

VioQuest Pharmaceuticals, Inc.
Form PRER14A
September 07, 2005

**AMENDMENT NO. 2 TO
SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
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VIOQUEST PHARMACEUTICALS, INC.

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VIOQUEST PHARMACEUTICALS, INC.
7 Deer Park Drive, Suite E
Monmouth Junction, New Jersey 08852

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
To Be Held On
_____, 2005

Notice is hereby furnished to the shareholders of VioQuest Pharmaceuticals, Inc., a Minnesota corporation (the "Company"), of a special meeting of shareholders (the "Meeting"), to be held at __:00 .m. on _____, 2005, at _____, to consider and act upon a proposal to merge the Company with and into VioQuest Delaware, Inc., a Delaware corporation and wholly-owned subsidiary of the Company, with VioQuest Delaware, Inc. remaining as the surviving corporation.

The Company recently announced that it has entered into an Agreement and Plan of Merger with Greenwich Therapeutics, Inc., pursuant to which a wholly-owned subsidiary of the Company would merge into Greenwich and Greenwich would remain as the surviving corporation and a wholly-owned subsidiary of the Company. Greenwich is a privately-held, New York-based biotechnology company that holds exclusive license rights to develop and commercialize two pharmaceutical drug candidates for use in the treatment of cancer. Dr. Lindsay A. Rosenwald and certain trusts established for the benefit of Dr. Rosenwald and his family collectively hold approximately 48 percent of Greenwich's capital stock. Together, Dr. Rosenwald and such trusts also beneficially own approximately 16 percent of the Company's common stock. Because of such cross-ownership, the proposed acquisition of Greenwich is prohibited under the Minnesota Business Corporation Act, to which we are subject as a Minnesota corporation. However, the same transaction would be permissible if the Company were incorporated under the laws of the State of Delaware. The primary purpose of the proposal to reincorporate the Company under the Delaware law is to allow the Company to complete the Company's proposed acquisition of Greenwich. Accordingly, the shareholders will be asked to consider and act upon the following proposals: (i) to reincorporate the Company under the laws of the State of Delaware by merging the Company with and into VioQuest Delaware, Inc., a Delaware corporation and the Company's wholly-owned subsidiary, with VioQuest Delaware, Inc. remaining as the surviving corporation (the "Reincorporation"); (ii) to amend the Company's articles of incorporation to increase the number of shares of authorized common stock to 100 million and to fix a number of authorized shares of preferred stock at 10 million (the "Charter Amendment"); and (iii) if necessary, to adjourn the Meeting to permit further solicitation of proxies if there are not sufficient votes to approve the Reincorporation and/or the Charter Amendment.

The Board of Directors of the Company has approved the foregoing proposals and recommends that the shareholders of the Company vote in their favor.

Only shareholders of record as of the close of business on August 19, 2005, or their legal representatives, are entitled to notice and to vote at the Meeting or any adjournment thereof. Each shareholder is entitled to one vote per share on all matters to be voted on at the Meeting.

A Proxy and Proxy Statement are enclosed herewith. You are requested to complete and sign the Proxy, which is being solicited by the Board of Directors and management of the Company, and to return it in the envelope provided.

By Order of the Board of Directors,

President and Chief Executive Officer

September __, 2005

**PROXY STATEMENT
OF
VIOQUEST PHARMACEUTICALS, INC.
7 Deer Park Drive, Suite E
Monmouth Junction, New Jersey 08852**

**For a Special Meeting of Shareholders
To Be Held _____, 2005**

This Proxy Statement is furnished to the shareholders of VioQuest Pharmaceuticals, Inc. (referred to as “we,” “us,” “our” or the “Company”), in connection with the solicitation by the Board of Directors of the Company of proxies to be voted at the special meeting of the Company’s shareholders or any adjournment thereof (the “Meeting”), to be held at __:00 _m. on _____, 2005, at _____. This Proxy Statement and the accompanying proxy were first mailed on approximately _____, 2005, to the Company’s shareholders of record as of the close of business on August 19, 2005. The Company intends to mail this Proxy Statement and the accompanying Notice of Special Meeting on or about September ___, 2005 to all shareholders entitled to vote at the Meeting.

As indicated in the accompanying Notice of Special Meeting, the matters to be considered at the Meeting are proposals: (i) to reincorporate the Company under the laws of the State of Delaware by merging the Company with and into VioQuest Delaware, Inc., a Delaware corporation and the Company’s wholly-owned subsidiary, with VioQuest Delaware, Inc. remaining as the surviving corporation (the “Reincorporation”); (ii) to amend the Company’s articles of incorporation to increase the number of shares of authorized common stock and to establish a number of authorized shares of preferred stock (the “Charter Amendment”); and (iii) if necessary, to adjourn the Meeting to permit further solicitation of proxies if there are not sufficient votes to approve the Reincorporation and/or the Charter Amendment (the “Adjournment”). The accompanying Proxy authorizes the appointees named in the Proxy, acting at the request of the management of the Company, to vote the shares indicated in the Proxy for or against each of the proposals and, in their discretion, to vote on other matters incidental to the Meeting.

