

# AADI BIOSCIENCE, INC.

## **FORM 8-K** (Current report filing)

Filed 10/18/19 for the Period Ending 10/15/19

Address	17383 SUNSET AVENUE SUITE A250 PACIFIC PALISADES, CA, 90272
Telephone	424-473-8055
CIK	0001422142
Symbol	AADI
SIC Code	2834 - Pharmaceutical Preparations
Industry	Biotechnology & Medical Research
Sector	Healthcare
Fiscal Year	12/31

---

---

**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): October 15, 2019**

---

**AERPIO PHARMACEUTICALS, INC.**  
(Exact name of registrant as specified in its charter)

---

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

**001-38560**  
(Commission  
File Number)

**61-1547850**  
(I.R.S. Employer  
Identification No.)

**9987 Carver Road**  
**Cincinnati, OH**  
(Address of principal executive offices)

**45242**  
(Zip Code)

**Registrant's telephone number, including area code (513) 985-1920**

**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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, \$0.0001 par value per share	ARPO	Nasdaq Capital Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☒

---

---

---

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

***(1) Departure of Stephen Hoffman as Chief Executive Officer, Principal Executive Officer and Director***

On October 15, 2019, Stephen Hoffman departed his positions as Chief Executive Officer of Aerpio Pharmaceuticals, Inc. (the “Company”) and as principal executive officer of the Company, effective immediately. On October 15, 2019, Dr. Hoffman also resigned as a director of the Company, effective immediately.

***(2) Departure of Michael Rogers as Chief Financial and Business Officer, Principal Financial Officer and Principal Accounting Officer***

On October 15, 2019, Michael Rogers departed his positions as Chief Financial and Business Officer of the Company and as principal financial officer and principal accounting officer of the Company, effective immediately.

***(3) Appointment of Joseph Gardner as Principal Executive Officer***

On October 15, 2019, the Company appointed Joseph Gardner, the Company’s current President and Founder, as the Company’s principal executive officer on October 15, 2019, effective immediately.

Dr. Gardner’s biographical information and a description of his current compensatory arrangement with the Company is presented in the Company’s Proxy Statement filed with the SEC on April 30, 2019, as further revised in the Company’s Current Report on Form 8-K filed with the SEC on May 16, 2019, and is incorporated by reference herein.

No change is currently anticipated in Dr. Gardner’s compensatory arrangement with the Company as a result of his appointment as the Company’s principal executive officer. Additionally, there are no arrangements or understandings between Dr. Gardner and any other persons pursuant to which he was selected as the Company’s principal executive officer. Dr. Gardner has no family relationship with any of the executive officers or directors of the Company.

***(4) Appointment of Regina Marek as Principal Financial Officer and Principal Accounting Officer***

On October 15, 2019, the Company appointed Regina Marek, the Company’s current Vice President of Finance, as the Company’s principal financial officer and principal accounting officer, effective immediately.

Regina Marek has served as the Company’s Vice President of Finance since August 2018. From July 2014 to July 2018, Ms. Marek served as vice president, corporate controller and vice president, integration for Milacron (NYSE: MCRN). From 2012 to 2014, Ms. Marek was vice president of internal audit at Macy’s (NYSE: M) and, prior to that she held multiple roles at Owens Corning (NYSE:OC) from 2005 to 2012 including controller of the residential insulation business and director of internal audit for the global composites business. Ms. Marek started her career at Ernst & Young in Cleveland and worked as an auditor and senior manager in the transaction advisory service practice group. Ms. Marek is a licensed CPA and received her B.S.B.A in Accounting from John Carroll University in 1991 and her M.B.A. from Bowling Green State University in 2012.

Ms. Marek's offer letter provides for "at will" employment. Pursuant to the terms of her offer letter, and as further approved by the Board of Directors of the Company (the "Board"), Ms. Marek is entitled to receive an annual base salary of \$240,000 and a target annual performance bonus of 30% of her annual base salary. In accordance with the offer letter, and as approved by the Board on August 9, 2018 (the "Grant Date"), Ms. Marek also received a stock option to purchase 80,000 shares of the Company's common stock. To the extent permitted by applicable tax law, such options were granted in the form of an incentive stock option pursuant to the Company's 2017 Stock Option and Incentive Plan (the "2017 Plan"). The options will have a ten-year term and will vest as to one quarter of the shares subject to the option on the first anniversary of the Grant Date and as to the remaining shares subject to the option in 36 equal monthly installments thereafter, subject to Ms. Marek's continued service. The options have an exercise price per share equal to the closing price of the Company's common stock on the Nasdaq Stock Market on the Grant Date.

