

CASI Pharmaceuticals, Inc.
Form SC 13D/A
May 14, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

CASI Pharmaceuticals, Inc.

(Name of Issuer)

Common Stock, par value \$0.01 per share

(Title of Class of Securities)

29382F 202

(CUSIP Number)

Kurt Gustafson

Executive Vice President and Chief Financial Officer

Spectrum Pharmaceuticals, Inc.

11500 South Eastern Avenue, Suite 240

Henderson, Nevada 89052

(702) 835-6300

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with a copy to:

Teri O Brien

Paul Hastings LLP

4747 Executive Drive, 12th Floor

San Diego, CA 92121

(858) 458-3031

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

April 17, 2018

(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box.

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See section 240.13d-7 for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a person's initial filing on this form with respect to subject class of securities, and for any subsequent amendment containing information which would alter disclosures 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. Names of Reporting Persons

Spectrum Pharmaceuticals, Inc.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6. Citizenship or Place of Organization

Delaware

7. Sole Voting Power

Number of

Shares

6,897,413

Beneficially 8. Shared Voting Power

Owned by

Each

4,650,262

9. Sole Dispositive Power

Reporting

Person

6,897,413

With

10. Shared Dispositive Power

4,650,262

11. Aggregate Amount Beneficially Owned by Each Reporting Person

11,547,675

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

13.42% (1)

14. Type of Reporting Person (See Instructions)

CO

(1) Percentage of class calculated based upon 86,078,632 shares of common stock of the Issuer issued and outstanding as of April 16, 2018, as reflected in the proxy statement relating to the Issuer's 2018 annual meeting of stockholders, which was filed by the Issuer with the Securities and Exchange Commission (the SEC) on April 17, 2018.

1. Names of Reporting Persons

Spectrum Pharmaceuticals Cayman, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a) (b)

3. SEC Use Only

4. Source of Funds (See Instructions)

OO

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Item 2(d) or 2(e)

6. Citizenship or Place of Organization

Cayman Islands

7. Sole Voting Power

Number of

Shares

0

Beneficially

8. Shared Voting Power

Owned by

Each

4,650,262

9. Sole Dispositive Power

Reporting

Person

0

With

10. Shared Dispositive Power

4,650,262

11. Aggregate Amount Beneficially Owned by Each Reporting Person

4,650,262

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

13. Percent of Class Represented by Amount in Row (11)

5.40% (1)

14. Type of Reporting Person (See Instructions)

PN

(1) Percentage of class calculated based upon 86,078,632 shares of common stock of the Issuer issued and outstanding as of April 16, 2018, as reflected in the proxy statement relating to the Issuer's 2018 annual meeting of stockholders, which was filed by the Issuer with the SEC on April 17, 2018.

Spectrum Pharmaceuticals, Inc., a Delaware corporation (Spectrum), hereby files this Amendment No. 1 to supplement the statement on Schedule 13D initially filed with the SEC on September 26, 2014 (the original filing, together with this Amendment No. 1, this Statement) on behalf of the Reporting Persons (as defined in Item 2 below) pursuant to the Joint Filer Agreement (the Joint Filer Agreement) attached to this Statement as Exhibit 99.1.

Item 1. Security and Issuer.

This Statement relates to the shares of common stock, par value \$0.01 per share, of CASI Pharmaceuticals, Inc., a Delaware corporation (the Issuer). The principal executive offices of the Issuer are located at 9620 Medical Center Drive, Suite 300, Rockville, Maryland 20850.

Item 2. Identity and Background.

This Statement is filed on behalf of Spectrum and Spectrum Pharmaceuticals Cayman, L.P., an Exempted Limited Partnership organized under the laws of the Cayman Islands (Spectrum Cayman). Spectrum and Spectrum Cayman are each referred to herein as a Reporting Person and are collectively referred to herein as the Reporting Persons.

Spectrum is a Delaware corporation. The principal business of Spectrum is the acquisition, development and commercialization of a broad and diverse pipeline of drug products, with a primary focus in oncology and hematology. Currently Spectrum and its affiliates market six oncology/hematology drugs FUSILEV[®] (levoleucovorin) for Injection in the U.S.; FOLOTYN[®] (pralatrexate injection), also marketed in the U.S.; ZEVALIN[®] (ibrutinomab tiuxetan) Injection for Intravenous Use, for which Spectrum has worldwide marketing rights; MARQIBO[®] (vinCRISTine sulfate LIPOSOME injection), for which Spectrum has worldwide marketing rights; BELEODAQ (belinostat) for Injection in the U.S; and EVOMELA (Captisol-Enabled melphalan) for injection in the U.S.

