

IMARX THERAPEUTICS INC

Form 10-K

April 14, 2010

**Table of Contents**

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

**FORM 10-K**

- Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the fiscal year ended December 31, 2009**
- 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 001-33043**

**ImaRx Therapeutics, Inc.  
(Exact Name of Registrant as Specified in Its Charter)**

**Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)**

**86-0974730  
(I.R.S. Employer  
Identification No.)**

**ImaRx Therapeutics, Inc.  
c/o Stoel Rives LLP  
201 S. Main Street, Suite 1100  
Salt Lake City, Utah  
(Address of Principal Executive Offices)**

**84111  
(Zip Code)**

**(801) 578-6962**

**(Registrant's Telephone Number, Including Area Code)  
Securities registered pursuant to Section 12(b) of the Act:  
None**

**Securities registered pursuant to Section 12(g) of the Act:  
Common Stock, \$0.0001 par value  
(Title of Each Class)**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES  NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES  NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for at least the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Edgar Filing: IMARX THERAPEUTICS INC - Form 10-K

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not 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-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer

Accelerated Filer

Non-accelerated filer   
(Do not check if a smaller  
reporting company)

Smaller reporting  
company

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

As of March 31, 2010, there were 11,665,733 shares of the Registrant's Common Stock outstanding. As of the last day of the most recently completed second fiscal quarter (June 30, 2009), the aggregate market value of the Common Stock of the Registrant held by non-affiliates was approximately \$173,454, based on the closing price per share of \$0.02 for Registrant's Common Stock on such date. This amount excludes an aggregate of 2,993,037 shares of Common Stock held by officers and directors and each person known by the Registrant to own 10% or more of the outstanding Common Stock. Exclusion of shares held by any person should not be construed to indicate that such person possesses the power, directly or indirectly, to direct or cause the direction of the management or policies of the Registrant, or that the Registrant is controlled by or under common control with such person.

---

**TABLE OF CONTENTS**

	<b>Page No.</b>
<b><u>PART I</u></b>	
<u>Item 1. Business</u>	3
<u>Item 1A. Risk Factors</u>	4
<u>Item 2. Properties</u>	7
<u>Item 3. Legal Proceedings</u>	7
<b><u>PART II</u></b>	
<u>Item 4. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	8
<u>Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	9
<u>Item 8. Financial Statements and Supplemental Data</u>	14
<u>Item 9A(T). Controls and Procedures</u>	14
<b><u>PART III</u></b>	
<u>Item 10. Directors, Executive Officers and Corporate Governance</u>	15
<u>Item 11. Executive Compensation</u>	17
<u>Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</u>	20
<u>Item 13. Certain Relationships and Related Transactions and Director Independence</u>	21
<u>Item 14. Principal Accountant Fees and Services</u>	21
<b><u>PART IV</u></b>	
<u>Item 15. Exhibits and Financial Statement Schedules</u>	22
<b><u>SIGNATURES</u></b>	26
<u>Exhibit 23.1</u>	
<u>Exhibit 23.2</u>	
<u>Exhibit 31.1</u>	
<u>Exhibit 31.2</u>	
<u>Exhibit 32</u>	



**Table of Contents**

**PART I**

**ITEM 1. BUSINESS**

**The Company**

We are a shell company, as defined in Rule 12b-2 of the Securities Exchange Act of 1934, as amended. Prior to becoming a shell company we were a development stage biopharmaceutical company, whose activities were focused on the research, development and commercialization of therapies for stroke and other vascular disorders. Our development efforts were focused on our SonoLysis program, which involved the administration of microspheres and ultrasound to break up blood clots and restore blood flow to oxygen deprived tissues. Our commercialization efforts were focused on the promotion and sale of the U.S. Food and Drug Administration, or FDA, approved urokinase product, Abbokinase®, which we had acquired from Abbott Laboratories.

In June 2008, in response to new risks and challenges facing the Company, we announced a restructuring that included a significant workforce reduction in which all of our employees other than Bradford Zakes, our then president and chief executive officer, and one additional employee were terminated. In furtherance of the June 2008 restructuring we discontinued substantially all research and development activity while evaluating strategic alternatives for funding and continuation of our SonoLysis program and for our other Company assets.

On September 23, 2008, we divested our urokinase business to Microbix Biosystems Inc. for an upfront payment of \$2.0 million, the assumption by Microbix of up to \$0.5 million in chargeback and other liabilities for commercial product then in the distribution channel and an additional \$2.5 million payment from Microbix contingent upon release by the FDA of three lots of urokinase that are currently subject to a May 2008 FDA Approvable Letter. On June 15, 2009, we entered into the First Amendment to the Asset Purchase Agreement with Microbix which reduced the size of the contingent payment from \$2.5 million to \$0.2 million contingent upon receipt by Microbix of written authorization from the FDA for the release of the urokinase lots on or before September 1, 2010. As of the date of this report, the FDA has not released the three urokinase lots.

On September 4, 2009, pursuant to the terms of an Asset Purchase Agreement dated June 15, 2009, we sold to WA 32609, Inc., now Cerevast Therapeutics, Inc., substantially all of our remaining assets and intellectual property, including but not limited to our clinical-stage SonoLysis product candidate for \$0.5 million cash. The sale was subject to shareholder approval which was obtained at a special meeting of the shareholders held August 31, 2009. Following the closing of the asset sale to WA 32609, the remaining two employees of the Company, including Mr. Zakes, resigned their positions with the Company.

On March 17, 2010, we entered into an Agreement for the Purchase and Sale of Stock with Sycamore Films, Inc, a development stage company ( Sycamore Films ) and its shareholders (the Stock Purchase Agreement ) and an Agreement and Plan of Merger with Sycamore Films, Sweet Spot Productions, Inc. ( Sweet Spot ) and Sweet Spot s shareholders and principals (the Merger Agreement ). Pursuant to the Merger Agreement, Sweet Spot will merge with and into Sycamore Films and the shareholders of Sweet Spot will become shareholders of Sycamore Films. Sycamore Films will continue the operation of the Sweet Spot business.

