

CELL THERAPEUTICS INC  
Form SC 13G  
October 06, 2008

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 13G**

**Under the Securities Exchange Act of 1934**

**Cell Therapeutics, Inc.**

(Name of Issuer)

Common Stock

(Title of Class of Securities)

150934404

(CUSIP Number)

September 15, 2008

(Date of Event Which Requires Filing of this Statement)

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

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\*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 the purpose 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.   | Enable Capital Management, LLC |                |
| 2.  | Check the Appropriate Box if a Member of a Group (See Instructions)                 |                                | (a) £<br>(b) £ |
| 3.  | SEC Use Only  |                                |                |
| 4.  | Citizenship or Place of Organization  | Delaware                       |                |
|     | 5. Sole Voting Power  | 2,051,195                      |                |
|     | 6. Shared Voting Power  | 0                              |                |
|     | 7. Sole Dispositive Power   | 2,051,195                      |                |
|     | 8. Shared Dispositive Power   | 0                              |                |
| 9.  | Aggregate Amount Beneficially Owned by Each Reporting Person                        | 2,051,195                      |                |
| 10. | Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) |                                | £              |
| 11. | Percent of Class Represented by Amount in Row (9)                                   | 9.99%                          |                |
| 12. | Type of Reporting Person (See Instructions)   | OO                             |                |

|     |   |                              |
|-----|---|------------------------------|
| 1.  | Names of Reporting Persons.   | Enable Growth Partners, L.P. |
| 2.  | Check the Appropriate Box if a Member of a Group (See Instructions)                 | (a) £                        |
|     |   | (b) £                        |
| 3.  | SEC Use Only  |                              |
| 4.  | Citizenship or Place of Organization  | Delaware                     |
|     | 5. Sole Voting Power  | 2,051,195                    |
|     | 6. Shared Voting Power  | 0                            |
|     | 7. Sole Dispositive Power   | 2,051,195                    |
|     | 8. Shared Dispositive Power   | 0                            |
| 9.  | Aggregate Amount Beneficially Owned by Each Reporting Person                        | 2,051,195                    |
| 10. | Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) | £                            |
| 11. | Percent of Class Represented by Amount in Row (9)                                   | 9.99%                        |
| 12. | Type of Reporting Person (See Instructions)   | PN                           |

|     |   |                    |
|-----|---|--------------------|
| 1.  | Names of Reporting Persons.   | Mitchell S. Levine |
| 2.  | Check the Appropriate Box if a Member of a Group (See Instructions)                 | (a) £<br>(b) £     |
| 3.  | SEC Use Only  |                    |
| 4.  | Citizenship or Place of Organization  | United States      |
|     | 5. Sole Voting Power  | 2,051,195          |
|     | 6. Shared Voting Power  | 0                  |
|     | 7. Sole Dispositive Power   | 2,051,195          |
|     | 8. Shared Dispositive Power   | 0                  |
| 9.  | Aggregate Amount Beneficially Owned by Each Reporting Person                        | 2,051,195          |
| 10. | Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions) | £                  |
| 11. | Percent of Class Represented by Amount in Row (9)                                   | 9.99%              |
| 12. | Type of Reporting Person (See Instructions)   | IN                 |

**Item 1(a).**

**Name of Issuer:**

Cell Therapeutics, Inc.

**Item 1(b).**

**Address of Issuer's Principal Executive Offices:**

501 Elliot Avenue W  
Suite 400  
Seattle, WA 98119

**Item 2(a).**

**Names of Persons Filing:**

Enable Capital Management, LLC ("ECM")

Enable Growth Partners, L.P. ("EGP")

Mitchell S. Levine

**Item 2(b).**

**Address of Principal Business Office or, if none, Residence:**

The principal business address of the reporting persons is One Ferry Building, Suite 255, San Francisco, CA 94111.

**Item 2(c).**

**Citizenship:**

Reference is made to Item 4 of pages 2, 3 and 4 of this Schedule 13G (this "Schedule"), which Items are incorporated by reference herein.

**Item 2(d).**

**Title of Class of Securities:**

Common Stock

**Item 2(e).**

**CUSIP Number:**

150934404

**Item 3. If this statement is filed pursuant to §§240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:**

(a) Broker or dealer registered under section 15 of the Act (15 U.S.C. 78o).

(b) Bank as defined in section 3(a)(6) of the Act (15 U.S.C. 78c).

- £ (c) Insurance company as defined in section 3(a)(19) of the Act (15 U.S.C. 78c).
- £ (d) Investment company registered under section 8 of the Investment Company Act of 1940 (15 U.S.C 80a-8).
  - £ (e) An investment adviser in accordance with §240.13d-1(b)(1)(ii)(E);
  - £ (f) An employee benefit plan or endowment fund in accordance with §240.13d-1(b)(1)(ii)(F);
  - £ (g) A parent holding company or control person in accordance with § 240.13d-1(b)(1)(ii)(G);
  - £ (h) A savings associations as defined in Section 3(b) of the Federal Deposit Insurance Act (12 U.S.C. 1813);
  - £ (i) A church plan that is excluded from the definition of an investment company under section 3(c)(14) of the Investment Company Act of 1940 (15 U.S.C. 80a-3);
    - £ (j) Group, in accordance with §240.13d-1(b)(1)(ii)(J).