A form of proxy is enclosed for your use. Please date, sign and return the proxy at your earliest convenience. Prompt return of your proxy will be appreciated. The solicitation of proxies from the shareholders is being made by the Board of Directors and management of the Company who will not be specially compensated for such solicitation.

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QUESTIONS AND ANSWERS ABOUT THE REINCORPORATION, THE CHARTER AMENDMENT, THE ADJOURNMENT, THE MERGER AND THE SPECIAL MEETING

Who is entitled to vote?

The holders of record of the Company's common stock as of the close of business on August 19, 2005 may vote at the Meeting. As of August 19, 2005, there were 17,827,924 shares of our common stock outstanding.

What are you voting on?

The matters to be voted upon at the Meeting are: (i) the Reincorporation; (ii) the Charter Amendment; and (iii) the Adjournment. The shareholders will not be directly voting on the proposed Merger with Greenwich Therapeutics, Inc., although completion of the Reincorporation is necessary to complete the Merger. Shareholders will also be voting on such other matters incidental to conducting the Meeting.

What is the purpose of the Reincorporation?

The Reincorporation is being proposed to facilitate the acquisition of Greenwich Therapeutics pursuant to the Merger Agreement. A copy of the Merger Agreement without schedules is included in this Proxy Statement as Appendix A. In the Merger, the stockholders of Greenwich Therapeutics are to receive a number of our common shares and warrants to purchase common shares, such that, following completion of the Merger, they will collectively own approximately 47 percent of our outstanding common stock on a fully-diluted basis (i.e., assuming the issuance of all shares issuable under outstanding options and warrants).

What is the purpose of the Charter Amendment?

The Charter Amendment is being proposed to provide the Company with a larger pool of authorized capital and, subsequently, greater flexibility to raise additional capital in the future by selling shares of its stock. Currently, the Company's articles of incorporation authorize the issuance of 50,000,000 shares of undesignated capital stock. The Company currently has outstanding approximately 17,800,000 shares of common stock and options and warrants to acquire an additional approximately 6,200,000 shares of common stock. In connection with the Merger, we will be required to issue approximately 17,200,000 shares of common stock to Greenwich's stockholders, plus warrants to purchase an additional 4,000,000 shares. Accordingly, following the Merger we expect to have outstanding approximately 35,000,000 shares of common stock and options and warrants to purchase an additional 10,200,000 common shares. Without the increased number of authorized shares resulting from the Charter Amendment, the Company will have very few additional authorized shares remaining for issuance and would likely need to seek shareholder approval in the near future.

Will the Merger proceed if the Reincorporation proposal is defeated?

Very unlikely. A vote against the proposed Reincorporation is essentially a vote against the Merger. Currently, as a Minnesota corporation, we are subject to the Minnesota Business Corporation Act, which prohibits us from completing a “business combination” (as that term is defined under the act) transaction with Greenwich. If we were a Delaware corporation, however, the proposed transaction with Greenwich would be permissible. Unless the ownership structure of either or both of our company and/or Greenwich changes, the Merger with Greenwich cannot be completed without the proposed Reincorporation.

Will the Merger with Greenwich proceed if the Reincorporation is approved?

Very likely. The proposed Reincorporation is a condition to completing the Merger. The Merger Agreement, however, has conditions other than the Reincorporation of the Company, which, if not satisfied, may allow either us or Greenwich to terminate the Merger Agreement. These include conditions requiring that:

- the warranties and representations of the parties made in the Merger Agreement are true as of the time of the Merger;
- the Merger be accomplished by October 31, 2005;
- the Merger qualify as a tax free reorganization; and
- the Merger is approved by the stockholders of Greenwich.

What will happen if the proposed Reincorporation is approved, but either the Merger is not completed or the Charter Amendment is not approved?

If either of those were to occur, we would likely still effect the Reincorporation. We believe reincorporating under Delaware law is advisable even if the Merger is not completed or the Charter Amendment is not approved because Delaware is a nationally recognized leader in adopting and implementing comprehensive and flexible corporate laws with a specialized, responsive and efficient judiciary. Further, reincorporation from Minnesota to Delaware may make it easier to attract future candidates for our board of directors because many candidates are familiar with Delaware corporate law, specifically, provisions relating to director indemnification.

What will happen if the Charter Amendment is approved, but the Reincorporation is not approved?

If that were to occur, we would likely still proceed with the Charter Amendment. The Company currently has outstanding approximately 17,800,000 shares of common stock and options and warrants to acquire an additional approximately 6,200,000 shares of common stock. Increasing the authorized number of shares of the Company from 50,000,000 shares of undesignated capital stock to 100,000,000 shares of common stock and 10,000,000 shares of preferred stock will provide us with greater flexibility for additional fundraising activities in the future.

