766-4400  
(Issuer's telephone number)

**Securities registered pursuant to Section 12(b) of the Exchange Act:** None

**Securities registered pursuant to Section 12(g) of the Exchange Act:** Common Stock, par value \$0.001

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the issuer was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Check if there is no disclosure of delinquent filers pursuant to Item 405 of Regulation S-B is not contained herein, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

For its fiscal year ended December 31, 2007, the issuer had \$0 revenue from continuing operations and, together with its discontinued operations; the issuer had total revenue of \$1,484,584.

The aggregate market value of the issuer's common stock held by non-affiliates as of March 27, 2008, based on the closing price of the common stock as reported on the OTC Bulletin Board on such date, was \$2,661,823.

As of March 27, 2008 there were outstanding 54,621,119 shares of common stock, par value \$0.001 per share.

Traditional Small Business Disclosure Format: Yes  No

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**Explanatory Note**

VioQuest Pharmaceuticals, Inc. (the “Company”) is filing this Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended December 31, 2007 to include the information required by Part III Items 9, 10, 11, 12, 13 and 14. Except for Items 9, 10, 11, 12, 13 and 14 of Part III, no other information included in the Company’s 2007 Form 10-KSB is changed by this Amendment No. 1.

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**Part III****ITEM DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS AND  
9. CORPORATE GOVERNANCE; COMPLIANCE WITH SECTION 16(a) OF THE EXCHANGE ACT.**

The following table sets forth the name and position of each of our directors and executive officers:

<b>Name</b>	<b>Age</b>	<b>Positions</b>
Michael D. Becker	39	Director, Chief Executive Officer and President
Brian Lenz	36	Chief Financial Officer, and Treasurer
Stephen C. Rocamboli	36	Director, non-executive Chairman of Board of Directors and Secretary
Johnson Y.N. Lau, M.D.	47	Director
Michael Weiser, M.D., Ph.D.	45	Director

**Michael D. Becker, President and Chief Executive Officer**, joined VioQuest in November 2007. Previously, he served as President and Chief Executive Officer at Cytogen Corporation since December 2002. Mr. Becker joined Cytogen in April 2001 and held positions of increasing responsibility, including Chief Executive Officer of AxCell Biosciences, a subsidiary of Cytogen focused on signal transduction pathways, and Vice President of Business Development and Industry Relations. During his tenure at Cytogen, Mr. Becker raised in excess of \$130 million in new capital through both public offerings and private placements. Prior to joining Cytogen, Mr. Becker was with Wayne Hummer Investments LLC, a Chicago-based regional brokerage firm from July 1996 to April 2001, where he held senior positions as a biotechnology analyst, investment executive and portfolio manager. Mr. Becker was also the founder and Executive Editor of Beck on Biotech, a monthly biotechnology investment newsletter published from July 1998 through March 2001. Mr. Becker attended DePaul University in Chicago, Illinois. Mr. Becker is Chairman of BioNJ, which was founded in 1994 by New Jersey biotechnology industry CEOs to serve as the voice of and advocate for the biotechnology industry in New Jersey.

**Brian Lenz, CPA, Chief Financial Officer and Treasurer** since April 2004, joined VioQuest as a controller in October 2003. Prior to VioQuest, Mr. Lenz was a controller with Smiths Detection Group from July 2000 to September 2003 where he was responsible for corporate and operational financial reporting and consolidation of its international operations, in addition to being responsible for the information technology and human resources functions. Mr. Lenz began his career as an auditor with KPMG, LLP from October 1998 to July 2000, where he was responsible for supervising audits of healthcare and financial services companies both publicly traded and privately held. Mr. Lenz holds a BS in Accounting from Rider University and received his MBA from Saint Joseph's University. Mr. Lenz has also been the chair of the finance committee for Biotech 2006 and 2007.