Immediately following the closing of the Merger Agreement, the purchase and sale of stock between ImaRx and Sycamore Films and its shareholders as set forth in the Stock Purchase Agreement will be closed. Under the terms of the Stock Purchase Agreement we will issue approximately 79,376,735 shares of our common stock to the Sycamore Films shareholders including the former shareholders of Sweet Spot. As a result, Sycamore Films will become a wholly-owned subsidiary of ImaRx and the former shareholders of Sycamore Films will hold in the aggregate approximately eighty-six percent (86%) of our outstanding shares of common stock on a fully diluted basis. In connection with the closing of the Stock Purchase Agreement all of the members of our current Board of Directors will resign and a new slate of directors and officers will be appointed for both ImaRx and Sycamore Films. At that time, the primary business of the Company will be a full-service distribution and marketing company specializing in acquisition, distribution and the development of marketing campaigns for feature films.

Each of the parties to the Stock Purchase Agreement and the Merger Agreement have agreed to certain covenants, including covenants regarding the operation of the business prior to closing and covenants prohibiting the us from soliciting or providing information or entering into discussions concerning proposals relating to alternative offers for the assets or ownership interests in us, except in limited circumstances to permit the our board of directors to comply

with its fiduciary duties or as otherwise provided in the Stock Purchase Agreement. The Company expects each of the Merger Agreement and the Stock Purchase Agreement to close in the second quarter of 2010. We have no employees and we are carrying out these activities through the use of consultants and other outside service providers. Mr. Love, our Chairman of the Board is now acting as our principal executive officer and principal financial officer.

## **Table of Contents**

### **Employees**

We have no employees and we are carrying out activities through the use of consultants and other outside service providers. Mr. Love, our Chairman of the Board is now acting as our principal executive officer and principal financial officer.

### **Available Information**

Our Internet website address is [www.imarx.com](http://www.imarx.com). We provide free access to various reports that we file with, or furnish to, the United States Securities and Exchange Commission, or SEC, through our website, as soon as reasonably practicable after they have been filed or furnished. These reports include, but are not limited to, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and any amendments to those reports. Our SEC reports can be accessed through the investor relations section of our website, or through [www.sec.gov](http://www.sec.gov). Also available on our website are printable versions of ImaRx's Code of Conduct and charters of the Audit, Compensation, and Nominating and Governance Committees of our Board of Directors. Information on our website does not constitute part of this annual report on Form 10-K or any other report we file or furnish with the SEC.

### **ITEM 1A. RISK FACTORS**

**The following important factors, among others, could cause our actual operating results to differ materially from those indicated or suggested by forward-looking statements made in this Annual Report on Form 10-K or presented elsewhere by management from time to time.**

#### **Risks Related to Our Business and Industry**

*Unless we are able to generate sufficient product or other revenue, we will continue to incur losses from operations and may never achieve or maintain profitability.*

We have a history of net losses and negative cash flow from operations since inception. As of December 31, 2009, we had an accumulated deficit of \$91.9 million. We have incurred losses in each year since our inception. Our net losses applicable to common stockholders for the fiscal years ended December 31, 2009 and 2008 were \$0.6 million and \$10.1 million, respectively. We currently do not have sufficient cash resources to further product development activities.

*Our independent registered public accounting firm has expressed substantial doubt about our ability to continue as a going concern.*

We have received an audit report from our independent registered accounting firm containing an explanatory paragraph stating that our historical recurring losses from operations which has resulted in an accumulated deficit of \$91.9 million at December 31, 2009 raises substantial doubt about our ability to continue as a going concern.

*The Merger Agreement and the Stock Purchase Agreement transactions with Sycamore Films may not close. In that event we will not have sufficient capital to fund our operations beyond the second quarter 2010. If we are not able to close those transactions, we likely will not have sufficient capital to continue our evaluation of strategic transactions or winding down the Company. As a result we may not have the resources necessary to dissolve the Company or to timely pay our debts.*

We have sold substantially all of the Company's assets and are now engaged in the orderly settlement and payment of the remaining obligations of the Company. On March 17, 2010, we entered into an Agreement for the Purchase and Sale of Stock with Sycamore Films, Inc. and its shareholders (the "Stock Purchase Agreement") and an Agreement and Plan of Merger with Sycamore Films, Sweet Spot, Inc. and Sweet Spot's shareholders and principals (the "Merger Agreement"). Pursuant to the Merger Agreement, Sweet Spot will merge with and into Sycamore Films and the shareholders of Sweet Spot will become shareholders of Sycamore Films. Immediately following the closing of the Merger Agreement, the purchase and sale of stock between ImaRx and Sycamore Films and its shareholders as set forth in the Stock Purchase Agreement will be closed. Under the terms of the Stock Purchase Agreement we will issue approximately 79,376,735 shares of our common stock to the Sycamore shareholders including the former shareholders of Sweet Spot. As a result, Sycamore Films will become a wholly-owned subsidiary of ImaRx and the former shareholders of Sycamore will hold in the aggregate approximately eighty-six percent (86%) of our outstanding shares of common stock on a fully diluted basis. The Company has no employees and is carrying out these activities through the use of consultants and other outside service providers. Most of the Company's resources



are being consumed in pursuing this transaction to close. We cannot guaranty that all parties to the transaction will fulfill their obligations and commitments under the respective agreements or that the conditions to closing will be satisfied. In the event we are not successful in consummating the transaction, we will likely not have sufficient resources to seek another strategic transaction or to pursue the orderly liquidation and dissolution of the Company.

**Table of Contents**

***If the Merger Agreement and the Stock Purchase Agreement transactions with Sycamore Films close there is no assurance that the new company management will be successful in implementing their business strategy.***

While we are pursuing the successful closing of the strategic transaction with Sycamore Films there can be no assurance that Sycamore Films will be successful in executing its business strategy and that the value of the Company's shares of common stock will increase. Sycamore Films will need to raise additional working capital to fund its operations which will likely result in substantial dilution to the existing ImaRx stockholders.

***We will continue to incur the expenses of complying with public company reporting requirements, which may be economically burdensome.***

While we are pursuing the successful closing of the strategic transaction with Sycamore Films we have an obligation to continue to comply with the applicable reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, even though compliance with such reporting requirements may be economically burdensome and of minimal value to our stockholders. We will be obligated to continue complying with the applicable reporting requirements of the Exchange Act and, as a result, will be required to continue to incur the expenses associated with these reporting requirements, which will reduce the cash available for future activities.

***We have no employees. We have entered into consulting relationships. We may not have sufficient personnel to effectively consummate a strategic transaction or to orderly wind down the operations of the Company.***

Our ability to consummate the strategic transaction with Sycamore Films for our remaining assets is now dependent on the services of outside consultants and our Board of Directors. Any or all of these persons may sever their ties with the Company at any time and without them we cannot be certain that we will be able to do accomplish our business objectives.

