CorMedix Inc.
Form 8-K
February 01, 2017

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): January 30, 2017

CORMEDIX INC.
(Exact Name of Registrant as Specified in Charter)

Delaware	001-34673	20-5894890
(State or Other Jurisdictionof Incorporation)	(CommissionFile Number)	(IRS EmployerIdentification No.)

1430 U.S. Highway 206, Suite 200, Bedminster NJ	07921
(Address of Principal Executive Offices)	(Zip Code)

Registrant's Telephone Number, Including Area Code: (908) 517-9500

(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)

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 5.02. Departure of Directors or Certain Officers; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On January 30, 2017, we entered into employment agreements, each effective February 1, 2017, with Robert Cook to serve as our Chief Financial Officer and with Judith Abrams to serve as our Chief Medical Officer. Unless renewed pursuant to the terms thereof, each agreement will expire on January 31, 2020. After the initial three-year term of each employment agreement, the agreement will automatically renew for additional successive one-year periods, unless either party notifies the other in writing at least 90 days before the expiration of the then current term that the agreement will not be renewed. The agreements are identical except as to the performance milestones for certain options granted to each executive, discussed below.

Mr. Cook most recently served as Chief Financial Officer of Bioblast Pharma Ltd. from January 2016 to July 2016. His prior pharma experience includes: Executive Vice President and Chief Financial Officer at Strata Skin Sciences, Inc. from April 2014 to January 2016; Senior Vice President and Chief Financial Officer at Immune Pharmaceuticals, Inc. from August 2013 to March 2014, and its predecessor EpiCept Corporation from April 2004 to August 2013, including one year as Interim President and CEO of EpiCept in which he completed the reverse merger of EpiCept into Immune. Previously he served as CFO of publicly-held Pharmos Corporation. Mr. Cook began his career in financial services at Chase Manhattan and he also held a position as a Vice President in the Healthcare Group at General Electric Capital Commercial Finance. Mr. Cook holds a B.S. in Finance, magna cum laude, from The American University, in Washington, DC.

Most recently, Dr. Abrams served as Head of Celgene Corporation’s Otezla (Apremilast) Global Clinical Submission Team, from January 2012 to January 2017, where she led all clinical activities supporting the global submission through approval and launch of Otezla. Previously, Dr. Abrams has held positions of increasing responsibility managing the clinical development of a portfolio of products across all phases of clinical development, including Vice President, Medical & Science Inflammation at Novo Nordisk, Inc. from October 2010 to January 2012, and positions at NPS Pharmaceuticals, Inc., Johnson & Johnson PRD, Novartis Pharmaceuticals Corporation, Amgen Inc., and Bristol-Myers Squibb PRI. Dr. Abrams received her M.D. and completed fellowships in Internal Medicine and Rheumatology at the University of Toronto Faculty of Medicine. She completed a post-doctoral research fellowship at Stanford University School of Medicine, Division of Immunology where she subsequently became a member of the clinical faculty. Dr. Abrams is Adjunct Associate Professor, Department of Medicine, New York University School of Medicine.

In exchange for their service as our Chief Financial Officer and Chief Medical Officer, respectively, each executive will receive an annual base salary of $350,000, which cannot be decreased unless all officers and/or members of our executive management team experience an equal or greater percentage reduction in base salary and/or total compensation, provided that any reduction in executive’s salary may be no greater than 25%. Each executive will be eligible for an annual bonus, which may equal up to 30% of his or her base salary then in effect, as determined by our Board or compensation committee. In determining such bonus, our Board or compensation committee will take into consideration the achievement of specified company objectives, predetermined by our Chief Executive Officer and approved by the Board or compensation committee, and specified personal objectives, predetermined by the Board and each executive. For fiscal year 2017, each executive’s bonus will be prorated, contingent upon him or her meeting performance objectives established by the Board and the executive. Each executive must be employed through December 31 of a given year to earn that year’s annual bonus.

