

FORM 4

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

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

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

(Print or Type Responses)

1. Name and Address of Reporting Person* QUIGLEY GUY J		2. Issuer Name and Ticker or Trading Symbol ProPhase Labs, Inc. [PRPH]		5. Relationship of Reporting Person(s) to Issuer (Check all applicable) Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> Officer (give title below) _____ Other (specify below) _____	
(Last)	(First)	(Middle)	3. Date of Earliest Transaction (Month/Day/Year) 09/04/2012		6. Individual or Joint/Group Filing (Check Applicable Line) <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person
3720 FOUNTAIN CIRCLE (Street)			4. If Amendment, Date Original Filed (Month/Day/Year)		
FOUNTAINVILLE, PA 18923 (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 Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			

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

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

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 Securities (Instr. 3 and 4)	8. Price of Derivative Security (Instr. 5)	9. Number of Derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4)	10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4)	11. Nature of Indirect Beneficial Ownership (Instr. 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date						Title
Option (obligation to sell) (1)	\$ 1.4	09/04/2012		S			1	09/04/2012	(2)	Common Stock, \$.0005 par value per share	\$ 1,453,427 (3)	\$ 200,000	1	D	

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
QUIGLEY GUY J 3720 FOUNTAIN CIRCLE FOUNTAINVILLE, PA 18923		X		

Signatures

/s/ Guy J. Quigley	09/06/2012
<small>Signature of Reporting Person</small>	<small>Date</small>

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).

On September 4, 2012, the Reporting Person entered into a Stock Option Agreement with Matrixx Initiatives, Inc. ("Matrixx") pursuant to which the Reporting Person sold to Matrixx an (1) option (the "Option") to acquire 1,453,427 shares of Common Stock owned by the Reporting Person, representing approximately 9.8% of the Issuer's outstanding shares of Common Stock (the "Option Shares"), for an exercise price of \$1.40 per share or \$2,034,797.80 in the aggregate (the "Option Price"), pursuant to the terms and conditions contained therein.

- (2) The Option expires on the earliest to occur of (i) Matrixx's failure to deliver written notice to Mr. Quigley of its intent to exercise the Option within thirty (30) calendar days after the date of the Stock Option Agreement, (ii) Matrixx's failure to pay the Option Price and (iii) the date that is three (3) years from the date of the Stock Option Agreement (the "Expiration Date").
- (3) The Option may be exercised in whole, but not in part, by Matrixx at any time prior to the Expiration Date.

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

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.