***Failure of our internal control over financial reporting could harm our business and financial results.***

We have no full-time or part-time employees. All accounting and financial reporting functions are being performed by outside consultants. Mr. Love, the Chairman of the Board is now acting as the principal executive and principal financial officer for the Company. As a result, due to the restructuring plan initiated in June 2008 including the significant reduction in personnel in the accounting, finance and legal function and the subsequent resignation of our remaining two employees upon closing of the sale of substantially all of our assets to WA 32609, our principal executive officer and principal financial officer concluded that based on an evaluation of the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, our disclosure controls and procedures were ineffective as of the end of the period covered by this report.

If we are not able to maintain an effective system of internal control over financial reporting limits our ability to report financial results accurately and timely or to detect and prevent fraud will be limited. A significant financial reporting failure could cause an immediate loss of investor confidence in our management and a sharp decline in the market price of our common stock.

***We intend to issue approximately 79,376,735 shares of our common stock to the Sycamore Films shareholders including the former shareholders of Sweet Spot. As a result, Sycamore Films will become a wholly-owned subsidiary of ImaRx and the former shareholders of Sycamore Films will hold in the aggregate approximately eighty-six percent (86%) of our outstanding shares of common stock on a fully diluted basis. which will result in substantial dilution to our existing stockholders.***

Our certificate of incorporation authorizes the issuance of a maximum of 100,000,000 shares of common stock and a maximum of 5,000,000 shares of preferred stock. Any merger or acquisition effected by us may result in the issuance of additional securities without stockholder approval and may result in substantial dilution in the percentage of our common stock held by our then existing stockholders. Moreover, the common stock issued in any such merger or acquisition transaction may be valued on an arbitrary basis, resulting in an additional reduction in the percentage of common stock held by our then existing stockholders. Our Board of Directors has the power to issue any or all of such authorized but unissued shares without stockholder approval. To the extent that additional shares of common stock or preferred stock are issued in connection with a business combination or otherwise, dilution to the interests of our stockholders will occur and the rights of the holders of common stock might be materially adversely affected



**Table of Contents**

***We cannot assure you that following the strategic transaction with Sycamore Films, our common stock will be listed on NASDAQ or any other securities exchange.***

Following the strategic transaction with Sycamore Films we may seek to qualify our common stock for listing on NASDAQ or the American Stock Exchange. However, we cannot assure you that following such a transaction, we will be able to meet the initial listing standards of either of those or any other stock exchange, or that we will be able to maintain a listing of our common stock on either of those or any other stock exchange. After completing a business combination, until our common stock is listed on the NASDAQ or another stock exchange, we expect that our common stock will continue to trade on the OTC Bulletin Board, another over-the-counter quotation system, or on the pink sheets, where our stockholders may find it more difficult to dispose of shares or obtain accurate quotations as to the market value of our common stock. In addition, we would be subject to an SEC rule that, if it failed to meet the criteria set forth in such rule, imposes various practice requirements on broker-dealers who sell securities governed by the rule to persons other than established customers and accredited investors. Consequently, such rule may deter broker-dealers from recommending or selling our common stock, which may further affect its liquidity. This would also make it more difficult for us to raise additional capital following a business combination.

**Risks Related to Our Common Stock**

***Our principal stockholders and management own a significant percentage of our stock and will be able to exercise significant influence over our affairs.***

Our executive officer, current directors and holders of five percent or more of our common stock own a significant portion of our common stock. These stockholders significantly influence the composition of our Board of Directors, retain the voting power to approve some matters requiring stockholder approval and continue to have significant influence over our operations. The interests of these stockholders may be different than the interests of other stockholders on these matters. This concentration of ownership could also have the effect of delaying or preventing a change in our control or otherwise discouraging a potential acquirer from attempting to obtain control of us, which in turn could reduce the price of our common stock.

***If our stock price is volatile, purchasers of our common stock could incur substantial losses.***

Our stock price is likely to be volatile. The stock market in general and the market for small healthcare companies in particular have experienced extreme volatility that has often been unrelated to the operating performance of particular companies.

***We are at risk of securities class action litigation due to our stock price volatility.***

We are at risk of being subject to securities class action lawsuits because our stock price has declined substantially since our July 2007 initial public offering. Securities class action litigation has often been brought against other companies following a decline in the market price of its securities. While no securities class action claims have been brought against us, it is possible that lawsuits will be filed based on such stock price declines naming our company, directors, and officers. Securities litigation could result in substantial costs, divert management's attention and resources, and seriously harm our business, financial condition and results of operations.

***If there are substantial sales of common stock, our stock price could decline.***

If our existing stockholders sell a large number of shares of common stock or the public market perceives that existing stockholders might sell shares of common stock, the market price of our common stock could decline significantly.

**Table of Contents**

***The financial reporting obligations of being a public company and other laws and regulations relating to corporate governance matters place significant demands on our management and cause increased costs.***

The laws and regulations affecting public companies, including the provisions of the Sarbanes-Oxley Act of 2002 and new rules adopted or proposed by the Securities and Exchange Commission, will result in ongoing costs to us as we comply with new and existing rules and regulations and respond to requirements under such rules and regulations. We are required to comply with many of these rules and regulations, and will be required to comply with additional rules and regulations in the future. With limited capital and human resources, management's time and attention will be diverted from our business in order to ensure compliance with these regulatory requirements. This diversion of management's time and attention as well as ongoing legal and compliance costs may have a material adverse effect on our business, financial condition and results of operations.

***Anti-takeover defenses that we have in place could prevent or frustrate attempts to change our direction or management.***

Provisions of our amended and restated certificate of incorporation and bylaws and applicable provisions of Delaware law may make it more difficult or impossible for a third party to acquire control of us without the approval of our Board of Directors. These provisions:

- limit who may call a special meeting of stockholders;
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted on at stockholder meetings;
- prohibit cumulative voting in the election of our directors, which would otherwise permit holders of less than a majority of our outstanding shares to elect directors;
- prohibit stockholder action by written consent, thereby requiring all stockholder actions to be taken at a meeting of our stockholders; and
- provide our Board of Directors the ability to designate the terms of and issue new series of preferred stock without stockholder approval.