Spectrum Cayman is owned 99% by Spectrum and 1% by Spectrum Pharmaceuticals International Holdings, LLC, a Delaware limited liability company (Spectrum Holdings). Spectrum Holdings is the sole general partner of Spectrum Cayman and Spectrum is the sole managing member of Spectrum Holdings. Spectrum Cayman is a holding company for certain intellectual property relating to ZEVALIN[®].

The address of the principal place of business of each of the Reporting Persons is c/o Spectrum at 11500 South Eastern Avenue, Suite 240, Henderson, Nevada 89052.

During the last five years, neither of the Reporting Persons, nor any of their respective executive officers, directors, or general partners, has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), nor have any such persons been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction as a result of which such person was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

Spectrum is governed by a Board of Directors consisting of nine members, none of which individually have voting or dispositive power over the shares subject to this Statement. In accordance with the provisions of General Instruction C to Schedule 13D, information concerning the executive officers and directors of Spectrum is listed on Schedule 1 hereto and is incorporated herein by this reference.

Item 3. Source and Amount of Funds or Other Consideration.

On September 17, 2014, the Issuer entered into investment agreements (the Investment Agreements) with the Reporting Persons pursuant to which it issued an aggregate of 5,405,382 shares of its common stock to the Reporting Persons, as well as certain contingent rights to purchase additional shares of common stock and/or preferred stock (as described in Item 4 below). In consideration for the shares, pursuant to separate license agreements entered into with each of the Reporting Persons, the Issuer received perpetual (subject to customary termination provisions), exclusive licenses to develop and commercialize EVOMELA (Captisol-EnabledTM melphalan) and ZEVALIN[®] (ibrutinomab tiuxetan) in China, including Taiwan, Hong Kong and Macau (Greater China).

Pursuant to the Contingent Purchase Right (as described in Item 4 below), the Reporting Persons purchased an additional 4,623,197 shares of the common stock at par value during 2016 (the 2016 Exercise) and an additional 1,519,096 shares of common stock at par value during 2017 (the 2017 Exercise). The 2017 Exercise resulted in the full settlement of the Contingent Purchase Right.

Item 4. Purpose of Transaction.

The Reporting Persons entered into the Investment Agreements in order to acquire shares of common stock of the Issuer for investment purposes with the goal of increasing the value of the Issuer as a result of, among other things, the Issuer's development and commercialization of ZEVALIN® and EVOMELA in Greater China.

Pursuant to the terms of the Investment Agreements, in addition to receiving an aggregate of 5,405,382 shares of the Issuer's common stock at closing, the Reporting Persons received a contingent right to purchase additional shares of the Issuer's common stock at par value in order to maintain their respective post-investment equity ownership percentages if the Issuer were to issue securities (subject to a limited exception for certain equity compensation grants) after September 17, 2014 (the Contingent Purchase Right). To the extent that the issuance of such common stock would require stockholder approval under NASDAQ rules, the Reporting Persons would instead be given the right to purchase shares of non-voting, non-convertible preferred stock, which cannot be converted into common stock without stockholder approval. The Contingent Purchase Right was due to expire upon the earliest of (i) the date on which the Issuer raised, in the aggregate, \$50 million in net proceeds through capital raising activities, or (ii) September 17, 2019 (subject to extension in limited circumstances). The 2017 Exercise resulted in the full settlement of the Contingent Purchase Right.

Pursuant to the Investment Agreements, the Reporting Persons have the collective right to nominate one director to the Issuer's Board of Directors (the Board), subject to the reasonable approval of the Board. Dr. Rajesh C. Shrotriya, the former Chairman and Chief Executive Officer of Spectrum, was nominated and appointed as a director of the Issuer effective September 22, 2014.

The foregoing summary description of the terms of the Investment Agreements does not purport to be complete, and is qualified in its entirety by the terms of the Investment Agreements filed as Exhibits 10.1 and 10.2, respectively, to the Schedule 13D filed by the Reporting Persons with the SEC on September 26, 2014, which are incorporated herein by reference.

