

Martin Rod D
Form 4
October 06, 2009

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

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

(Print or Type Responses)

1. Name and Address of Reporting Person *
Martin Rod D

2. Issuer Name and Ticker or Trading Symbol
PRO PHARMACEUTICALS INC
[PRWP]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
09/30/2009

Director 10% Owner
 Officer (give title below) Other (specify below)

7 WELLS AVENUE

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

NEWTON, MA 02459

(City) (State) (Zip)

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

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | Code | V | Amount | (A) or (D) | Price \$ |
| Common Stock | 09/30/2009 | | A | | 213,136 | A | 0.5 (1) |
| | | | | | 420,804 | I | |

By 10X
Fund, LP
(4) (5) (6)

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

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SEC 1474
(9-02)

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

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| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | | 7. Title and Amount of Underlying Security (Instr. 3 and 4) | | | |
|--|--|--------------------------------------|--|--------------------------------|---|--|-----|---|-----------------|--------------|-------------------------|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount Number of Shares |
| Series B-2 Convertible Preferred Stock | \$ 0.5 | 09/30/2009 | | P | | 162,500 | | (2) | (2) | Common Stock | 650,000 |
| Series A-1 Warrant (right to buy) | \$ 0.5 | 09/30/2009 | | P | | 1 | | 09/30/2009 | 09/30/2014 | Common Stock | 32,000 |
| Series A-2 Warrant (right to buy) | \$ 0.5 | 09/30/2009 | | P | | 1 | | 09/30/2009 | 09/30/2014 | Common Stock | 32,000 |
| Class B Warrant (right to buy) | \$ 0.5 | 09/30/2009 | | P | | 1 | | 09/30/2009 | 09/30/2014 | Common Stock | 1,300 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| Martin Rod D 7 WELLS AVENUE NEWTON, MA 02459 | X | X | | |

Signatures

/s/ Robert J. Mottern, as attorney in fact for Rod Martin
 10/06/2009

__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) On September 30, 2009, 10X Fund, L.P. received 213,136 shares of Common Stock of the Issuer in satisfaction of dividends on shares of Series B-1 and B-2 Convertible Preferred Stock owned by 10X Fund, L.P. Dividends on the Preferred Stock are payable in shares of the Issuer's Common Stock valued at \$0.50 per share, with regard to the actual market price of the Common Stock at the time of issuance. The market value of the Common Stock at the time of its issuance was less than \$0.50 per share.

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- Each share of Series B-2 Convertible Preferred Stock is convertible into four shares of Issuer's common stock at a conversion price of \$0.50 per share (subject to customary anti-dilution protection adjustments) at the option of (a) the holder, at any time and (b) Issuer, at any time after September 30, 2010 (and upon 10 days notice) if the Issuer's common stock is quoted at or above \$1.50 per share for 15 consecutive trading days and an effective registration statement regarding the underlying shares of Issuer's common stock is in effect (subject to certain monthly volume limits). The shares of Series B-2 Convertible Preferred Stock do not expire.
- (2) On September 30, 2009, 10X Fund, L.P. purchased (a) 162,500 shares of Series B-2 Preferred Stock, (b) one Class A-1 Warrant to purchase 325,000 shares of Common Stock for \$0.50 per share, (c) one Class A-2 Warrant to purchase 325,000 shares of Common Stock for \$0.50 per share, and (d) one Class B Warrant to purchase 1,300,000 shares of Common Stock for \$0.50 per share, for aggregate consideration of \$325,000.
- Reporting Person is a managing member of 10X Capital Management, LLC, a Florida limited liability company acting as the general partner of 10X Fund, L.P., a Delaware limited partnership, and as such, may be deemed to have indirect beneficial ownership of all or a portion of the securities owned directly by 10X Fund, L.P., such portion being equal to 10X Capital Management, LLC's (a) 20% interest in the profits of 10X Fund, L.P., (b) interest in any securities which are used to pay a 2% annual management fee to 10X Capital Management, LLC, and (c) interest in one-half of the Class B Warrants acquired by 10X Fund, L.P. in all closings other than the initial closing held on February 12, 2009, less one Class B Warrant which 10X Capital Management, LLC has committed to reallocate to investors in all prior closings until each such investor has one (1) additional Class B Warrant for each dollar invested.
- (4) Any such deemed indirect beneficial ownership may also be reduced by Mr. Martin's proportional ownership in 10X Capital Management, LLC. Mr. Martin disclaims beneficial ownership of the reported securities except to the extent of his pecuniary interest therein. Mr. Martin also does not report a beneficial interest in securities indirectly owned by a nonprofit corporation of which he is a director based upon a \$50,000 investment in 10X Fund, L.P. because he does not have any pecuniary interest in the securities.
- (5) Excludes (i) up to 1,087,500 shares of Series B-2 Preferred Stock convertible into 4,350,000 shares of Common Stock; (ii) Class A-1 Warrants exercisable to purchase up to 2,175,000 shares of Common Stock; (iii) Class A-2 Warrants exercisable to purchase up to 2,175,000 shares of Common Stock; and (iv) Class B Warrants exercisable to purchase up to 8,700,000 shares of Common Stock that 10X Fund, L.P. may purchase from Issuer within 60 days of the date hereof pursuant to a Securities Purchase Agreement dated February 12, 2009, as amended on August 11, 2009, between Issuer and 10X Fund, L.P.
- (6)

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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