In addition, Section 203 of the Delaware General Corporation Law generally prohibits us from engaging in any business combination with certain persons who own 15% or more of our outstanding voting stock or any of our associates or affiliates who at any time in the past three years have owned 15% or more of our outstanding voting stock. These provisions may have the effect of entrenching our management team and may deprive stockholders of the opportunity to sell their shares to potential acquirers at a premium over prevailing prices. This potential inability to obtain a control premium could reduce the price of our common stock.

***We do not intend to pay cash dividends on our common stock in the foreseeable future.***

We have never declared or paid any cash dividends on our common stock or other securities, and we do not anticipate paying any cash dividends in the foreseeable future. Accordingly, our stockholders will not realize a return on their investment unless the trading price of our common stock appreciates. Our common stock price has depreciated significantly since our initial public offering and may continue to depreciate in value. The price of our common stock may never appreciate and our stockholders may never realize gain on their purchase of shares of our common stock.

**ITEM 2. Properties**

We do not presently own or lease any property.

**ITEM 3. Legal Proceedings**

We are not currently subject to any legal proceedings and are also not aware of any pending legal, arbitration or governmental proceedings against us that may have material effects on our financial position or results of operations.

**Table of Contents****PART II****ITEM 4. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is currently quoted on the Over the Counter Bulletin Board under the symbol IMRX.OB . From July 2007 to October 2008, our common stock was traded on the NASDAQ Capital Market under the symbol IMRX . Prior to that time, there was no public market for our common stock. The following table sets forth, for the periods indicated, the quarterly high and low sales prices per share of our common stock as reported by NASDAQ through October 22, 2008 and the Over the Counter Bulletin Board after October 22, 2008.

	<b>High</b>	<b>Low</b>
<b>2009</b>		
Fourth Quarter	\$ 0.03	\$ 0.006
Third Quarter	0.04	0.012
Second Quarter	0.03	0.01
First Quarter	0.035	0.01
<b>2008</b>		
Fourth Quarter	\$ 0.10	\$ 0.04
Third Quarter	0.33	0.04
Second Quarter	0.84	0.16
First Quarter	2.17	0.36

At March 23, 2010, there were 247 stockholders of record.

We have never declared or paid cash dividends on capital stock. We intend to retain any future earnings to finance growth and development and therefore do not anticipate paying cash dividends in the foreseeable future.

**Table of Contents****ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations**

*The following discussion and analysis should be read in conjunction with our audited financial statements and notes thereto that appear elsewhere in this report. This discussion contains forward-looking statements reflecting our current expectations that involve risks and uncertainties. Actual results may differ materially from those discussed in these forward-looking statements due to a number of factors, including those set forth in the section entitled "Risk Factors" and elsewhere in this report.*

The statements contained in this Annual Report on Form 10-K, including statements under this section titled "Management's Discussion and Analysis of Financial Condition and Results of Operations," include forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including, without limitation, statements regarding our or our management's expectations, hopes, beliefs, intentions or strategies regarding the future. The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect," "plan," and similar expressions may identify forward-looking statements but the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements contained in this Annual Report on Form 10-K are based on our current expectations and beliefs concerning future developments and their potential effects on us. There can be no assurance that future developments affecting us will be those that we have anticipated. These forward-looking statements involve a number of risks, uncertainties or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements. These risks and uncertainties include those factors described in greater detail in Item 1A of Part I, "Risk Factors." Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, actual results may vary in material respects from those anticipated in these forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws.

**Overview**

We are currently a shell company. We were a development stage biopharmaceutical company, whose activities were focused on the research, development and commercialization of therapies for stroke and other vascular disorders. Our development efforts were focused on our SonoLysis program, which involved the administration of microspheres and ultrasound to break up blood clots and restore blood flow to oxygen deprived tissues. Our commercialization efforts were focused on the promotion and sale of the U.S. Food and Drug Administration, or FDA, approved urokinase product, Abbokinase<sup>(R)</sup>, which we had acquired from Abbott Laboratories.

In June 2008, in response to new risks and challenges facing the Company, we announced a restructuring that included a significant workforce reduction in which all of our employees other than Bradford Zakes, our then president and chief executive officer, and one additional employee were terminated. In furtherance of the June 2008 restructuring we discontinued substantially all research and development activity while evaluating strategic alternatives for funding and continuation of our SonoLysis program and for our other Company assets.

On September 23, 2008, we divested our urokinase business to Microbix Biosystems Inc. for an upfront payment of \$2.0 million, the assumption by Microbix of up to \$0.5 million in chargeback and other liabilities for commercial product then in the distribution channel and an additional \$2.5 million payment from Microbix contingent upon release by the FDA of three lots of urokinase that are currently subject to a May 2008 FDA Approvable Letter. On June 15, 2009, we entered into the First Amendment to the Asset Purchase Agreement with Microbix which reduced the size of the contingent payment from \$2.5 million to \$0.2 million contingent upon receipt by Microbix of written authorization from the FDA for the release of the urokinase lots on or before September 1, 2010. As of the date of this report, the FDA has not released the three urokinase lots.

On September 4, 2009, pursuant to the terms of an Asset Purchase Agreement dated June 15, 2009, we sold to WA 32609, Inc., now Cerevast Therapeutics, Inc., substantially all of our remaining assets and intellectual property, including but not limited to our clinical-stage SonoLysis product candidate for \$0.5 million cash. Following the closing of the asset sale to WA 32609, the remaining two employees of the Company, including Mr. Zakes, resigned their positions with the Company.

On March 17, 2010, we entered into an Agreement for the Purchase and Sale of Stock with Sycamore Films and Sweet Spot. Pursuant to the Merger Agreement, Sweet Spot will merge with and into Sycamore Films and the

shareholders of Sweet Spot will become shareholders of Sycamore Films. Sycamore Films will continue the operation of the Sweet Spot business.



## **Table of Contents**

Immediately following the closing of the Merger Agreement, the purchase and sale of stock between ImaRx and Sycamore Films and its shareholders as set forth in the Stock Purchase Agreement will be closed. Under the terms of the Stock Purchase Agreement we will issue approximately 79,376,735 shares of our common stock to the Sycamore Films shareholders including the former shareholders of Sweet Spot. As a result, Sycamore Films will become a wholly-owned subsidiary of ImaRx and the former shareholders of Sycamore Films will hold in the aggregate approximately eighty-six percent (86%) of our outstanding shares of common stock on a fully diluted basis. In connection with the closing of the Stock Purchase Agreement all of the members of our current Board of Directors will resign and a new slate of directors and officers will be appointed for both ImaRx and Sycamore Films. At that time, the primary business of the Company will be a full-service distribution and marketing company specializing in acquisition, distribution and the development of marketing campaigns for feature films.