In connection with executive's employment, we granted each executive stock options to purchase 350,000 shares of our common stock, with 185,000 of the options vesting in four equal annual installments on the first four anniversaries of the grant date. The remaining 165,000 options are split into three tranches, which become exercisable upon the achievement of specified performance milestones for that executive, provided that these options will be forfeited if the milestones are not achieved within their respective time periods, the earliest of which is December 31, 2017 and the latest of which is December 31, 2019 in the case of Mr. Cook and the earliest of which is December 31, 2019 and the latest of which is June 30, 2020 in the case of Dr. Abrams. In each case, executive must be an employee of ours or consultant to us on the applicable vesting date.

Mr. Cook and Dr. Abrams will each receive up to $5,000 to cover legal fees and other expenses associated with negotiating their respective employment agreement.

Each executive is eligible to participate in all employee benefits available to our senior executives from time-to-time. Pursuant to the agreement, each executive is eligible for up to four weeks of paid vacation per year and may be reimbursed for specified business-related expenses.

If we terminate executive's employment for Cause (as defined below), executive will be entitled to receive only the accrued compensation due to him or her as of the date of such termination, rights to indemnification and directors' and officers' liability insurance, and as otherwise required by law. All unvested equity awards then held by executive will be forfeited to us as of such date.

If we terminate executive's employment other than for Cause, death or disability, other than by notice of nonrenewal, or if executive resigns for Good Reason (as defined below), executive will receive the following benefits: (i) payment of any accrued compensation and any unpaid bonus for the prior year, as well as rights to indemnification and directors' and officers' liability insurance and any rights or privilege otherwise required by law; (ii) we will continue to pay his or her base salary and benefits for a period of nine months following the effective date of the termination of employment; (iii) payment on a prorated basis for any target bonus for the year of termination based on the actual achievement of the specified bonus objectives; (iv) if executive timely elects continued health insurance coverage under COBRA, then we will pay the premium to continue such coverage for him or her and his or her eligible dependents in an amount equal to the portion paid for by us during executive's employment until the conclusion of the time when he or she is receiving continuation of base salary payments or until he or she becomes eligible for group health insurance coverage under another employer's plan, whichever occurs first, provided however that we have the right to terminate such payment of COBRA premiums on behalf of executive and instead pay him or her a lump sum amount equal to the COBRA premium times the number of months remaining in the specified period if we determine in our discretion that continued payment of the COBRA premiums is or may be discriminatory under Section 105(h) of the Internal Revenue Code of 1986, as amended; and (v) all unvested time-based stock options held by executive that are scheduled to vest on or before the next succeeding anniversary of the date of termination shall be accelerated and deemed to have vested as of the termination date. The separation benefits set forth above are conditioned upon executive executing a release of claims against us, our parents, subsidiaries and affiliates and each such entities' officers, directors, employees, agents, successors and assigns in a form acceptable to us, within a time specified therein, which release is not revoked within any time period allowed for revocation under applicable law.

If we terminate executive without Cause or if executive resigns for Good Reason within 24 months after a change in control (as defined in our 2013 Stock Incentive Plan), executive will receive the following benefits: (i) payment of any accrued compensation, as well as rights to indemnification and directors' and officers' liability insurance and any rights or privilege otherwise required by law; (ii) we will continue to pay his or her base salary and full target bonus for a period of nine months following the effective date of the termination of employment; (iii) payment on a prorated basis for any partial bonus earned by executive based on the actual achievement of the specified bonus objectives; (iv) if executive timely elects continued health insurance coverage under COBRA, then we will pay the entire premium necessary to continue such coverage for him or her and his or her eligible dependents until the conclusion of the time when he or she is receiving continuation of base salary payments or until he or she becomes eligible for group health insurance coverage under another employer's plan, whichever occurs first, provided however that we have the right to terminate such payment of COBRA premiums on behalf of executive and instead pay him or her a lump sum amount equal to the COBRA premium times the number of months remaining in the specified period if we determine in our discretion that continued payment of the COBRA premiums is or may be discriminatory under Section 105(h) of the Internal Revenue Code of 1986, as amended; and (v) all unvested stock options held by executive shall be accelerated and deemed to have vested as of the termination date and all options that have vested (including upon such acceleration) will remain exercisable until the earlier of 12 months following such termination or the expiration date of the respective options. The separation benefits set forth above are conditioned upon executive executing a release of claims against us, our parents, subsidiaries and affiliates and each such entities' officers, directors, employees, agents, successors and assigns in a form acceptable to us, within a time specified therein, which release is not revoked within any time period allowed for revocation under applicable law.