**Stephen C. Rocamboli** has served as our non-executive Chairman since February 2003 and Secretary since November 2006. He was our Secretary from 2003 to December 2003. Mr. Rocamboli is currently Vice President of Corporate Development for Pear Tree Pharmaceuticals, Inc. Prior to joining Pear Tree, Mr. Rocamboli was deputy general counsel of Paramount BioCapital, Inc. and Paramount BioCapital Investments, LLC and served as deputy general counsel deputy of those deputy companies from September 1999 to August 2007. From November 2002 to December 2003, Mr. Rocamboli served as director of Ottawa, Ontario based Adherex Technologies, Inc. Mr. Rocamboli also serves as a member of the board of directors of several privately held development stage biotechnology companies. Prior to joining Paramount, Mr. Rocamboli practiced law in the health care field. He received his J.D. from Fordham University School of Law.

**Johnson Y.N. Lau, M.B.B.S., M.D., F.R.C.P.**, has been a member of our board of directors since November 2005. He currently serves as the Chairman of Kinex Pharmaceuticals, LLC, a position he has held since December 2003. Dr. Lau currently is a member of the board of directors of Chelsea Therapeutics International, Ltd. (NASDAQ: CHTP), a publicly-held company. Prior to his position with Kinex Pharmaceuticals, Dr. Lau was an independent contractor from January 2003 until December 2003 and served in various capacities at Ribapharm Inc. from August 2000 until January 2003, including Chairman, President and Chief Executive Officer. Previously he was the Senior Vice President and Head of Research and Development at ICN Pharmaceuticals and Senior Director of Antiviral Therapy at Schering-Plough Research Institute. He has published over 200 scientific papers and 40 reviews and editorials in leading academic journals and was elected as a Fellow, Royal College of Physicians in 2004. Dr. Lau holds an M.B.B.S. and M.D. from the University of Hong Kong and the degrees of M.R.C.P. and F.R.C.P. from the Royal College of Physicians.

**Michael Weiser, M.D., Ph.D.** is the founder and co-chairman of Actin Biomed, a New York based healthcare investment firm advancing the discovery and development of novel treatments for unmet medical needs. Prior to joining Actin, Dr. Weiser was the Director of Research at Paramount BioCapital where he was responsible for the scientific, medical and financial evaluation of biomedical technologies and pharmaceutical products under consideration for development. Dr. Weiser completed his Ph.D. in Molecular Neurobiology at Cornell University Medical College and received his M.D. from New York University School of Medicine. He performed his post-graduate medical training in the Department of Obstetrics and Gynecology at New York University Medical Center. Dr. Weiser also completed a Postdoctoral Fellowship in the Department of Physiology and Neuroscience at New York University School of Medicine and received his B.A. in Psychology from University of Vermont. Dr. Weiser is a member of The National Medical Honor Society, Alpha Omega Alpha. In addition, Dr. Weiser has received awards for both academic and professional excellence and is published extensively in both medical and scientific journals. Dr. Weiser currently serves on the board of directors of Manhattan Pharmaceuticals, Inc, Chelsea Therapeutics International, Ltd., Emisphere Technologies, Inc., Hana Biosciences, Inc., Ziopharm Oncology, Inc., and VioQuest Pharmaceuticals, Inc., as well as several privately held companies.

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers, directors and persons who are the beneficial owners of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. Officers, directors and beneficial owners of more than 10% of our common stock are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies of the Forms 3, 4 and 5 and amendments that we received with respect to transactions during 2007, we believe that all such forms were filed on a timely basis, except for Edward C. Bradley, our Former Chief Scientific and Medical Officer, who purchased shares on February 7, 2007 that was reported on February 15, 2007.

### **Code of Ethics**

We have adopted a Code of Business Conduct and Ethics that applies to all officers, directors and employees of our company. In addition, we have adopted a Code of Ethics specifically applicable to our Chief Executive Officer and Senior Financial Officers. A copy of our Code of Business Conduct and Ethics can be obtained without charge by sending a written request to the Secretary of the Company at the address of Company's principal offices. If we make any substantive amendments to the Code of Business Conduct and Ethics or grant any waiver from a provision of the code to an executive officer or director, we will promptly disclose the nature of the amendment or waiver by filing with the SEC a current report on Form 8-K.

**Audit Committee**

Our board of directors has established an audit committee which consists of Mr. Rocamboli and Dr. Lau, both of whom are independent directors. The Board has further determined that Dr. Lau qualifies as an “audit committee financial expert,” as defined under Item 407(d)(5) of Regulation S-B promulgated under the Securities Exchange Act of 1934.