Subject to applicable legal requirements, in addition to the arrangements described above, one or both of the Reporting Persons may also purchase additional securities of the Issuer from time to time in open market or private transactions, depending on their evaluation of the Issuer's business, prospects and financial condition, the market for the Issuer's securities, other developments concerning the Issuer, other opportunities available to the Reporting Persons, and general economic, money market and stock market conditions. In addition, depending upon the factors referred to above and subject to applicable legal requirements, the Reporting Persons may dispose of all or a portion of their securities of the Issuer at any time. Each of the Reporting Persons reserves the right to increase or decrease its holdings on such terms and at such times as each may decide.

Other than as described above in this Item 4, none of the Reporting Persons have any plan or proposal relating to or that would result in: (a) the acquisition by any person of additional securities of the Issuer or the disposition of securities of the Issuer; (b) an extraordinary corporate transaction, such as a merger, reorganization or liquidation, involving the Issuer or any of its subsidiaries; (c) a sale or transfer of a material amount of assets of the Issuer or any of its subsidiaries; (d) any change in the Board of Directors or management of the Issuer, including any plans or proposals to change the number or terms of directors or to fill any existing vacancies on the Board of Directors of the Issuer; (e) any material change in the present capitalization or dividend policy of the Issuer; (f) any other material change in the Issuer's business or corporate structure; (g) any changes in the Issuer's charter, by-laws or instruments corresponding thereto or other actions which may impede the acquisition of control of the Issuer by any person; (h) a class of securities of the Issuer being delisted from a national securities exchange or ceasing to be authorized to be quoted in an inter-dealer quotation system of a registered national securities association; (i) a class of equity securities of the Issuer becoming eligible for termination of registration pursuant to Section 12(g)(4) of the Securities Exchange Act of 1934, as amended; or (j) any action similar to those enumerated above.

Item 5. Interest in Securities of the Issuer.

(a) (b)

| Reporting Person | Shares | | Shared Voting Power | Sole Dispositive Power | Shared Dispositive Power | Beneficial Ownership (1) | Percentage of Class (2) |
|------------------|---------------|-------------------|---------------------|------------------------|--------------------------|--------------------------|-------------------------|
| | Held Directly | Sole Voting Power | | | | | |
| Spectrum | 6,897,413 | 6,897,413 | 4,650,262 | 6,897,413 | 4,650,262 | 11,547,675 | 13.42% |
| Spectrum Cayman | 4,650,262 | 0 | 4,650,262 | 0 | 4,650,262 | 4,650,262 | 5.40% |

- (1) On September 17, 2014, pursuant to the Investment Agreements, the Issuer issued an aggregate of 5,405,382 shares of its common stock to the Reporting Persons, of which (i) 3,228,627 shares were issued directly to Spectrum, and (ii) 2,176,755 shares were issued directly to Spectrum Cayman. Pursuant to the 2016 Exercise and the 2017 Exercise, the Issuer issued an additional 6,142,293 shares of its common stock to the Reporting Persons, of which (i) 3,668,786 shares were issued directly to Spectrum, and (ii) 2,473,507 shares were issued directly to Spectrum Cayman. Spectrum has sole voting and dispositive power over the shares issued to it directly. Spectrum is governed by a Board of Directors consisting of nine members, none of which individually have voting or dispositive power over the shares held by Spectrum. Spectrum Cayman is owned 99% by Spectrum, and 1% by Spectrum Holdings. As a result, Spectrum may be deemed to share voting and dispositive power over the shares issued directly to Spectrum Cayman. Spectrum disclaims beneficial ownership in the shares held directly by Spectrum Cayman except to the extent of its pecuniary interest therein.
- (2) Percentage of class calculated based upon 86,078,632 shares of common stock of the Issuer issued and outstanding as of April 16, 2018, as reflected in the proxy statement relating to the Issuer's 2018 annual meeting of stockholders, which was filed by the Issuer with the SEC on April 17, 2018.
- (c) Not applicable.

(d) To the best knowledge of the Reporting Persons, no person other than the Reporting Persons has the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the common stock of the Issuer reported in this Statement.

(e) Not applicable.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

The information provided and incorporated by reference in Items 2, 3, 4, 5 and 7 is hereby incorporated by reference into this Item 6.

Consistent with the compensation programs for non-employee directors of the Issuer, Dr. Shrotriya receives compensation in the form of cash and option awards. In 2017, Dr. Shrotriya received an annual cash retainer payment of \$20,000 and an annual grant of options to purchase 35,000 shares of the Issuer's common stock at \$1.01, which represented the closing price of the Issuer's common stock on the NASDAQ Capital Market on the date of grant. The option award vested ratably quarterly to the end of one year. As of April 9, 2018, Dr. Shrotriya beneficially owned 155,000 shares of the Issuer's common stock pursuant to options exercisable within 60 days of April 9, 2018.