Additionally, on May 14, 2019, the Board granted a retention stock option award pursuant to the 2017 Plan to Ms. Marek to purchase 153,300 shares of the Company's common stock. The stock options vest 50% on June 30, 2020 and the remaining 50% vest on June 30, 2021, provided that Ms. Marek remains an employee of the Company or its subsidiaries on each vesting date. If Ms. Marek is terminated for a reason other than death, disability, or Cause (as defined in the 2017 Plan and the award agreements issued thereunder), such options (to the extent vested and exercisable as of the termination date), will remain exercisable for a period of two years following Ms. Marek's termination date. On May 14, 2019, the Board also approved a cash retention payment to Ms. Marek, which is expected to be paid at the end of the second quarter in fiscal year 2020, in the amount of \$120,000. Finally, on May 14, 2019, the Board adopted a severance arrangement pursuant to which Ms. Marek will receive certain severance benefits if she is terminated without Cause (as defined in the 2017 plan and the award agreements issued thereunder). Notwithstanding anything to the contrary in Ms. Marek's offer letter, Ms. Marek will receive a continuation of her base salary for six months plus one week per year of service and a continuation of health benefits for six months.

Ms. Marek will enter into the Company's standard form of indemnification agreement, a copy of which was filed as Exhibit 10.4 to the Company's Current Report on Form 8-K (File No. 000-53057) filed with the Securities and Exchange Commission on March 17, 2017. Pursuant to the terms of the indemnification agreement, the Company may be required, among other things, to indemnify Ms. Marek for some expenses, including attorneys' fees, judgments, fines and settlement amounts incurred by her in any action or proceeding arising out of her service as one of our officers. In addition, Ms. Marek has previously entered into a Confidentiality and IP Assignment Agreement that contains, among other things, non-competition and non-solicitation provisions that apply during the term of Ms. Marek's employment and for one year thereafter.

Ms. Marek has no family relationship with any of the executive officers or directors of the Company. There are no arrangements or understandings between Ms. Marek and any other person pursuant to which she was appointed as an officer of the Company.

The foregoing description of the offer letter with Ms. Marek is qualified in its entirety by reference to the complete text of such agreement, a copy of which is attached as Exhibit 10.1 to this Current Report on Form 8-K.

#### **Item 9.01 Financial Statements and Exhibits.**

##### **(d) Exhibits**

<u>Exhibit</u> <u>No.</u>	<u>Description</u>
10.1	<a href="#"><u>Offer Letter, dated July 15, 2018, by and between the Company and Gina Marek</u></a>

---

**SIGNATURES**

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.

Date: October 18, 2019

**AERPIO PHARMACEUTICALS, INC.**

By: /s/ Joseph Gardner  
Joseph Gardner  
President and Founder



Phone: 513-985-1920  
 Fax: 513-985-0999  
 www.aerpio.com

**Aerpio Pharmaceuticals, Inc**  
 9987 Carver Road, Suite 420  
 Cincinnati, OH 45242

July 15, 2018

Regina Marek, CPA MBA

[\*\*\*]  
 [\*\*\*]  
 [\*\*\*]

Dear Regina:

It is my pleasure to extend an offer of employment to you on behalf of Aerpio Pharmaceuticals, Inc. ("Aerpio"). Aerpio is proud of its achievements to date and we are looking to individuals such as yourself to play a key role in advancing our exciting drug products. We are convinced that you will make an impact, and we want to have you on our team.

This letter confirms to you Aerpio's offer of full-time employment. The terms of our offer are as follows:

1. **Position:** *Vice President of Finance*, reporting to Michael Rogers, Chief Financial Officer. Your primary responsibilities at Aerpio will be to manage all elements of the Company's financial accounting, controls, reporting, and systems. Specific responsibilities will include direct oversight of the accounting staff, maintaining and preparing the Company's financial statements, SEC filings, SOX compliance, technical accounting, tax accounting and compliance, internal financial reporting, and treasury. In your role, you will also act as the primary contact with our outside auditors, and work with the CFO in preparation of financial press releases and the preparation and presentation of materials for the Audit Committee of the Board of Directors.
2. **Start Date.** Your start date will be on or around August 1, 2018.
3. **Compensation:**  
 Your compensation will include the following.
  - (i) A base salary of \$225,000 per year, paid monthly (\$18,750 per month)
  - (ii) In addition to your base salary, you will be eligible to receive Incentive Compensation as follows:
    - (a) Annual performance-based cash bonuses up to a maximum of 30% of salary. Such bonuses are at the discretion of the Board of Directors. For the year ending December 31, 2018, your bonus will be pro-rated from your start date

