

CELL THERAPEUTICS INC
Form 8-K/A
February 06, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: (Date of earliest event reported): **January 29, 2007**

CELL THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Washington
(State or other jurisdiction of
incorporation or organization)

001-12465
(Commission File Number)

91-1533912
(I.R.S. Employer

Identification Number)

501 Elliott Avenue West, Suite 400

Seattle, Washington 98119

(Address of principal executive offices)

Registrant's telephone number, including area code: (206) 282-7100

Not applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

.. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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- .. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - .. Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - .. Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 4.02. Non-Reliance on Previously Issued Financial Statements or a Related Audit Report or Completed Interim Review.

This Amendment No. 1 to the Form 8-K filed on January 30, 2007, provides further explanations as to the need to restate the financial statements identified below.

On January 29, 2007, the Audit Committee (the Committee) of the Board of Directors of Cell Therapeutics, Inc. (the Corporation), upon recommendation from management and after discussion with Stonefield Josephson, Inc., the Corporation's independent accountants, concluded that the previously issued consolidated financial statements for the quarters ended March 31, June 30 and September 30, 2006 contained in the Corporation's quarterly reports should not be relied upon because of accounting errors contained therein. The Committee has determined that the unaudited quarterly financial statements for the quarter ended March 31, 2006 included certain overstated settlement and clinical trial expenses of approximately \$1.3 million and the unaudited quarterly financial statements for the quarters ended June 30, 2006 and September 30, 2006 included overstated clinical trial expenses of \$0.5 million and \$0.4 million, respectively. These inadvertent overstatements were discovered by the Company in the fourth quarter of 2006 as a result of an internal review of such accounts at Cell Therapeutics Europe S.r.l., or CTI (Europe), our subsidiary located in Bresso Italy.

As a result of the above adjustments, the Corporation has concluded that the quarterly financial statements for those periods and all earnings press releases and similar communications issued by the Corporation relating to those periods should no longer be relied upon by investors. The Corporation plans to file restated financial statements for those periods correcting these errors today, concurrent with the filing of this Form 8-K/A.

Our Audit Committee has discussed with Stonefield Josephson, Inc., the Corporation's independent accountants, the matters disclosed in this Form 8-K/A and the restated financial statements to be filed in the Form 10-Q/As for the first three quarters of 2006.

Previously, our management, under the supervision and with the participation of the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), had evaluated the effectiveness of our disclosure controls and procedures as defined in SEC Rule 13a-15(e) as of each of the quarters ended March 31, June 30, and September 30, 2006. Management had concluded that our disclosure controls and procedures were effective to ensure that information we are required to disclose in reports that we file or submit under the Securities Exchange Act is communicated to management, including the CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure and is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms. However, as a result of the above adjustments, our management, under the supervision and with the participation of the Company's CEO and CFO, reevaluated the effectiveness of our disclosure controls and procedures and concluded that we did not have effective disclosure controls and procedures relative to accounts payable and accrued expense balances as of March 31, June 30 and September 30, 2006. Specifically, we did not maintain effective controls over the accuracy, presentation and disclosure of accounts payable and accrued expenses in conformity with generally accepted accounting principles, including, maintaining effective controls to ensure that these balances were accurate in CTI (Europe). In an effort to remediate these material weaknesses, we are currently implementing enhanced procedures that are designed to help ensure that we will accurately record accounts payable and accrued expense balances in CTI (Europe). These enhanced procedures will provide for additional managerial oversight of accounts payable and accrued expense balances.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CELL THERAPEUTICS, INC.

Date: February 5, 2007

By: /s/ Louis A. Bianco
Louis A. Bianco

Executive Vice President, Finance and Administration