**Item 4. Ownership.**

Reference is hereby made to Items 5-9 and 11 of pages 2, 3 and 4 of this Schedule, which Items are incorporated by reference herein.

The securities to which this Schedule relates (the “Securities”) are owned by certain investment limited partnerships, including EGP, and other client accounts, for which ECM serves as general partner and/or investment manager. ECM, as EGP’s and those other investment limited partnerships’ and client accounts’ general partner and/or investment manager, and Mitchell S. Levine, as managing member and majority owner of ECM, may therefore be deemed to beneficially own the Securities owned by EGP and such other investment limited partnerships and client accounts for the purposes of Rule 13d-3 of the Securities Exchange Act of 1934, as amended (the “Act”), insofar as they may be deemed to have the power to direct the voting or disposition of those Securities.

As of the date of this Schedule, EGP was the beneficial owner of: (i) 21,794 shares of the Issuer’s common stock, and (ii) convertible debentures (the “Convertible Notes”) convertible into up to 7,086,614 shares of the Issuer’s common stock (subject to the Ownership Limitations described in more detail below). As of the date of this Schedule, other client accounts for which ECM acts as general partner and investment manager were the beneficial owners of 3,846 shares of the Issuer’s common stock.

The conversion of the Convertible Notes is subject to restrictions (the "Ownership Limitations") that prohibit conversion to the extent that, after giving effect to such conversion, the holder of the Convertible Notes (together with such holder's affiliates, and any other person or entity acting as a group together with such holder or any of such holder's affiliates) would, as a result of such conversion, beneficially own in excess of 9.99% of the total number of issued and outstanding shares of the Issuer's common stock (including for such purposes the shares of the Issuer's common stock issued upon such conversion).

Based on 18,737,945 shares of common stock of the Issuer outstanding as of September 2, 2008, as indicated in the Issuer's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on September 5, 2008, as of the date of this Schedule, the Reporting Persons had the right (consistent with the Ownership Limitations) to acquire up to 2,051,195 shares of the Issuer's common stock through the conversion of the Convertible Notes.

Neither the filing of this Schedule nor any of its contents shall be deemed to constitute an admission that ECM or Mr. Levine is, for any other purpose, the beneficial owner of any of the Securities, and each of ECM and Mr. Levine disclaims beneficial ownership as to the Securities, except to the extent of his or its pecuniary interests therein.

Under the definition of "beneficial ownership" in Rule 13d-3 under the Securities Exchange Act of 1934, it is also possible that the individual general partners, executive officers, and members of the foregoing entities might be deemed the "beneficial owners" of some or all of the Securities insofar as they may be deemed to share the power to direct the voting or disposition of the Securities. Neither the filing of this Schedule nor any of its contents shall be deemed to constitute an admission that any of such individuals is, for any purpose, the beneficial owner of any of the Securities, and such beneficial ownership is expressly disclaimed.

The calculation of percentage of beneficial ownership in item 11 of pages 2, 3, and 4 was derived from the Issuer's Registration Statement on Form S-3 filed with the Securities and Exchange Commission on September 5, 2008, in which the Issuer stated that the number of shares of its common stock outstanding as of September 2, 2008 was 18,737,945 shares. In calculating the aforementioned percentages, the reporting persons have additionally included some of the Securities known by the reporting persons to have been issued subsequent to the filing of the Registration Statement on Form S-3.

**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.**

ECM serves as general partner and investment manager to certain client accounts that have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Issuer's common stock. Other than as reported in this Schedule, no individual client's holdings exceed five percent of that common stock.

**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**

Not applicable.

**Item 9. Notice of Dissolution of Group**

Not applicable.

**Item 10. 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.



Signature

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

Dated: October 6, 2008

ENABLE CAPITAL MANAGEMENT, LLC

By: /s/ Mitchell S. Levine  
Mitchell S. Levine, its Managing Member

ENABLE GROWTH PARTNERS, L.P.

By: Enable Capital Management, LLC, its General Partner

By: /s/ Mitchell S. Levine  
Mitchell S. Levine, its Managing Member

MITCHELL S. LEVINE

/s/ Mitchell S. Levine  
Mitchell S. Levine

EXHIBIT INDEX

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| Exhibit A | Joint Filing | Page 9 |
|           | Undertaking  |        |

EXHIBIT A

JOINT FILING UNDERTAKING

The undersigned, being authorized thereunto, hereby execute this agreement as an exhibit to this Schedule 13G to evidence the agreement of the below-named parties, in accordance with rules promulgated pursuant to the Securities Exchange Act of 1934, to file this Schedule, as it may be amended, jointly on behalf of each of such parties.

Dated: October 6, 2008

ENABLE CAPITAL MANAGEMENT, LLC

By: /s/ Mitchell S. Levine  
Mitchell S. Levine, its Managing Member

ENABLE GROWTH PARTNERS, L.P.

By: Enable Capital Management, LLC, its General Partner

By: /s/ Mitchell S. Levine  
Mitchell S. Levine, its Managing Member

MITCHELL S. LEVINE

/s/ Mitchell S. Levine  
Mitchell S. Levine