Each of the parties to the Stock Purchase Agreement and the Merger Agreement have agreed to certain covenants, including covenants regarding the operation of the business prior to closing and covenants prohibiting the us from soliciting or providing information or entering into discussions concerning proposals relating to alternative offers for the assets or ownership interests in us, except in limited circumstances to permit the our board of directors to comply with its fiduciary duties or as otherwise provided in the Stock Purchase Agreement. The Company expects each of the Merger Agreement and the Stock Purchase Agreement to close in the second quarter of 2010. We have no employees and we are carrying out these activities through the use of consultants and other outside service providers. Mr. Love, our Chairman of the Board is now acting as our principal executive officer and principal financial officer.

### ***General and Administrative Expenses***

General and administrative expenses consist primarily of personnel-related expenses and other costs and fees associated with our general corporate activities including legal compliance, accounting and corporate governance.

### **Critical Accounting Policies and Significant Judgments and Estimates**

Our management's discussion and analysis of our financial condition and results of operations are based on our financial statements, which have been prepared in accordance with accounting principles generally accepted in the U.S. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosed amounts of contingent assets and liabilities and our reported revenue and expenses. Significant management judgment was previously required to make estimates in relation to inventory and intangible asset valuation, chargebacks and administrative fee accruals, clinical trial costs and costs associated with transitioning to a public reporting company. We evaluate our estimates, and judgments related to these estimates, on an ongoing basis. We base our estimates of the carrying values of assets and liabilities that are not readily apparent from other sources on historical experience and on various other factors that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

We believe that the following accounting policies are critical to a full understanding of our reported financial results. Our significant accounting policies are more fully described in Note 1 of our financial statements.

### ***Long-lived and Intangible Assets***

We account for long-lived assets in accordance with the FASB guidance for accounting for the impairment or disposal of long-lived assets. This guidance addresses financial accounting and reporting for the impairment or disposal of long-lived assets. It requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability is measured by comparing the carrying amount of an asset to the expected future net cash flows generated by the asset. If it is determined that the asset may not be recoverable and if the carrying amount of an asset exceeds its estimated fair value, an impairment charge is recognized to the extent of the difference. The guidance requires companies to separately report discontinued operations, including components of an entity that either have been disposed of (by sale, abandonment or in a distribution to owners) or classified as held for sale. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

At June 30, 2008, we evaluated our intangible assets for impairment due to the receipt of the Approvable Letter from the FDA and determined that all of the intangible assets were impaired. As such, these intangibles were written off by recording a \$1.3 million impairment. We also initiated a plan to sell a portion of our laboratory equipment, which we

valued at fair value and recorded a \$0.5 million impairment. The assets were classified as held for sale. We completed the sale of \$152,000 of assets held for sale for cash of \$115,000 and the termination of a lease agreement, which resulted in a reduction of future lease payments of \$16,000. We recorded an additional loss on the sale of equipment in this transaction in the amount of \$21,000.

**Table of Contents**

On September 4, 2009, pursuant to the terms of an Asset Purchase Agreement dated June 15, 2009, we sold to WA 32609, Inc. substantially all of our remaining assets, including but not limited to our clinical-stage SonoLysis product candidate for \$0.5 million resulting in a gain on sale in the statement of operations of \$0.3 million. The final payment of \$0.1 million was received on February 18, 2010.

***Stock-Based Compensation***

We account for stock-based compensation using the FASB guidance for share-based payment. This guidance requires that share-based payment transactions with employees be recognized in the financial statements based on their value and recognized as compensation expense over the requisite service period.

Our estimate of share-based compensation expense requires a number of complex and subjective assumptions including our stock price volatility, employee exercise patterns, and future forfeitures. The value of a stock option is derived from its potential for appreciation. The more volatile the stock, the more valuable the option becomes because of the greater possibility of significant changes in stock price. The most significant assumptions are our estimates of the expected volatility and the expected term of the award. We use guideline companies and, to a limited extent, experiences of the Company since becoming publicly traded, to determine volatility. For purposes of identifying similar entities, we have considered factors such as industry, company age, stage of life cycle, and size. The expected term of options granted represents the periods of time that options granted are expected to be outstanding. The expected option term also has a significant effect on the value of the option. The longer the term, the more time the option holder has to allow the stock price to increase without a cash investment and thus, the more valuable the option. Furthermore, lengthier option terms provide more opportunity to exploit market highs. However, historical data demonstrates that employees, for a variety of reasons, typically do not wait until the end of the contractual term of a nontransferable option to exercise. When establishing an estimate of the expected term of an award, we have elected to use the simplified method of determining expected term as permitted by accounting guidance. As a result of using estimates, when factors change and we use different assumptions, our share-based compensation expense could be materially different in the future. We review our valuation assumptions at each grant date and, as a result, from time to time we will likely change the valuation assumptions we use to estimate the value of share-based awards granted in future periods.

***Deferred Tax Asset Valuation Allowance***

Our estimate of the valuation allowance for deferred tax assets requires us to make significant estimates and judgments about our future operating results. Our ability to realize the deferred tax assets depends on our future taxable income as well as limitations on utilization. A deferred tax asset must be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax asset will not be realized prior to its expiration. The projections of our operating results on which the establishment of a valuation allowance are based involve significant estimates regarding future demand for our products, competitive conditions, product development efforts, approvals of regulatory agencies and product cost. We have recorded a full valuation allowance on our net deferred tax assets due to uncertainties related to our ability to utilize our deferred tax assets in the foreseeable future. These deferred tax assets primarily consist of net operating loss carry forwards and research and development tax credits. Under Section 382 of the Internal Revenue Code of 1986, as amended, substantial changes in our ownership will limit the amount of net operating loss carry-forwards that could be utilized annually, if any, in the future to offset taxable income.

***Results of Operations******Twelve Months Ended December 31, 2008 Compared to 2009***

*General and Administrative Expenses.* General and administrative expenses decreased from \$3.1 million in 2008 to \$1.0 million in 2009. This decrease is primarily a result of reduced activities and the termination of the remaining employees in September 2009.

*Interest Income.* Interest and other income of \$0.2 million for the year ended December 31, 2008 was related to interest earned on cash balances. Interest income of \$2,000 for the year ended December 31, 2009 is for interest earned on cash balances.



