

CZIRR JAMES C
Form SC 13D/A
February 25, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13D

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

PRO-PHARMACEUTICALS, INC

(Name of Issuer)

Common Stock

(Title of Class of Securities)

74267T109

(CUSIP Number)

James C. Czirr

425 Janish Drive

Sandpoint, ID 83864

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

February 12, 2009

(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. o

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule.13d-7 for other parties to whom copies are to be sent.

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

CUSIP No. 74267T109

1. Names of Reporting Persons.

James C. Czirr

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)

PF ; AF

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

6. Citizenship or Place of Organization

United States

7. Sole Voting Power

5,152,168 shares of Common Stock¹

8. Shared Voting Power

14,400,000 shares of Common Stock^{2,3}

9. Sole Dispositive Power

5,152,168 shares of Common Stock¹

10. Shared Dispositive Power

14,400,000 shares of Common Stock^{2,3}

Number of Shares
Beneficially
Owned by
Each Reporting
Person With:

11. Aggregate Amount Beneficially Owned by Each Reporting Person

19,552,168

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

X³

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

30.91%

14. Type of Reporting Person (See Instructions)

IN

This Amendment No. 1 to Scheduled 13D is being filed on behalf of the undersigned to amend that Schedule 13D filed with the Securities and Exchange Commission (the Commission) on October 30, 2007, relating to shares of Common Stock, par value \$0.001 per share (the Common Stock), shares of Series A 12% Convertible Preferred Stock, par value \$0.01 per share (the Series A Preferred), and shares of Series B-1 Convertible Preferred Stock, par value \$0.01 per share (the Series B-1 Preferred Stock), of Pro-Pharmaceuticals, Inc., a Nevada corporation (the Issuer). The Issuer's principal executive offices are located at 7 Wells Avenue, Newton, Massachusetts.

ITEM 2. IDENTITY AND BACKGROUND

Item 2(c) is hereby deleted in its entirety and the following substitutes in lieu thereof:

(c) Occupation: Chairman of the Board of Directors of the Issuer

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

Item 3 is hereby amended by adding the following new paragraphs at the end thereof:

On March 30, 2008 and September 30, 2008 dividends in the form of additional shares of Common Stock were paid on shares of Series A 12% Convertible Preferred Stock in which Reporting Person holds an indirect beneficial interest in the amounts of 4,700 shares and 6,000 shares, respectively.

On February 12, 2009, 10X Fund, L.P., a Delaware limited partnership, entered into a Stock Purchase Agreement between 10X Fund and Issuer (the Purchase Agreement) pursuant to which 10X Fund purchased, and Issuer sold, (a) 900,000 shares of Series B-1 Preferred Stock (which are convertible into 3,600,000 shares of Common Stock), (b) a Class A-1 warrant exercisable to purchase 1,800,000 shares of Common Stock at an exercise price of \$0.50 per share, (c) a Class A-2 warrant exercisable to purchase 1,800,000 shares of Common Stock at an exercise price of \$0.50 per share, and (d) a Class B warrant exercisable to purchase 7,200,000 shares of Common Stock at an exercise price of \$0.50 per share (collectively, the Initial Closing Shares). The purchase price paid by 10X Fund, L.P. to Issuer for the Initial Closing Shares at the initial closing was \$1,800,000. The Reporting Person is a Managing Member of 10X Capital Management, LLC, a Florida limited liability company, which is the general partner of 10X Fund, L.P. As such, the Reporting person may be deemed to have indirect beneficial ownership of all or a portion of the securities owned by 10X Fund, L.P.

On February 13, 2009, the Issuer granted the Reporting Person 500,000 shares of Common Stock pursuant to Issuer s 2009 Incentive Compensation Plan (the 2009 Plan). Such shares were issued to the Reporting Person in connection with his service on Issuer s Board of Directors.

ITEM 4. PURPOSE OF TRANSACTION

Item 4 is amended and restated in its entirety by substituting the following in lieu thereof:

The Reporting Person acquired its interests in the Issuer for investment purposes; however, as described below, the Reporting Person has been elected to the Issuer s Board of Directors and serves as its Chairman. The Reporting Person intends to monitor and evaluate its investment in such interest on a continuing basis.

