

Edgar Filing: CELL THERAPEUTICS INC - Form SC 13G

CELL THERAPEUTICS INC
Form SC 13G
May 05, 2006

SECURITIES & EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G*
(Rule 13d-102)

Amend. No.

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT
TO RULES 13d-1(b), (c) AND (d) AND AMENDMENTS THERETO FILED
PURSUANT TO 13d-2(b)

CELL THERAPEUTICS, INC.
(Name of Issuer)

Class A Common Stock
(Title of Class of Securities)

150934107
(CUSIP Number)

April 26, 2006
(Date of event which requires filing of this statement)

Check the appropriate box to designate the rule pursuant to which this
Schedule 13G is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

(Page 1 of 10 Pages)

*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 the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be
deemed to be "filed" for purposes 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).

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(1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO.
OF ABOVE PERSONS (ENTITIES ONLY)
Tenor Capital Management Company, L.P.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP **
(a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF (5) SOLE VOTING POWER
SHARES -0-

BENEFICIALLY (6) SHARED VOTING POWER
OWNED BY 7,190,411*

EACH (7) SOLE DISPOSITIVE POWER
REPORTING -0-

PERSON WITH (8) SHARED DISPOSITIVE POWER
7,190,411*

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON
7,190,411*

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES ** []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9)
7.1%

(12) TYPE OF REPORTING PERSON **
IA

** SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO.
OF ABOVE PERSONS (ENTITIES ONLY)
Tenor Management GP, LLC

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP **
(a) []
(b) [X]

(3) SEC USE ONLY

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(4) CITIZENSHIP OR PLACE OF ORGANIZATION
 Delaware

NUMBER OF (5) SOLE VOTING POWER
 SHARES ----- -0-

BENEFICIALLY (6) SHARED VOTING POWER
 OWNED BY ----- 7,190,411*

EACH (7) SOLE DISPOSITIVE POWER
 REPORTING ----- -0-

PERSON WITH (8) SHARED DISPOSITIVE POWER
 ----- 7,190,411*

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
 BY EACH REPORTING PERSON
 ----- 7,190,411*

(10) CHECK BOX IF THE AGGREGATE AMOUNT
 IN ROW (9) EXCLUDES CERTAIN SHARES ** []

(11) PERCENT OF CLASS REPRESENTED
 BY AMOUNT IN ROW (9)
 ----- 7.1%

(12) TYPE OF REPORTING PERSON **
 ----- OO

** SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS
 I.R.S. IDENTIFICATION NO.
 OF ABOVE PERSONS (ENTITIES ONLY)
 ----- Robin R. Shah

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP **
 ----- (a) []
 (b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
 Unite States

NUMBER OF (5) SOLE VOTING POWER
 SHARES ----- -0-

BENEFICIALLY (6) SHARED VOTING POWER
 ----- 7,190,411*

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OWNED BY -----
EACH (7) SOLE DISPOSITIVE POWER -0-
REPORTING -----
PERSON WITH (8) SHARED DISPOSITIVE POWER 7,190,411*

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED
BY EACH REPORTING PERSON 7,190,411*

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES ** []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9) 7.1%

(12) TYPE OF REPORTING PERSON **
IN

** SEE INSTRUCTIONS BEFORE FILLING OUT!

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(1) NAMES OF REPORTING PERSONS
I.R.S. IDENTIFICATION NO.
OF ABOVE PERSONS (ENTITIES ONLY) Tenor Opportunity Master Fund, Ltd.

(2) CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP **
(a) []
(b) [X]

(3) SEC USE ONLY

(4) CITIZENSHIP OR PLACE OF ORGANIZATION
Cayman Islands

NUMBER OF (5) SOLE VOTING POWER 0
SHARES -----
BENEFICIALLY (6) SHARED VOTING POWER 6,189,966*
OWNED BY -----
EACH (7) SOLE DISPOSITIVE POWER 0
REPORTING -----
PERSON WITH (8) SHARED DISPOSITIVE POWER 6,189,966*

(9) AGGREGATE AMOUNT BENEFICIALLY OWNED

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BY EACH REPORTING PERSON

6,189,966*

(10) CHECK BOX IF THE AGGREGATE AMOUNT
IN ROW (9) EXCLUDES CERTAIN SHARES ** []

(11) PERCENT OF CLASS REPRESENTED
BY AMOUNT IN ROW (9) 6.1%

(12) TYPE OF REPORTING PERSON **
CO

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Item 1(a). Name of Issuer:

The name of the issuer is Cell Therapeutics, Inc. (the "Company").

Item 1(b). Address of Issuer's Principal Executive Offices:

The Company's principal executive offices are located at 501 Elliott Avenue West, Suite 400, Seattle, WA 98119.

Item 2(a). Name of Person Filing:

This statement is filed by:

- (i) Tenor Capital Management Company, L.P. ("TCM"), a Delaware limited partnership, with respect to the Shares reported in this Schedule 13G held by certain investment funds and managed accounts, which are managed by TCM (the "Accounts");
- (ii) Tenor Management GP, LLC ("TM"), a Delaware limited liability company, with respect to the Shares reported in this Schedule 13G held by the Accounts.
- (iii) Robin R. Shah, who is the Managing Member of the TM, with respect to the Shares reported in this Schedule 13G held by the Accounts.
- (iv) Tenor Opportunity Master Fund, Ltd. ("TOMF"), a Cayman Islands company, with respect to shares owned by it.