Other than as described in this Statement, to the best of the Reporting Persons' knowledge, there are no other contracts, arrangements, understandings or relationships (legal or otherwise) among the persons named in Item 2 and between such persons and any person with respect to any securities of the Issuer.

Item 7. Material to be Filed as Exhibits.

| Exhibit No. | Description of Exhibit |
|--------------------|-------------------------------|
| 24.1 | <u>Power of Attorney</u> |
| 99.1 | <u>Joint Filer Agreement</u> |

SIGNATURE

After reasonable inquiry and to the best of its knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

SPECTRUM PHARMACEUTICALS, INC.,
a Delaware corporation

Date: May 14, 2018

By: /s/ Kurt A. Gustafson
Name: Kurt A. Gustafson
Title: Executive Vice President and Chief Financial Officer

SPECTRUM PHARMACEUTICALS CAYMAN, L.P.,
an Exempted Limited Partnership organized under the laws of the

Cayman Islands

Date: May 14, 2018

By: Spectrum Pharmaceuticals International Holdings, LLC
Its: General Partner

By: Spectrum Pharmaceuticals, Inc.
Its: Managing Member

By: /s/ Kurt A. Gustafson
Name: Kurt A. Gustafson
Title: Executive Vice President and Chief Financial Officer

SCHEDULE 1**Directors and Executive Officers of Spectrum**

Set forth below are the name, business address, current principal occupation or employment and citizenship of each director and executive officer of Spectrum Pharmaceuticals, Inc.

| Name | Business Address | Principal Occupation or Employment | Citizenship |
|--|---|---|--------------------------|
| Joseph W. Turgeon | c/o Spectrum Pharmaceuticals, Inc. 11500 S. Eastern Avenue, Suite 240 Henderson, Nevada 89052 | President and Chief Executive Officer; Director of Spectrum | United States of America |
| Thomas J. Riga | c/o Spectrum Pharmaceuticals, Inc. 11500 S. Eastern Avenue, Suite 240 Henderson, Nevada 89052 | Executive Vice President, Chief Operating Officer and Chief Commercial Officer | United States of America |
| Kurt A. Gustafson | c/o Spectrum Pharmaceuticals, Inc. 11500 S. Eastern Avenue, Suite 240 Henderson, Nevada 89052 | Executive Vice President and Chief Financial Officer | United States of America |
| Stuart M. Krassner, Sc.D., Psy.D. | c/o Spectrum Pharmaceuticals, Inc. 11500 S. Eastern Avenue, Suite 240 Henderson, Nevada 89052 | Chairman of the Board | United States of America |
| Dolatrai M. Vyas, Ph.D. | c/o Spectrum Pharmaceuticals, Inc. 11500 S. Eastern Avenue, Suite 240 Henderson, Nevada 89052 | Director of Spectrum; Founder of Dinesh Vyas, LLC | United States of America |
| Luigi Lenaz, M.D. | c/o Spectrum Pharmaceuticals, Inc. 11500 S. Eastern Avenue, Suite 240 Henderson, Nevada 89052 | Director of Spectrum | United States of America |
| William L. Ashton | c/o Spectrum Pharmaceuticals, Inc. 11500 S. Eastern Avenue, Suite 240 Henderson, Nevada 89052 | Director of Spectrum; Principal at Harrison Consulting Group | United States of America |
| Anthony E. Maida, III, M.A., M.B.A., Ph.D. | c/o Northwest Biotherapeutics, Inc. 4800 Montgomery Lane, Suite 800 Bethesda, MD 20814 | Director of Spectrum; Senior Vice President, Clinical Research at Northwest Biotherapeutics, Inc. | United States of America |
| Raymond W. Cohen | c/o Axonics Modulation Technologies, Inc. | Director of Spectrum; Chief Executive Officer and | United States of America |

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Director at Axonics
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Irvine, CA 92618

Gilles R. Gagnon, M.Sc., M.B.A.,
ICD.D

c/o Spectrum Pharmaceuticals, Inc.

Director of Spectrum;
Director, President and Chief
Executive Officer at Ceapro
Inc.

United States of America

11500 S. Eastern Avenue, Suite 240

Henderson, Nevada 89052

Rajesh C. Shrotriya, MD

c/o Spectrum Pharmaceuticals, Inc.

Director of Spectrum

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