## **Table of Contents**

*Gain on Sale of Technology.* Gain on sale of technology of \$0.4 million for the year ended December 31, 2009 is from the sale of the SonoLysis and other research and development assets on September 4, 2009.

*Net Income (Loss) from Discontinued Operations.* Net loss from discontinued operations of \$7.2 million for the year ended December 31, 2008 is the result of the research and development activities performed for our SonoLysis program including clinical trial costs and salaries, other development activities and an asset impairment charge of \$10.0 million related to the impairment of all urokinase assets offset partially by a gain on the extinguishment of debt related to our urokinase assets. Net income from discontinued operations of \$47,000 for the year ended December 31, 2009 is the result of a refund of franchise taxes from the State of Delaware offset by research and development expenses.

### **Liquidity and Capital Resources**

#### ***Sources of Liquidity***

We have incurred losses since our inception. At December 31, 2009, we had an accumulated deficit of \$91.9 million. We have historically financed our operations principally through the public offering and private placement of shares of our common and preferred stock and convertible notes, government grants, and product sales of urokinase. During the year ended December 31, 2009, we received net proceeds of \$0.4 million from the sale of our SonoLysis program assets to WA32609. At December 31, 2009, we had \$0.1 million in cash and cash equivalents.

In April 2006, we acquired from Abbott Laboratories the assets related to urokinase, including the remaining inventory of finished product, all regulatory and clinical documentation, validated cell lines, and intellectual property rights, including trade secrets and know-how relating to the manufacture of urokinase using the tissue culture method. The purchase price for the assets was \$20.0 million, which was paid in the form of \$5.0 million in cash and the issuance of a \$15.0 million non-recourse promissory note with an initial maturity date of December 31, 2007, which was extended to March 31, 2008. On April 17, 2008, we entered into a satisfaction, waiver and release agreement with Abbott Laboratories regarding payment of the note. Under the terms of the agreement, we were required to pay Abbott Laboratories \$5.2 million in cash and upon payment of the funds, the debt obligation was deemed to be indefeasibly paid in full by us and the note was cancelled and returned to us.

On September 23, 2008, we divested our urokinase business to Microbix. Through this transaction, Microbix acquired the remaining urokinase inventory and related assets and assumed full responsibility for ongoing commercial and regulatory activities associated with the product. Microbix paid to us an upfront payment of \$2.0 million and assumed up to \$0.5 million in chargeback and other liabilities for commercial product currently in the distribution channel. If the assumed chargeback and other liabilities paid by Microbix are less than the \$0.5 million assumed, Microbix will issue payment to us for the difference. An additional \$0.2 million payment will be made to us upon release by the FDA on or before September 1, 2010 of the three lots of urokinase that are currently subject to a May 2008 Approvable Letter. As of the date of this report, the FDA has not released the three urokinase lots.

#### ***Cash Flows***

*Net Cash Used in Operating Activities.* Net used in operating activities was \$8.4 million for the year ended December 31, 2008 and \$1.0 million for the year ended December 31, 2009. Net cash used in 2008 primarily reflects the net loss offset in part by the gain on extinguishment of debt, asset impairment charges and changes in working capital. Net cash used in 2009 primarily reflects the reduction of prepaid expenses, accrued liabilities and deferred revenue offset in part by the gain on sale of assets.

*Net Cash Provided by Investing Activities.* Net cash provided by investing activities was \$2.2 million and \$0.4 million in 2008 and 2009, respectively. Net cash provided by investing activities in 2008 primarily reflects the cash received in the sale of the urokinase assets and proceeds from the sale of property and equipment offset partially by purchases of property and equipment. Net cash provided by investing activities in 2009 reflects the net cash received for the sale of assets to WA 32609.

*Net Cash Used in Financing Activities.* Net cash used in financing activities was \$5.9 million in 2008 and was attributable to the \$6.3 million payment on the note payable to Abbott Laboratories offset partially by the \$0.4 million change in the restricted cash balance.

#### ***Operating Capital and Capital Expenditure Requirements***

Historically, our primary source of liquidity has been the public offering and private placement of shares of our common and preferred stock and convertible notes, government grants and product sales of urokinase. We do not currently have a significant source of cash.

## **Table of Contents**

On September 4, 2009, pursuant to the terms of an Asset Purchase Agreement dated June 15, 2009, we sold to WA 32609, Inc. substantially all of our remaining assets, including but not limited to our clinical-stage SonoLysis product candidate for \$0.5 million. At the closing, WA32609 paid to us \$0.4 million of the total purchase price. The remaining \$0.1 million was deposited into an escrow account to satisfy certain potential claims by WA 32609 that may arise post-closing. The proceeds from the escrow account were released on February 18, 2010. Following the closing of the asset sale to WA 32609, the remaining two employees of the Company, including Mr. Zakes, resigned their positions with the Company.

On March 17, 2010, we entered into an Agreement for the Purchase and Sale of Stock with Sycamore Films, Inc. and its shareholders (the "Stock Purchase Agreement") and an Agreement and Plan of Merger with Sycamore Films, Sweet Spot, Inc. and Sweet Spot's shareholders and principals (the "Merger Agreement"). Pursuant to the Merger Agreement, Sweet Spot will merge with and into Sycamore Films and the shareholders of Sweet Spot will become shareholders of Sycamore Films. Sycamore Films will continue the operation of the Sweet Spot business.

Immediately following the closing of the Merger Agreement, the purchase and sale of stock between ImaRx and Sycamore Films and its shareholders as set forth in the Stock Purchase Agreement will be closed. Under the terms of the Stock Purchase Agreement we will issue approximately 79,376,735 shares of our common stock to the Sycamore Films shareholders including the former shareholders of Sweet Spot. As a result, Sycamore Films will become a wholly-owned subsidiary of ImaRx and the former shareholders of Sycamore will hold in the aggregate approximately eighty-six percent (86%) of our outstanding shares of common stock on a fully diluted basis. In connection with the closing of the Stock Purchase Agreement all of the members of our current Board of Directors will resign and a new slate of directors and officers will be appointed for both ImaRx and Sycamore Films. At that time, the primary business of the Company will be a full-service distribution and marketing company specializing in acquisition, distribution and the development of marketing campaigns for feature films.

