### LOF PARTNERS LLC

Form 4 May 19, 2009

## FORM 4

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF

**SECURITIES** 

**OMB** Number:

**OMB APPROVAL** 

3235-0287

Expires:

January 31, 2005

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Form 5 obligations may continue. See Instruction

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section

30(h) of the Investment Company Act of 1940

1(b).

(Last)

(City)

(Instr. 3)

(Print or Type Responses)

1. Name and Address of Reporting Person \* LIFE SCIENCES OPPORTUNITIES **FUND II LP** 

(First)

(Street)

(State)

2. Issuer Name and Ticker or Trading Symbol

5. Relationship of Reporting Person(s) to

Issuer

IGI INC [IG]

(Middle)

(Zip)

3. Date of Earliest Transaction

(Check all applicable)

10% Owner

(Month/Day/Year) 05/15/2009

X\_ Director Other (specify Officer (give title below)

CARNEGIE HALL TOWER, 152 WEST 57TH STREET, 19TH

**FLOOR** 

4. If Amendment, Date Original

Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check

Applicable Line)

Form filed by One Reporting Person \_X\_ Form filed by More than One Reporting

Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

NEW YORK, NY 10019

1. Title of 2. Transaction Date 2A. Deemed Security

(Month/Day/Year) Execution Date, if (Month/Day/Year)

3. 4. Securities TransactionAcquired (A) or Code Disposed of (D) (Instr. 3, 4 and 5) (Instr. 8)

5. Amount of Securities Beneficially Owned Following Reported

6. Ownership 7. Nature of Form: Direct Indirect (D) or Indirect Beneficial (I) Ownership (Instr. 4) (Instr. 4)

(A) Transaction(s) or (Instr. 3 and 4)

Code V Amount (D) Price

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Persons who respond to the collection of SEC 1474 information contained in this form are not (9-02)required to respond unless the form displays a currently valid OMB control number.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

6. Date Exercisable and 1. Title of 3. Transaction Date 3A. Deemed 5. Number of Derivative Derivative (Month/Day/Year) Execution Date, if TransactionSecurities Acquired (A) or **Expiration Date** Conversion

7. Titl

Under

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Security (Instr. 3)	or Exercise Price of		any (Month/Day/Year)	Code (Instr. 8)	Disposed of (Instr. 3, 4,		(Month/Day/Y	ear)	(Instr.
	Derivative Security			Code V	(A)	(D)	Date Exercisable	Expiration Date	Title
Series B-1 Convertible Preferred Stock	(1) (2)	05/15/2009		С	681.935		(1)(2)	(1)(2)	Coi S
Secured Convertible Promissory Note	\$ 6,000	05/15/2009		C		4,091,610.35	<u>(5)</u>	<u>(5)</u>	Seri Con Pre S
Series B-1 Convertible Preferred Stock	<u>(1)</u> <u>(2)</u>	05/15/2009		С	122.044		(1)(2)	(1)(2)	Coi S
Secured Convertible Promissory Note	\$ 6,000	05/15/2009		С		732,264.15	<u>(7)</u>	<u>(7)</u>	Seri Con Pre
Stock Option (Right to Buy)	\$ 1.02	05/15/2009		A	15,000		05/15/2010	05/15/2019	Coi S

# **Reporting Owners**

Reporting Owner Name / Address		Relationships				
		10% Owner	Officer	Other		
LIFE SCIENCES OPPORTUNITIES FUND II LP CARNEGIE HALL TOWER 152 WEST 57TH STREET, 19TH FLOOR NEW YORK, NY 10019	X	X				
LIFE SCIENCES OPPORTUNITIES FUND INSTITTUTIONAL II LP CARNEGIE HALL TOWER 152 WEST 57TH STREET, 19TH FLOOR NEW YORK, NY 10019	X	X				
LOF PARTNERS LLC 600 TRAVIS, SUITE 5800 HOUSTON, TX 77002		X				
SMH CAPITAL INC. 600 TRAVIS, SUITE 5800 HOUSTON, TX 77002		X				

Reporting Owners 2

SANDERS MORRIS HARRIS GROUP INC 600 TRAVIS, SUITE 5800 HOUSTON, TX 77002		X
GALE JAMES C CARNEGIE HALL TOWER 152 WEST 57TH STREET, 19TH FLOOR NEW YORK, NY 10019	X	X
Erony Joyce CARNEGIE HALL TOWER 152 WEST 57TH STREET, 19TH FLOOR NEW YORK, NY 10019	X	X
MORRIS BENJAMIN T 600 TRAVIS, SUITE 5800 HOUSTON, TX 77002		X