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## ITEM 10.

## EXECUTIVE COMPENSATION.

## Executive Compensation

## Summary Compensation Table

The following table sets forth all of the compensation awarded to, earned by or paid to (i) each individual serving as our principal executive officer during our last completed fiscal year; and (ii) each other individual that served as our executive officer at the conclusion of the fiscal year ended December 31, 2007 and who received in excess of \$100,000 in the form of salary and bonus during such fiscal year (collectively, the “named executives”).

Name and Principal Position	Year	Salary	Bonus	Non-Equity			All Other Compensation	Total
				Option Awards	Compensation	Compensation		
Michael D. Becker <i>Chief Executive Officer and President</i>	2007	\$ 40,894(2)	\$ -0-	\$ 45,954(3)	\$ -0-	\$ -0-	\$ 86,848	
	2006	-	-	-	-	-	-	
Edward C. Bradley, M.D. <i>Former Chief Scientific and Medical Officer</i>	2007	\$ 273,679(4)	\$ -0-	\$ 111,013(5)	\$ -0-	\$ -0-	\$ 384,692	
	2006	-	-	-	-	-	-	
Brian Lenz <i>Chief Financial Officer and Treasurer</i>	2007	\$ 185,000	\$ -0-	\$ 92,542(6)	\$ 36,483(7)	\$ -0-	\$ 314,025	
	2006	134,583	-0-	86,546	24,412	3,600(7)	249,141	
Daniel E. Greenleaf <i>Former Chief Executive Officer and President</i> (8)	2007	\$ 311,013	\$ 100,000	87,026	\$ 100,000(9)	\$ -0-	\$ 598,039	
	2006	360,000	100,000	818,053	100,000	-0-	1,378,053	

- (1) Amount reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007 in accordance with SFAS 123(R) of stock option awards, and may include amounts from awards granted in and prior to fiscal year 2007. Assumptions used in the calculation of this amount for employees are identified in Note 8 to our annual financial statements for the year ended December 31, 2007 included elsewhere in this Annual Report.
- (2) Pursuant to Mr. Becker’s employment agreement dated November 11, 2007, Mr. Becker’s employment commenced with the Company on November 21, 2007, and is for a four year term. Mr. Becker’s annual salary is \$358,400.
- (3) Amount reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007 in accordance with SFAS 123(R), of the following stock option awards: (i) the vesting of a 5,013,343 share option granted on November 21, 2007 which vests in equal installments over four years; and (ii) the vesting of a portion of shares subject to an option to purchase an aggregate of 856,400 shares granted November 21, 2007 which vests in equal amounts over four years, but is subject to vesting to the extent the Company’s shares held in escrow in connection with its acquisition of Greenwich Therapeutics, Inc. are released. On December 4, 2007, 299,740 shares of such escrowed shares were released. Thus, 214,100 share options vest on November 21, 2008 and 85,640 vest on November 21, 2009.
- (4) Pursuant to Dr. Bradley’s employment agreement dated February 1, 2007, Dr. Bradley is entitled to receive a salary of \$330,000 on an annualized basis. On March 20, 2008, Dr.

Bradley entered into an agreement with the Company which provided for a reduction in his base salary from \$330,000 to \$165,000. In addition, the agreement provided for a reduction in the number of hours of service required to be provided by Dr. Bradley to the Company. On April 11, 2008, Dr. Bradley resigned from his part-time position with the Company.

- (5) Amount reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007 in accordance with SFAS 123(R) of the following stock option awards: (i) the vesting of one-third of a 700,000 share option granted on February 1, 2007 which vests in equal amounts over 3 years.
- (6) Amount reflects the dollar amount recognized for financial statement reporting purposes for the fiscal year ended December 31, 2007 in accordance with SFAS 123(R) of the following stock option awards: (i) the vesting of one-third of a 25,000 share option granted on April 19, 2004 which vests in equal amounts over 3 years; (ii) the vesting of one-third of a 60,000 share option granted on January 24, 2005 which vests in equal amounts over 3 years; (iii) the vesting of one-third of a 100,000 share option granted on November 29, 2005, which vests in equal amounts over 3 years; (iv) the vesting of one-third of a 100,000 share option granted on March 31, 2006, which vests in equal amounts over 3 years; and (v) the vesting of one-third of a 100,000 share option granted on May 11, 2007, which vests in equal amounts over 3 years.