The foregoing persons are hereinafter sometimes collectively referred to as the "Reporting Persons." Any disclosures herein with respect to persons other than the Reporting Persons are made on information and belief after making inquiry to the appropriate party.

Item 2(b). Address of Principal Business Office or, if None, Residence:

The address of the business office of each of the Reporting Persons is The Park Avenue Tower, 65 East 55th Street, New York, New York 10022

Item 2(c). Citizenship:

The citizenships of TCM, TM, and TOMF are set forth above. Robin R. Shah is a United States citizen.

Item 2(d). Title of Class of Securities:

Class A Common Stock, no par value (the "Common Stock")

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Item 2(e). CUSIP Number: 150934107

Item 3. If this statement is filed pursuant to Rules 13d-1(b) or 13d-2(b) or (c), check whether the person filing is a:

- (a) Broker or dealer registered under Section 15 of the Act,
- (b) Bank as defined in Section 3(a)(6) of the Act,
- (c) Insurance Company as defined in Section 3(a)(19) of the Act,
- (d) Investment Company registered under Section 8 of the Investment Company Act of 1940,
- (e) Investment Adviser in accordance with Rule 13d-1 (b)(1)(ii)(E),
- (f) Employee Benefit Plan or Endowment Fund in accordance with Rule 13d-1 (b)(1)(ii)(F),
- (g) Parent Holding Company or control person in accordance with Rule 13d-1 (b)(1)(ii)(G),
- (h) Savings Association as defined in Section 3(b) of the Federal Deposit Insurance Act,
- (i) Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940,
- (j) Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

Not applicable.

Item 4. Ownership.

A. TCM

- (a) Amount beneficially owned: 7,190,411*
- (b) Percent of class: 7.1% The percentages used herein and in the rest of Item 4 are calculated based upon the 101,272,228 shares of Common Stock issued and outstanding as of March 10, 2006 as set forth in the Company's Form 10-K/A for the fiscal year ended December 31, 2005.
- (c) (i) Sole power to vote or direct the vote: -0-
 - (ii) Shared power to vote or direct the vote: 7,190,411*
 - (iii) Sole power to dispose or direct the disposition: -0-
 - (iv) Shared power to dispose or direct the disposition: 7,190,411*

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B. TM

- (a) Amount beneficially owned: 7,190,411*

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- (b) Percent of class: 7.1%
- (c) (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 7,190,411*
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 7,190,411*

C. Robin R. Shah

- (a) Amount beneficially owned: 7,190,411*
- (b) Percent of class: 7.1%
- (c) (i) Sole power to vote or direct the vote: -0-
- (ii) Shared power to vote or direct the vote: 7,190,411*
- (iii) Sole power to dispose or direct the disposition: -0-
- (iv) Shared power to dispose or direct the disposition: 7,190,411*

F. TOMF

- (a) Amount beneficially owned: 6,189,966*
- (b) Percent of class: 6.1%
- (c) (i) Sole power to vote or direct the vote: 0
- (ii) Shared power to vote or direct the vote: 6,189,966*
- (iii) Sole power to dispose or direct the disposition: 0
- (iv) Shared power to dispose or direct the disposition: 6,189,966*

* The Accounts hold 0 shares of Common Stock of the Company and approximately 16,507,000 Convertible Bonds, which if converted would be approximately 7,190,411 shares, no par value, of the Company. Pursuant to their terms, 14,757,000 of the Convertible Bonds are convertible at the option of the holder into shares of Common Stock at an initial ratio of 2.09 Convertible Bonds into approximately 1 share of Common Stock. Additionally, pursuant to their terms, 1,750,000 of the Convertible Bonds are convertible at the option of the holder into shares of Common Stock at an initial ratio of 13.50 Convertible Bonds into approximately 1 share of Common Stock.

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Item 5. Ownership of Five Percent or Less of a Class.

Not applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

TCM serves as investment manager to a number of investment funds and a managed account with respect to which it has voting and dispositive authority over the Shares reported in this Schedule 13G, including TOMF. Robin R. Shah is the Managing Member of the TM, which is the General Partner of TCM. As such, he may be deemed to control such entity and therefore may be deemed to be the beneficial owner of the Shares reported in this Schedule 13G.

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company.

Not applicable.

Item 8. Identification and Classification of Members of the Group.

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Not applicable.

Item 9. Notice of Dissolution of Group.

Not applicable.

Item 10. Certification.

Each of the Reporting Persons hereby makes the following certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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SIGNATURES

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

DATED: May 5, 2006

/s/ Robin R. Shah

Tenor Capital Management Company, L.P.
By Robin R. Shah
Managing Member of the General Partner of
the Investment Adviser

/s/ Robin R. Shah

Tenor Management GP, LLC
By Robin R. Shah
Managing Member

/s/ Robin R. Shah

Robin R. Shah

/s/ Robin R. Shah

Tenor Opportunity Master Fund, Ltd.
By Robin R. Shah
Director