

MANHATTAN PHARMACEUTICALS INC

Form 8-K

September 09, 2008

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

**FORM 8-K**

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): September 9, 2008

**Manhattan Pharmaceuticals, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-32639**  
(Commission File Number)

**36-3898269**  
(IRS Employer  
Identification No.)

**810 Seventh Avenue, 4th Floor**  
**New York, New York 10019**  
(Address of principal executive offices) (Zip Code)

**(212) 582-3950**  
(Registrant's telephone number, including area code)

**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:

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

**Item 8.01 Other Events**

As previously disclosed, Manhattan Pharmaceuticals, Inc. (the "Company") has been involved in an arbitration proceeding in Switzerland with Swiss Pharma Contract LTD ("Swiss Pharma"), a clinical site that the Company used in one of its obesity trials. On September 5, 2008, the sole arbitrator in Switzerland rendered an award in favor of Swiss Pharma, awarding to Swiss Pharma a total of \$646,000 which amount includes a \$323,000 contract penalty, a final services invoice of \$48,000, reimbursement of certain of Swiss Pharma's legal and other expenses incurred in the arbitration process of \$245,000, reimbursement of arbitration costs of \$13,000 and interest through September 5, 2008 of \$17,000. Further, the arbitrator ruled that the Company must pay interest at the rate of 5% per annum on \$371,000, the sum of the \$323,000 contract penalty and the final services invoice of \$48,000, from October 12, 2007 until paid.

The Company has previously recognized a liability to Swiss Pharma in the amount of \$104,000 for the final services invoice. Therefore the Company will recognize expense for the difference between the award of \$646,000 and the previously recognized liability of \$104,000, or \$542,000, in the quarter ending September 30, 2008. The Company will also continue to accrue interest at the rate of 5% per annum on the \$371,000.

The Company disagrees with the result of the arbitration and is exploring its post-award options, including potential appellate remedies in Switzerland, and defense of any actions which may be taken to enforce the arbitration award.

The Company does not have sufficient cash or other current assets to satisfy the arbitrator's award.

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**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.

**MANHATTAN PHARMACEUTICALS, INC.**

Date: September 9, 2008

By:

/s/ Michael G. McGuinness  
Michael G. McGuinness  
Chief Operating and Financial Officer