- (7) Amount represents a cash bonus awarded based upon the satisfaction of performance criteria established by our Board of Directors. See “– Employment Agreements with Named Executives – Brian Lenz – Bonus Compensation.”
- (8) Pursuant to Mr. Greenleaf’s employment agreement, he is entitled to a bonus of \$100,000 upon each anniversary of his agreement. On November 14, 2007, the Company and Mr. Greenleaf, the Company’s former President & Chief Executive Officer, entered into a Separation and Release Agreement. Pursuant to the Separation Agreement, the Company and Mr. Greenleaf agreed that Mr. Greenleaf’s employment with the Company terminated as of November 9, 2007, and that Mr. Greenleaf resigned from all positions as officer and director of the Company.
- (9) Amount represents a cash bonus awarded based upon the satisfaction of performance criteria established by our Board of Directors. See “– Employment Agreements with Named Executives – Daniel Greenleaf – Bonus Compensation.”

### ***Employment Agreements with Named Executives***

*Michael D. Becker*

*Chief Executive Officer and President*

On November 11, 2007 we entered into an employment agreement (the “Becker Agreement”) with Michael D. Becker, our President and Chief Executive Officer. Pursuant to the agreement, Mr. Becker’s employment with the Company is for a four year term, commencing on November 21, 2007. Mr. Becker is entitled to receive an annual base salary of \$358,400. Additionally, the agreement provides that Mr. Becker is eligible for one-time milestone-based cash bonus payments, as follows: (i) \$150,000 in the event that the Company receives gross proceeds equal to or in excess of \$10 million as a result of the sale of its securities in one or a series of related transactions; (ii) \$125,000 upon such time that our market capitalization exceeds \$125 million for a period of fifteen consecutive trading days, and the average trading volume of the Company’s common stock is at least 100,000 shares per trading day; (iii) \$500,000 upon such time that our market capitalization exceeds \$250 million for a period of fifteen consecutive trading days, and the average trading volume of the Company’s common stock is at least 200,000 shares per trading day; (iv) \$1,000,000 upon such time that our market capitalization exceeds \$500 million for a period of fifteen consecutive trading days, and the average trading volume of the Company’s common stock is at least 300,000 shares per trading day; and (v) \$2,000,000 upon such time that our market capitalization exceeds \$1 billion for a period of fifteen consecutive trading days, and the average trading volume of the Company’s common stock is at least 400,000 shares per trading day.

Pursuant to the Becker Agreement, the Company also issued to Mr. Becker a ten-year option under our 2003 Stock Option Plan, to purchase 5,013,343 shares of our common stock at an exercise price of \$0.30 per share. The options vests in four equal annual installments commencing on November 21, 2008. Additionally, pursuant to Mr. Becker’s employment agreement, the Company issued 856,400 additional stock options (referred to as the “Merger Option”) on November 21, 2007, at an exercise of \$0.30 per share. The merger options vest in four equal annual installments commencing on November 21, 2008, however in addition to such vesting, the Merger Option is only exercisable to the extent the Company’s shares which are held in escrow in connection with its acquisition of Greenwich Therapeutics, Inc. in October 2005, are released. On December 4, 2007, 35% of the escrowed shares were released. Therefore, 299,740 shares, representing 35% of the Merger Option, vest and are exercisable as follows: 214,100 shares vest and are exercisable on November 21, 2008, and 85,640 shares vest and are exercisable on November 21, 2009.

Notwithstanding the 4-year term of the Becker Agreement, either party has the right to terminate the agreement and Mr. Becker's employment sooner. In the event the Company terminates his employment upon a "change of control" or for a reason other than for "cause" or Mr. Becker's death or disability, or if Mr. Becker terminates his employment for "good reason," then the Company will continue pay to Mr. Becker his base salary and will provide health insurance coverage for a period of 12 months. In addition, the unvested portions of the Stock Options that are scheduled to vest on the next anniversary date of Mr. Becker's employment shall accelerate and be deemed vested as of the termination date and shall remain exercisable for a period of 90 days. However, to the extent any portion of the Merger Option