Do you have statutory rights of appraisal if you oppose the Reincorporation?

Yes. Under Minnesota law, a shareholder asked to approve a merger of that shareholder’s corporation has the right to dissent from the transaction and receive the fair value of his or her shares in cash. Since the proposed Reincorporation involves merging the Company into a Delaware corporation, you are entitled to receive the fair value of shares under Minnesota law.

How does the Board recommend you vote on the proposals?

The Board recommends you vote your shares **FOR** the proposed Reincorporation, Charter Amendment and Adjournment.

Who will be soliciting your vote?

The Board of Directors is soliciting your vote by mail through this Proxy Statement. Your vote may also be solicited in person or by telephone by officers of the Company. Brokers, nominees, fiduciaries and other custodians will be requested to forward soliciting materials to beneficial owners of our common stock, and will be reimbursed for their expenses in connection with that activity. The cost of all of this solicitation is being paid for by the Company.

How can I vote?

If you hold your shares as a shareholder of record, you can vote in person at the Meeting or you can vote by completing and mailing the form of proxy provided to you. You are a “shareholder of record” if you hold your shares directly in your own name. If you hold your shares indirectly in the name of a bank, broker or other nominee, you are a “street name shareholder.” If you are a street name shareholder, you will receive instructions from your bank, broker or other nominee describing how to vote your shares.

How do I vote by mail?

You can vote by mail by following the instructions on the accompanying form of proxy, signing the proxy and mailing it to the address noted on the form of proxy or by using the accompanying envelope provided for that purpose. The individuals named as proxies on the form of proxy will vote your shares in accordance with your instructions. If you sign and submit your proxy without giving instructions, the proxies named on the form of proxy will vote your shares as recommended by the Board of Directors.

How can you revoke your proxy after mailing it?

If you are a shareholder of record, you can revoke your proxy by:

- Submitting a new form of proxy with a later date on it;
- Giving written notice before the Meeting to the Company’s Secretary, at 7 Deer Park Drive, Suite E, Monmouth Junction, New Jersey 08852, stating that you are revoking your proxy; or
- Attending the Meeting and voting your shares in person.

Merely attending the Meeting without voting will not revoke your proxy. If you are a street name shareholder, you may revoke your proxy only as instructed by the bank, broker or other nominee holding your shares.

How do I sign the proxy?

Sign your name exactly as it appears on the form of proxy. If you are signing in a representative capacity (for example, as a guardian, trustee, executor, administrator, attorney-in-fact or the officer or agent of a company), include your name and title or capacity. If the shares are held in custody (for example, under the Uniform Transfer to Minors Act), the custodian should sign, not the minor or other beneficiary. If the shares are held in joint ownership, both owners must sign.

What does it mean if you receive more than one proxy or voting instruction form?

It means your shares are registered differently or are in more than one account. Please complete, sign and return all proxy forms you receive to ensure all your shares are voted.

What constitutes a quorum?

A quorum of shareholders is necessary to hold a valid meeting of our shareholders. A majority of the outstanding shares, present in person or represented by proxy, constitutes a quorum for the Meeting. Shareholders who send in their proxy but abstain from voting and broker non-votes are counted as present for establishing a quorum.

How many votes are needed for approval of the Reincorporation, the Charter Amendment and the Adjournment?

The Reincorporation requires the affirmative vote of at least a majority of the issued and outstanding shares of the Company. Each of the Charter Amendment and the Adjournment requires the affirmative vote of a majority of the shares represented at the Meeting. Abstentions and broker non-votes are counted as shares present at the Meeting. Accordingly, an abstention from voting on any proposal or a broker non-vote is the same as a vote against that proposal.

What is a broker non-vote?

A broker non-vote occurs when a broker submits a proxy form that does not indicate a vote for some of the proposals because the broker did not receive instructions from the beneficial owner on how to vote on those proposals and does not have discretionary authority to vote in the absence of instructions.

How can I attend the Meeting?

If you are a shareholder of record on August 19, 2005, you can attend the Meeting by presenting acceptable identification at the Meeting. If you are a street name shareholder you may attend the Meeting by presenting acceptable identification along with evidence of your beneficial ownership of the Company's common stock. As a street name shareholder, however, you will not be able to vote your shares unless the organizations through which you hold your shares provide proxies giving you authority to vote the shares held for you. This may require more than one proxy, as the record owner of your shares is usually not the organization providing you the account in which your shares are held.

SUMMARY

This summary highlights selected information from this proxy statement. It does not contain all of the information that is important to you. We urge you to read carefully the entire proxy statement, including the appendices to this proxy statement, to understand fully the proposed Reincorporation and Charter Amendment and proposed acquisition of Greenwich. A copy of the Agreement and Plan of Merger dated July 1, 2005 by and among VioQuest, Greenwich and VQ Acquisition Corp. is attached as Appendix A to this proxy statement.