In addition to acquiring the Initial Closing Shares pursuant to the Purchase Agreement, 10X Fund, L.P. may also purchase, at one or more additional closings, (a) 2,100,000 shares of Series B-2 Convertible Preferred Stock, par value \$0.01 per share, of Issuer (the Series B Preferred Shares)(which are convertible into 8,400,000 shares of Common Stock), (b) Class A-1 warrants exercisable to purchase 4,200,000 shares of Common Stock at an exercise price of \$0.50 per share, (c) Class A-2 warrants exercisable to purchase 4,200,000 shares of Common Stock at an exercise price of \$0.50

per share, and (d) Class B warrants exercisable to purchase 16,800,000 shares of Common Stock at an exercise price of \$0.50 per share (collectively, the Subsequent Closing Shares). Under the Purchase Agreement, the additional closings to consummate the purchase of the Subsequent Closing Shares shall occur on or before June 11, 2009; provided, however, that such date shall be automatically extended until August 10, 2009 upon the occurrence of certain events specified in the Purchase Agreement. 10X Fund, L.P. has not consummated any additional closings as of the date hereof. If 10X Fund, L.P. consummates the purchase of any of these additional securities, the Reporting person may be deemed to have indirect beneficial ownership of all or a portion of such securities.

Under the terms of the Series B-1 Preferred Stock and Series B-2 Preferred Stock, as set forth in the Certificate of Designation of Preferences, Rights and Limitations of such securities, 10X Fund, L.P. is permitted to (a) vote together as a separate class to elect two (2) members of the Issuer's Board of Directors and (b) nominate two (2) additional members of the Issuer's Board of Directors, such additional nominees shall be subject to election by all shares of voting stock entitled to vote on matters put before the holders of Common Stock. The number of members of Issuer's Board of Directors elected by 10X Fund, L.P. voting as a separate class shall be increased to three (3) when 10X Fund, L.P. consummates the purchase of all Subsequent Closing Shares. The Reporting Person has been elected to be a member of the Issuer's Board of Director and currently serves as its Chairman.

Depending upon his assessment of the Issuer from time to time, the Reporting Person may change his present intentions as stated above or dispose of some or all of the interests of the Issuer held by him or 10X Fund, L.P. in the open market, in privately negotiated transactions, to third parties or otherwise, and may sell such shares to one or more purchasers. Although the foregoing represents the range of activities presently contemplated by the Reporting Person with respect to its interests in the Issuer, the possible activities of the Reporting Person may change from time to time.

Except as set forth in this Item 4 and elsewhere in this Statement, the Reporting Person does not have any plans or proposals which related to or would result in any of the actions specified in Schedule 13D, and the Reporting Person reserves the right to change its intentions with respect to any of the foregoing at any time without notice.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

(a) Aggregate number and percentage of beneficially owned Common Stock: 19,552,168; 30.91%⁴⁵

(b) Aggregate number of beneficially owned shares of Common Stock with:

Sole power to vote or direct the vote: 5,152,168

Shared power to vote or direct the vote: 14,400,000⁵

Sole power to dispose or direct the disposition: 5,152,168

Shared power to dispose or direct the disposition: 14,400,000⁵

(c) Transactions effected during the last sixty (60) days or since the most recent filing on Schedule 13D:

On January 21, 2009, the Reporting Person exchanged 250,000 shares of Common Stock with two separate third parties in return for securities issued by a person other than Issuer. The parties to the exchanges each agreed that the market price of Common Stock on date such exchanges would be the agreed upon value of the securities received by the Reporting Person in such transactions and was equal to \$0.10 per share of Common Stock.