Subject: Regina Marek Offer

- 
- (b) You will receive a grant of 80,000 stock options (pending Board approval), which will vest over four years. One quarter of these options will vest on the one-year anniversary of your start date, and the remainder will vest monthly, in equal installments, over the following 36 months. As a full-time employee, you will be eligible for future stock options (or other long-term incentive grants) and will be included in the employee equity incentive plan. All future stock option allocations will be subject to Board discretion and approval. To the extent that the Board approves long term incentive grants for the year ending December 31, 2018, any grants will pro-rated from your start date.
4. **Performance / Salary Reviews:** The current policy, subject to change without notice, is that reviews are conducted on an annual basis. See Employee Handbook for more details regarding policies and expectations for employees of Aerpio.
5. **Severance:** In the event that your employment is terminated without cause, Aerpio will pay you six (6) months of base salary. Such payments will be paid as salary continuation under Aerpio's normal pay practices at that time.
6. **Benefits:** The Company is committed to providing comprehensive and competitive benefits to its employees. The Company has a plan to provide for health care and dental insurance and as an employee you and your family may be eligible to join those plans. Eligibility for health care and dental insurance is contingent upon meeting the 25 hours per week threshold. The Company also provides a 401K plan, allowing employees to place pre-tax dollars in a retirement account up to the maximum permitted by law. The Company will provide twenty (20) days of paid time off (PTO) per calendar year, plus holidays, as defined and allocated in the Aerpio Employee Handbook. The number of vacation days available to you in 2018 is on a prorated basis depending on start date and percent year remaining. In addition to our "hard" benefits we offer a host of "soft" benefits such as a fun, flexible and stimulating work environment and the rewards of developing important new medicines.
7. **Taxes.** All forms of compensation referred to in this Offer Letter are subject to reduction to reflect applicable withholding and payroll taxes and other deductions required by law. You hereby acknowledge that the Company does not have a duty to design its compensation policies in a manner that minimizes your tax liabilities, and you will not make any claim against the Company or its board of directors related to tax liabilities arising from your compensation.
8. **Contingencies:** Additionally, this offer is contingent upon your submission of appropriate documentation for verification purposes in order for the Company to maintain compliance with the Immigration and Reform Control Act of 1986, as amended. Subsequent to accepting our offer, Aerpio expects all employees to complete and have in force an Employee Agreement, incorporated by reference herein, which will be sent in a subsequent mailing.

Subject: Regina Marek Offer

9. **Employment at Will:** The parties hereto recognize that this offer of employment is not intended to create a contract of employment and both Aerpio and the employee retain the right to terminate the employment relationship at any time without cause.

10. **Covenants, Company Matters - Confidentiality and Assignment of Rights:**

Employee shall not disclose, use or make known for Employee's or another's benefit other than for the benefit of the Company and its affiliates any Company Confidential Information (as further defined and elaborated in the Employee Agreement).

All ideas, concepts, inventions, improvements, programs, information technology, derivative works, processes, configurations, data, procedures, designs, techniques and other works of authorship, conceived or reduced to practice by Employee, either solely or in collaboration with others, during Employee's employment with the Company, including but not limited to all copyright, trademark, patent, trade secret and intellectual property rights associated therewith, shall become and remain the exclusive property of the Company. Employee hereby assigns to the Company any and all of Employee's right, title and interest in and to any of the foregoing, and Employee waives any claim that Employee may have thereto (as further defined and elaborated in the Employee Agreement).

11. **Interpretation, Amendment and Enforcement.** This Offer Letter constitutes the complete agreement between you and the Company, contains all of the terms of your employment with the Company and supersedes any prior agreements, representations or understandings (whether written, oral or implied) between you and the Company. The terms of this Offer Letter and the resolution of any disputes as to the meaning, effect, performance or validity of this Offer Letter or arising out of, related to, or in any way connected with, this Offer Letter, your employment with the Company or any other relationship between you and the Company (the "Disputes") will be governed by Ohio law, excluding laws relating to conflicts or choice of law. You and the Company submit to the exclusive personal jurisdiction of the federal and state courts located in the state of Ohio in connection with any Dispute or any claim related to any Dispute.

[Remainder of Page Intentionally Left Blank.]

Subject: Regina Marek Offer



---

To indicate acceptance, please sign and return a copy of this letter (via fax, pdf or regular mail).

Gina, we look forward to you joining us at Aerpio. Everyone on the team who met you believes that you can make a great contribution to the success of Aerpio. Aerpio presents an opportunity to work with experienced, capable people whose primary mission is to make a significant difference in the lives of people with diabetes. We hope that you will join us in this endeavor.

Respectfully,

Aerpio Pharmaceuticals, Inc.

By: /s/ Michael Rogers

Name: Michael Rogers

Title: Chief Financial Officer

cc: Stephen Hoffman, Joseph Gardner

\_\_\_\_\_

The undersigned accepts the above employment offer, agrees that it contains partial terms of employment with Aerpio Pharmaceuticals, Inc. By accepting this offer of employment, the undersigned is acknowledging that no prior employment obligations or other contractual restrictions exist which preclude employment with Aerpio Pharmaceuticals, Inc. It is further understood that this offer is confidential and disclosure of any of the terms and conditions contained herein constitute grounds for termination of employment or withdrawal of this offer.

Accepted:

/s/ Regina Marek

Regina Marek

Subject: Regina Marek Offer

Page 4 of 5

---

Subject: Regina Marek Offer

Page 5 of 5