For purposes of the agreement, "Cause" is defined as: (i) the willful failure, disregard or refusal by executive to perform his or her material duties or obligations under the agreement (other than as a result of executive's mental incapacity or illness, as confirmed by medical evidence provided by a physician selected by us) that is not cured, to the extent subject to cure, by executive to our reasonable satisfaction within 30 days after we gave written notice thereof to executive; (ii) any willful, intentional or grossly negligent act by executive having the effect of materially injuring (whether financially or otherwise) our business or reputation or any of our affiliates; (iii) executive's conviction of any felony involving moral turpitude (including entry of a guilty or nolo contendere plea); (iv) executive's qualification as a "bad actor," as defined by 17 CFR 230.506(a); (v) the good faith determination by the Board, after a reasonable and good-faith investigation by us that executive engaged in some form of harassment or discrimination prohibited by law (including, without limitation, harassment on the basis of age, sex or race) unless executive's actions were specifically directed by the Board; (vi) any material misappropriation or embezzlement by executive of our property or our affiliates (whether or not a misdemeanor or felony); or (vii) material breach by executive of the agreement that is not cured, to the extent subject to cure, by executive to our reasonable satisfaction within 30 days after we gave written notice thereof to executive.

For purposes of the agreement, “Good Reason” is defined as: (i) any material breach of the agreement by us; (ii) any material diminution by us of executive’s duties, responsibilities, or authority; (iii) a material reduction in executive’s annual base salary unless all officers and/or members of our executive management team experience an equal or greater percentage reduction in annual base salary and/or total compensation; (iv) a required relocation of the primary place of performance of executive’s duties to a location more than 50 miles from our current location in Bedminster, New Jersey, provided that a change in the location of the primary place of performance of executive’s duties will not constitute Good Reason if such change occurs prior to a change in control and we only require executive to physically work at that new location two days or less per workweek and provide reimbursement of executive’s reasonable travel expenses in commuting to such new location; or (v) a material reduction in executive’s target bonus level unless all officers and/or members of our executive management team experience an equal or greater percentage reduction related to target bonus levels.

If executive terminates his or her employment by written notice of termination or if executive or we terminate his or her employment by providing a notice of nonrenewal at least 90 days before the agreement is set to expire, executive will not be entitled to receive any payments or benefits other than any accrued compensation, any unpaid prior year’s bonus, rights to indemnification and directors’ and officers’ liability insurance and as otherwise required by law.

If executive’s employment is terminated as a result of his or her death or disability, we will pay him or her or his or her estate, as applicable, any accrued compensation.

During the term of each agreement and the 12-month period immediately following executive’s separation from employment for any reason, executive is prohibited from engaging in any business involving the development or commercialization of a preventive anti-infective product that would be a direct competitor of Neutrolin or a product containing taurolidine or any other product being actively developed or produced by us within the United States and the European Union on the date of termination of his or her employment.

There are no family relationships between either of Mr. Cook or Dr. Abrams and any other director or executive officer of ours or any person nominated or chosen by us to become a director or executive officer of ours. There are no transactions with us in which either of Mr. Cook or Dr. Abrams has an interest requiring disclosure under Item 404(a) of Regulation S-K.

The description of Mr. Cook’s and Dr. Abrams’s employment agreements provided above are qualified in their entirety by reference to the full and complete terms of each agreement, which we intend to file as exhibits to our Annual Report on Form 10-K for the year ended December 31, 2016.

A copy of the press release announcing the appointment of Mr. Cook and Dr. Abrams is attached hereto as Exhibit 99.1 and incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d)
Exhibits

Exhibit No.	Description
99.1	Press release dated as of February 1, 2017.

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.

	CORMEDIX INC.	
Date: February 1, 2017	By:	/s/ Khoso Baluch
		Name: Khoso Baluch
		Title: Chief Executive Officer