On February 12, 2009, 10X Fund, L.P. purchased, and Issuer sold, pursuant to the Purchase Agreement, (i) 900,000 shares of Series B-1 Preferred Stock (which are convertible into 3,600,000 shares of Common Stock), (ii) a Class A-1 warrant exercisable to purchase 1,800,000 shares of Common Stock at an exercise price of \$0.50 per share, (iii) a Class A-2 warrant exercisable to purchase 1,800,000 shares of Common Stock at an exercise price of \$0.50 per share, and (iv) a Class B warrant exercisable to purchase 7,200,000 shares of Common Stock at an exercise price of \$0.50 per share. The purchase price paid by 10X Fund, L.P. to Issuer for such securities was \$1,800,000. The Reporting Person is a Managing Member of 10X Capital Management, LLC, a Florida limited liability company, which is the general partner of 10X Fund, which is entitled to a performance fee equal to 20% of any profits realized by 10X Fund, L.P. on its investment in

securities of the Issuer. As such, the Reporting person may be deemed to have indirect beneficial ownership of all or a portion of the securities owned by 10X Fund, L.P.

On February 13, 2009, Issuer granted the Reporting Person 500,000 shares of Common Stock pursuant to the 2009 Plan. Such shares were issued to the Reporting Person in connection with his service on Issuer's Board of Directors.

(d) Name of any other person known to have the right to receive or power to direct dividends from, or the proceeds from the sale of the foregoing securities:

10X Capital Management, LLC in its capacity as the general partner of 10X Fund, L.P.

(e) N/A

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER

Other than as set forth in the Purchase Agreement, the Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock, the Class A-1 Common Stock Purchase Warrant, the Class A-2 Common Stock Purchase Warrant, the Class B Common Stock Purchase Warrant, the Registration Rights Agreement between Issuer and 10X Fund with respect to the shares of Common Stock into which the foregoing securities may convert or issued upon exercise, and an Escrow Agreement among Issuer, 10X Fund, L.P. and Investment Law Group of Gillett Mottern & Walker, LLP, as escrow agent, pursuant to which a Promissory Note issued by the Issuer in favor of 10X Fund, L.P. and a Security Agreement between the Issuer and 10X Fund, L.P. are being held in escrow, and an oral operating agreement with Rod C. Martin under which the Reporting Person owns 90% of 10X Capital Management, LLC and Mr. Martin owns the remaining 10% thereof, there are no 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 the securities of Issuer, including but not limited to transfer of voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, puts or calls, guarantees of profit, division of profits or loss, of the giving or withholding of proxies.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS

The following items are hereby incorporated by reference from the Issuer's forms noted below:

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Securities Purchase Agreement dated February 12, 2009 between Pro-Pharmaceuticals, Inc. and 10X Fund, L.P.	Incorporated by reference from Exhibit 10.1 to the Issuer's Form 8-K filed on February 17, 2009
Certificate of Designation of Preferences, Rights and Limitations of Series B-1 Convertible Preferred Stock and Series B-2 Convertible Preferred Stock	Incorporated by reference from Exhibit 3.1 to the Issuer's Form 8-K filed on February 17, 2009
Form of Class A-1 Common Stock Purchase Warrant	Incorporated by reference from Exhibit 4.1 to the Issuer's Form 8-K filed on February 17, 2009
Form of Class A-2 Common Stock Purchase Warrant	Incorporated by reference from Exhibit 4.2 to the Issuer's Form 8-K filed on February 17, 2009
Form of Class B Common Stock Purchase Warrant	Incorporated by reference from Exhibit 4.3 to the Issuer's Form 8-K filed on February 17, 2009
Registration Rights Agreement dated February 12, 2009 between the Issuer and 10X Fund, L.P.	Incorporated by reference from Exhibit 10.5 to the Issuer's Form 8-K filed on February 17, 2009
Promissory Note dated February 12, 2009 issued by the Issuer in favor of 10X Fund, L.P.	Incorporated by reference from Exhibit 10.2 to the Issuer's Form 8-K filed on February 17, 2009

Security Agreement dated February 12, 2009
between the Issuer and 10X Fund, L.P.