We are now engaged in pursuing the closing of the strategic transaction with Sycamore Films. The Company has no employees and is carrying out these activities through the use of consultants and other outside service providers. Our ability to continue operating for a period of time that is sufficient for us to satisfy our remaining obligations and commitments, and, to complete the strategic transaction with Sycamore Films depends on our management of our current cash. Our operating needs include the planned costs to orderly settle and pay our remaining obligations and to pay for the fees and costs associated with the Sycamore Films transaction. At the present time, we have no material commitments for capital expenditures.

We cannot be sure that our existing cash and cash equivalents will be adequate, or that additional financing will be available if needed, or that, if available, such financing will be obtained on terms favorable to us or our stockholders. Failure to manage our cash resources or obtain adequate cash resources may adversely affect our ability to carry out the orderly settlement and pay our remaining obligations and close the Sycamore Films transaction. If we are not able to close the Sycamore Films transaction we may not have sufficient resources to pursue another strategic transaction or to liquidate and dissolve the company. If we raise additional funds by issuing equity securities, or enter into a strategic transaction or merger, substantial dilution to existing stockholders will likely result. If we raise additional funds by incurring debt obligations, the terms of the debt will likely involve significant cash payment obligations as well as covenants and specific financial ratios that may restrict our ability to operate our business.

### **Off-Balance Sheet Transactions**

At December 31, 2008 and 2009, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

### **Recently Issued Accounting Pronouncements**

In October 2009, FASB issued guidance for fair value measurements and improving disclosures about fair value measurements. This new guidance requires some new disclosures and clarifies some existing disclosure requirements about fair value measurement. The objective of the guidance is to improve these disclosures and improve transparency in financial reporting. The guidance now requires a reporting entity to (1) separately disclose the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the

transfers and (2) present separately information about purchases, sales, issuances and settlements in the reconciliation of fair value measurements. In addition, a reporting entity needs to use judgment in determining the appropriate classes of assets and liabilities for purposes of reporting fair value measurement and the entity should provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements. This guidance is effective for interim and annual reporting periods beginning after December 15, 2009, except for disclosures about purchases, sales, issuances and settlements in the roll-forward activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010 and for interim periods within those fiscal years. We are currently evaluating the impact of this standard on our financial statements.



**Table of Contents**

In October 2009, the FASB issued guidance for multiple-deliverable revenue arrangements. This guidance requires an entity to use an estimated selling price when vendor-specific objective evidence or acceptable third party evidence does not exist for any products or services included in a multiple-element arrangement. The arrangement consideration should be allocated among the products and services based upon their relative selling prices, thus eliminating the use of the residual method of allocation. This guidance also requires expanded qualitative and quantitative disclosures regarding significant judgments made and changes in applying this guidance. This guidance is effective prospectively for revenue arrangements entered into or materially modified in fiscal years beginning on or after June 15, 2010. Early adoption and retrospective application are also permitted. We are currently evaluating the impact of adopting this new provision.

**ITEM 7. Financial Statements and Supplementary Data**

The information required by this item is incorporated herein by reference to the financial statements and schedule listed in Item 15 (a)1 and (a)2 of Part IV and included in this Form 10-K Annual Report.

**ITEM 8A(T). Controls and Procedures**

***Evaluation of Disclosure Controls and Procedures***

Due to the fact that we have ceased all operations and currently have no employees, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were ineffective as of the end of the period covered by this report.

***Management's Report on Internal Control over Financial Reporting***

Management is responsible for establishing and maintaining adequate internal control over financial reporting. The Company's internal control over financial reporting is designed to provide reasonable assurances regarding the reliability of financial reporting and the preparation of the financial statements of the Company in accordance with U.S. generally accepted accounting principles, or GAAP. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree or compliance with the policies or procedures may deteriorate.

An evaluation of the effectiveness of our internal control over financial reporting was conducted as of December 31, 2009 based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation and the material weaknesses described below, management concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2009 based on the specified criteria. Management has identified control deficiencies regarding the lack of segregation of duties and the need for a stronger internal control environment. Management of the Company believes that these material weaknesses are due to the fact that the Company has no employees and has ceased operations. The lack of a dedicated accounting staff may prevent adequate controls in the future, such as segregation of duties, due to the cost/benefit of such remediation. Due to the lack of financial resources available to the company we do not expect to retain additional personnel to remediate these control deficiencies in the near future, if ever.

These control deficiencies could result in a misstatement of account balances that would result in a reasonable possibility that a material misstatement to our financial statements may not be prevented or detected on a timely basis. Accordingly, we have determined that these control deficiencies as described above together constitute a material weakness.

In light of this material weakness, we performed additional analyses and procedures in order to conclude that our financial statements for the year ended December 31, 2009 included in this Annual Report on Form 10-K were fairly stated in accordance with US GAAP. Accordingly, management believes that despite our material weaknesses, our financial statements for the year ended December 31, 2009 are fairly stated, in all material respects, in accordance with US GAAP.

This annual report does not include an attestation report of our registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by our registered public accounting firm pursuant to temporary rules of the Securities and Exchange Commission that permit us to provide only management's report in this Annual Report on Form 10-K.

There were no changes in our internal control over financial reporting that occurred during the last quarter of 2009 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**Table of Contents****PART III****ITEM 10. Directors, Executive Officers, and Corporate Governance**

The names, ages and positions of our directors and officers as of December 31, 2009, are set forth below. Biographical information for each of these persons also is presented below.

<b>Name</b>	<b>Age</b>	<b>Position Held</b>
		Chairman of Board, Principal Executive Officer and Principal Financial Officer
Richard L. Love	66	Officer
Richard E. Otto	60	Director
James M. Strickland	67	Director
Philip C. Ranker	50	Director
Thomas W. Pew	71	Director

There are no family relationships between any of our directors and/or any executive officer.

**Richard L. Love Chairman of Board**

Richard Love has served as a director since March 2006, as Chairman of the Board of Directors since September 2007 and as the Company's Principal Executive Officer and Principal Financial Officer since September 2009. Since September 2007 to present, Mr. Love has served as Manager of TVP Management, LLC, an Arizona-based venture capital investment firm and since January 2007, Mr. Love has served as a partner of Translational Accelerator Venture Fund (TRAC), an investment fund. From January 2005 to January 2007 Mr. Love served as Managing Director of TGEN Accelerator LLC for his employer Translational Genomics Research Institute. From January 2003 to January 2005, Mr. Love served as Chief Operating Officer for Translational Genomics Research Institute and from June 1993 to January 2002 Mr. Love served as Chief Executive Officer and a director of ILEX Oncology, Inc., a biotechnology company evaluating cancer therapeutics. Mr. Love also serves as a director for Parexel International, Medical Consultant Services, Cell Therapeutics Inc, and Medtrust, LLC. Mr. Love holds B.S. and M.S. degrees in Chemical Engineering from the Virginia Polytechnic Institute.