## **Signatures**

Life Sciences Opportunities Fund II, L.P., By: Signet Healthcare Partners, LLC, By: /s/ James C. Gale, Manager				
**Signature of Reporting Person	Date			
Life Sciences Opportunities Fund (Institutional) II, L.P., By: Signet Healthcare Partners, LLC, By: /s/ James C. Gale, Manager				
**Signature of Reporting Person	Date			
Signet Healthcare Partners, LLC, By: SMH Capital Inc., By: /s/ Ben T. Morris, Chief Executive Officer				
**Signature of Reporting Person	Date			
SMH Caiptal Inc., By: /s/ Ben T. Morris, Chief Executive Officer				
**Signature of Reporting Person	Date			
Sanders Morris Harris Group, Inc., By: /s/ Ben T. Morris, Chief Executive Officer	05/19/2009			
**Signature of Reporting Person	Date			
/s/ James C. Gale	05/19/2009			
**Signature of Reporting Person	Date			
/s/ Joyce Erony	05/19/2009			
**Signature of Reporting Person	Date			
/s/ Ben T. Morris	05/19/2009			
**Signature of Reporting Person	Date			

## **Explanation of Responses:**

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Each share of Series B-1 Convertible Preferred Stock (the "Series B-1 Preferred Stock") is convertible at any time into 14,634 shares of common stock at the holder's election, plus such number of shares of common stock as shall equal (x) the accrued and unpaid dividends on the Series B-1 Preferred Stock as of the date of conversion divided by (y) \$0.41, and has no expiration date.

  Notwithstanding the foregoing, pursuant to the terms of the Certificate of Designation, the Series B-1 Preferred Stock will automatically convert into shares of common stock upon the earlier of the date that (i) the Closing Price (as defined in the Certificate of Designation) of the common stock shall have exceeded \$1.20 for a period of twenty-five (25) consecutive trading days immediately

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preceding such date and (ii) (continued in Footnote 2)

- as determined by the affirmative vote or consent of the holders of at least a majority of the shares of the Series B-1 Preferred Stock outstanding at the time, given in person or by proxy, either in writing or at a meeting. Quarterly dividends at the annual rate of 5% of the Original Issue Price, or \$6,000 per share, on each outstanding share of Series B Preferred Stock shall accrue from day to day, whether or not earned or declared, commencing on the last day of the calendar quarter in which they would otherwise be declared.
  - These securities are owned directly by Life Sciences Opportunities Fund (Institutional) II, L.P. and indirectly by Signet Healthcare Partners, LLC ("General Partner"), the general partner of Life Sciences Opportunities Fund (Institutional) II, L.P., James C. Gale, the chief investment officer, a manager and member of the General Partner, SMH Capital Inc. ("SMH Capital"), the controlling member of the General Partner, Sanders Morris Harris Group, Inc. ("SMHG"), the parent company of SMH Capital, Joyce Erony, a director of IGI Laboratories and a managing director of the General Partner and Ben T. Morris, a manager of the General Partner and Chief Executive Officer and a director of SMH Capital and SMHG. The General Partner, Mr. Gale, SMH Capital, SMHG, Ms. Erony and Mr. Morris
- disclaim beneficial ownership of the reported securities except to the extent of their pecuniary interest therein, if any.

  The number of securities disposed of represents the face value of the Note on May 15, 2009, including the principal amount of \$4,056,601.32, plus \$35,009.03 in accrued interest.
  - On March 13, 2009, IGI Laboratories completed a private placement of Series B-1 Preferred Stock, secured convertible promissory notes (the "Notes") and warrants to purchase shares of Series B-2 Preferred Stock (the "Warrants") to Life Sciences Opportunities Fund (Institutional) II, L.P. and Life Sciences Opportunities Fund II, L.P., for an aggregate purchase price of \$6,000,000 (the "Offering").
- (5) On May 15, 2009, IGI Laboratories held its 2009 Annual Meeting of Stockholders during which the stockholders of IGI Laboratories entitled to vote thereat approved the Offering (the "Stockholder Approval"). Effective immediately upon Stockholder Approval of the Offering, the Note converted into a total of 681.935 shares of Series B-1 Preferred Stock (676.1 shares in respect of the principal amount of Note plus 5.835 shares in respect of accrued interest thereon).
- (6) The number of securities disposed of represents the face value of the Note on May 15, 2009, including the principal amount of \$725,998.68, plus \$6,265.47 in accrued interest.
  - As mentioned above, on March 13, 2009, IGI Laboratories completed a private placement of Series B-1 Preferred Stock, Notes and Warrants to Life Sciences Opportunities Fund (Institutional) II, L.P. and Life Sciences Opportunities Fund II, L.P., for an aggregate
- purchase price of \$6,000,000. Effective immediately upon Stockholder Approval of the Offering on May 15, 2009, the Note converted into a total of 122.044 shares of Series B-1 Preferred Stock (121 shares in respect of the principal amount of Note plus 1.044 shares in respect of accrued interest thereon).
- These securities are owned directly by Life Sciences Opportunities Fund II, L.P. and indirectly by the General Partner, Mr. Gale, SMH (8) Capital, SMHG, Ms. Erony and Mr. Morris. The General Partner, Mr. Gale, SMH Capital, SMHG, Ms. Erony and Mr. Morris disclaim beneficial ownership of the reported securities except to the extent of their pecuniary interest therein, if any.
- (9) Stock options to purchase shares of common stock granted to James C. Gale, individually.

#### **Remarks:**

**(3)** 

This is a joint filing by Life Sciences Opportunities Fund (Institutional) II, L.P., Life Sciences Opportunities Fund II, L.P., the Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.