Incorporated by reference from Exhibit 10.3 to the Issuer's
Form 8-K filed on February 17, 2009

Escrow Agreement dated February 12, 2009
among Pro-Pharmaceuticals, Purchaser and
Investment Law Group of Gillett, Mottern &
Walker, LLP, as Escrow Agent

Incorporated by reference from Exhibit 10.4 to the Issuer's
Form 8-K filed on February 17, 2009

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 25, 2009

Date

/s/ James C. Czirr

Signature

James C. Czirr_____

Name/Title

The original statement shall be signed by each person on whose behalf the statement is filed or his authorized representative. If the statement is signed on behalf of a person by his authorized representative (other than an executive officer or general partner of the filing person), evidence of the representative's authority to sign on behalf of

such person shall be filed with the statement: provided, however, that a power of attorney for this purpose which is already on file with the Commission may be incorporated by reference. The name and any title of each person who signs the statement shall be typed or printed beneath his signature.

Footnotes

¹ Includes shares of Common Stock held both in the Reporting Person's name and in trust for the benefit of Reporting Person, and 33,200 shares of Common Stock that are held both by the Reporting Person's minor son and by the Reporting Person under the applicable Uniform Gift to Minors Act for the benefit of his minor son; 500,000 shares of Common Stock received by the Reporting Person pursuant to Issuer's 2009 Incentive Compensation Plan that are subject to forfeiture and will not be fully vested until February 13, 2011; 100,000 share of the Issuer's Series A 12% Convertible Preferred Stock, which are convertible into 100,000 shares of Common Stock, subject to adjustment as set forth in the Issuer's Designation of Preferences, Rights and Limitations of such preferred stock; 100,000 shares of Common Stock issuable upon the exercise of a warrant with an exercise price of \$1.50 per share; and 100,000 shares of Common Stock issuable upon the exercise of a warrant with an exercise price of \$2.00 per share.

² The Reporting Person is a Managing Member of 10X Capital Management, LLC, a Florida limited liability company, which is the General Partner of 10X Fund, L.P., a Delaware limited partnership. 10X Fund, L.P. is the registered holder of three (3) warrants to purchase an aggregate of 10,800,000 shares of Common Stock at an exercise price of \$0.50 per share. Each of the warrants is exercisable at any time prior to their expiration on February 12, 2014 and two (2) of the warrants, which may be exercised to purchase an aggregate of 3,600,00 shares of Common Stock, may be called by the Issuer upon the occurrence of certain conditions. 10X Fund, L.P. is the registered holder of 900,000 shares of the Issuer's Series B-1 Convertible Preferred Stock, which shares are convertible into 3,600,000 shares of Common Stock, subject to customary adjustments. As such, the Reporting Person may be deemed to have indirect beneficial ownership of all or a portion of the securities owned by 10X Fund, L.P.

³ This number excludes certain warrants and shares of the Issuer's Series B-2 Preferred Stock that 10X Fund, L.P. may acquire under the Securities Purchase Agreement pursuant to which 10X Fund, L.P. acquired the securities described in Note 2 above. Pursuant to the Securities Purchase Agreement, 10X Fund, L.P. may acquire up to (a) 2,100,000 shares of Issuer's Series B-2 Convertible Preferred Stock, which shares are convertible into 8,400,000 shares of Common Stock, and additional warrants that may be exercised to acquire an aggregate of 25,200,000 shares of Common Stock, all of which are subject to customary adjustments. As such, the Reporting Person may be deemed to have indirect beneficial ownership of all or a portion of the securities owned by 10X Fund, L.P.

⁴ Based on 48,052,159 shares of Common Stock outstanding on December 31, 2008.

⁵ Excludes certain shares of the Issuer's Series B-2 Convertible Preferred Stock and additional warrants to acquire Common Stock that 10X Fund, L.P. may acquire in the pursuant to the Securities Purchase Agreement, which securities may be converted or exercised for an aggregate of up to 33,600,00 shares of Common Stock. If such securities are acquired by 10X Fund, L.P., the Reporting person may be deemed to have indirect beneficial ownership of all or a portion of such securities.