**Richard E. Otto Director**

Richard Otto has served as a director since July 2004. From February 2003 to December 2006, Mr. Otto served as President and Chief Executive Officer of Corautus Genetics, Inc., a gene therapy company. Mr. Otto founded Clique Capital, a venture capital company, in January 1999, where he was employed until January 2002. Mr. Otto serves on the board of directors of Medi-Hut Co., Inc. Mr. Otto holds a B.S. in Chemistry and Zoology from the University of Georgia and engaged in graduate studies in Biochemistry at Medical College of Georgia.

**James M. Strickland Director**

James Strickland has served as a director since August 2000. Since February 2004, Mr. Strickland has served as the Chief Executive Officer of Thayer Medical Corporation, a medical device company. Since March 1998, Mr. Strickland has served as the General Partner and Managing Director of the Coronado Venture Funds, a group of venture investing partnerships formed in 1988. Mr. Strickland holds B.S. and M.S. degrees in Electrical Engineering from the University of New Mexico and an M.S. in Industrial Administration from Carnegie Institute of Technology (now Carnegie-Mellon University).

**Philip C. Ranker Director**

Philip Ranker has served as a director since February 2006. Since December 2009 Mr. Ranker has served as Vice President and Chief financial Officer of Suneva Medical Inc., a privately held medical technology company. From January 2008 to November 2009, Mr. Ranker served as the Vice President of Finance for Amylin Pharmaceuticals, Inc. From September 2004 to January 2008, Mr. Ranker served as the Chief Financial Officer and Vice President of Finance of Natestch Pharmaceutical Company, Inc. From September 2001 to August 2004, Mr. Ranker served as Director of Finance for ICOS Corporation. Prior to working at ICOS, Mr. Ranker spent nearly 15 years in various positions with Aventis and its predecessor companies. Mr. Ranker holds a B.S. in Accounting from the University of Kansas.



**Table of Contents**

**Thomas W. Pew Director**

Thomas Pew has served as a director since January 2004. Since 1994, Mr. Pew has been a private investor in formative-stage biotechnology companies. He holds a B.A. in Economics from Cornell University.

In June 2008, we implemented a significant workforce reduction in which all of our employees other than Bradford Zakes, our then president and chief executive officer, and one additional employee were terminated. In September 2009 following the sale of our SonoLysis program we terminated the services of our two remaining employees and have ceased all operations. Prior to the June 2008 workforce reduction the Board elected to use Board committees in furtherance of the discharge of its duties and for the conduct of its work. The Board had established an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. Due to the fact that we no longer have any employees and have ceased operations each of the respective Board committees are no longer operating and the full Board is serving in those functions when necessary.

Our Board has also determined that Mr. Ranker qualifies as an Audit Committee Financial Expert as defined in the applicable SEC rules.

Our Board has determined that each member of the Board is independent. Bradford Zakes our former president and chief executive officer and a former member of the Board was not an independent director while serving on the Board. The Board primarily utilizes The NASDAQ Stock Market's categorical independence standards for determining whether members of the Board are independent.

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

Section 16(a) of the Exchange Act requires ImaRx's directors and executive officers, and persons who own more than 10% of ImaRx's common stock, to file with the Commission reports of ownership and changes in ownership of ImaRx common stock. Officers, directors, and greater than 10% stockholders are required by the Commission to furnish ImaRx with copies of all Section 16(a) forms they file.

To our knowledge, during the fiscal year ended December 31, 2009, we believe that, with the exception of one late report by Mr. Strickland with respect to the sale of shares of our common stock by him in December 2009, all of these filing requirements were satisfied by our directors, officers and 10% holders.

**Code of Ethics**

We have adopted a corporate Code of Business Conduct and Ethics that applies to all of our directors, officers (including our chief executive and accounting officers) and employees. A copy of the Code of Business Conduct and Ethics is available on the Investors' Corporate Governance section of our web site at [www.imarx.com](http://www.imarx.com).

**Table of Contents****ITEM 11. Executive Compensation****SUMMARY COMPENSATION TABLE**

The table below summarizes the total compensation paid to or earned by each of our named executive officers for the fiscal years ended December 31, 2009 and 2008.

<b>Name and Principal Position</b>	<b>Year</b>	<b>Salary (\$)</b>	<b>Option Awards (\$)(1)</b>	<b>Nonequity Incentive Plan Compensation (\$)(2)</b>	<b>All Other Compensation (\$)(3)</b>	<b>Total (\$)</b>
Richard Love	2009	6,125(5)				6,125
Chairman of the Board, Chief Executive Officer and Chief Financial Officer	2008	29,375(5)	1,614			30,989
Bradford A. Zakes(6)	2009	203,172	68,324			271,496
President and Chief Executive Officer	2008	272,731	254,767	318,125(4)		845,623
Greg Cobb (7)	2009					
Chief Financial Officer	2008	129,423	9,162	25,000	119,689	283,274
Kevin J. Ontiveros (8)	2009					
Vice President, Legal Affairs and General Counsel	2008	303,008	13,895	39,250	110,449	446,602

(1) The amounts in this column represent the compensation expenses recognized in 2009 and 2008, respectively, related to stock option awards. A discussion of the valuation assumptions used to determine the expense is included in Note 7 of our audited financial statements included in this Form 10-K.

- (2) The amounts shown in this column constitute the quarterly cash incentive bonuses made to each named executive officer based on the attainment of certain pre-established performance criteria established by our Board of Directors.
- (3) Amounts consist of severance payments including benefits.
- (4) Amounts include a retention bonus.
- (5) Amounts consist of director compensation.
- (6) 89,311 options were forfeited in 2009 upon separation with the Company. Also upon separation, 75,249 shares were accelerated.
- (7) 177,249 options were forfeited in 2008 upon separation with the Company. Also upon

separation,  
94,000 shares  
were  
accelerated. All  
options have  
now expired.

- (8) 65,501 options  
were forfeited in  
2008 upon  
separation with  
the Company.  
Also upon  
separation,  
60,165 shares  
were  
accelerated. All  
options have  
now expired.