

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): April 21, 2011

PROPHASE LABS, INC.
(Exact name of registrant as specified in its charter)

Nevada
(State or other
jurisdiction of incorporation)

0-21617
(Commission
File Number)

23-2577138
(I.R.S. Employer
Identification No.)

621 Shady Retreat Road
Doylestown, PA
(Address of principal executive offices)

18901
(Zip Code)

Registrant's telephone number, including area code: **(215) 345-0919**

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

(c)

On April 21, 2011, the Board of Directors of ProPhase Labs, Inc. (the “**Company**”) promoted to Chief Financial Officer its Interim Chief Financial Officer and Chief Operating Officer, Robert V. Cuddihy, Jr. Additionally, Mr. Cuddihy remains the Company’s Chief Operating Officer and his compensation arrangement with the Company did not change.

(e)

Stockholder Ratification of Amended and Restated 2010 Equity Compensation Plan

At the Annual Meeting of Stockholders of the Company held on April 21, 2011 (the “**Annual Meeting**”), the Company’s stockholders ratified the Company’s Amended and Restated 2010 Equity Compensation Plan (the “**AR 2010 Plan**”), permitting the issuances of awards of common stock under the plan. Prior to adoption and ratification of the amendments, only options were authorized to be issued under the plan.

The AR 2010 Plan provides for the grant of common stock and options to employees, officers, consultants and advisors of the Company and its affiliates. The aggregate number of shares of common stock that may be issued under all awards made under the AR 2010 Plan is equal to 900,000 shares plus up to 900,000 shares that are authorized for issuance but unissued under the Company’s 1997 Stock Option Plan (the “**1997 Plan**”). The 1997 Plan expired on December 2, 2007, and no additional awards may be made thereunder. As of April 20, 2011, after taking into consideration roll-over shares from the 1997 Plan and issuances under the plan until that time, there were 818,000 shares issuable under the AR 2010 Plan.

The AR 2010 Plan is administered by the Compensation Committee. The 2010 AR Plan will expire on the seventh anniversary of the effective date (as defined in the AR 2010 Plan), but any such awards granted prior to such date may extend beyond such date. The Compensation Committee may not adjust or amend the exercise price of any outstanding stock option or substitute an outstanding option for a new option with a lower exercise price, except in the case of a stock split, recapitalization or change in control, as provided in Section 8 of the AR 2010 Plan.

For a more detailed description of the material features of the AR 2010 Plan, please refer to the Company’s Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 21, 2011 in connection with the Company’s 2011 Annual Meeting (the “**2011 Proxy Statement**”), under the caption “Proposal 3 — Ratification of the Amended and Restated 2010 Equity Compensation Plan”, which description is incorporated herein by reference. The above description of the AR 2010 Plan does not purport to be complete and is qualified in its entirety by reference to the complete text of such plan, which was attached as Exhibit A to the 2011 Proxy Statement and is incorporated by reference herein. The information contained in Item 5.07 of this Report regarding the ratification of the AR 2010 Plan is incorporated herein by reference.

Chief Executive Officer Compensation Arrangement

On April 21, 2011, the Compensation Committee approved an amendment to Chief Executive Officer Ted Karkus' employment agreement, dated August 19, 2009 (the "**Amendment**") to lower his annual salary by \$150,000 (or \$12,500 per month) in exchange for a grant of restricted stock equal in value to the salary reduction. Pursuant to the Amendment, Mr. Karkus' annual base salary was decreased from \$750,000 per year to \$600,000 per year, effective May 1, 2011 thru July 15, 2012, which is the end of the term of his employment agreement, as amended. The Amendment also provided Mr. Karkus with a restricted stock grant under the AR 2010 Plan equal to \$12,500 of shares per month thru the end of the term (14.5 months), which was made in an upfront grant of 161,830 shares, subject to certain future vesting conditions. The grant was made on April 21, 2011, and the amount of the shares issued to Mr. Karkus was calculated based on the average closing price of the Company's shares for the last five (5) trading days prior to and including the issuance date of April 21, 2011. A copy of the Amendment is annexed to this Current Report on Form 8-K as Exhibit 10.3.

In addition, on April 21, 2011, the Compensation Committee granted Mr. Karkus 133,928 shares of common stock under the AR 2010 Plan as payment for his fiscal 2010 bonus. The Company previously disclosed in its 2011 Proxy Statement, that upon the recommendation of the Compensation Committee, Mr. Karkus had agreed to accept his fiscal 2010 cash bonus of \$150,000 in shares of common stock of the Company, provided that the amendments to the 2010 Equity Compensation Plan were ratified by our stockholders at the Annual Meeting. Furthermore, Mr. Karkus agreed to convert into shares of common stock \$144,000 of deferred compensation owed to him thru April 2011, resulting in an issuance of 128,571 shares under the AR 2010 Plan. The amount of these shares issued to Mr. Karkus was calculated based on the average closing price of the Company's shares for the last five (5) trading days prior to and including the issuance dates of April 21, 2011.

Item 5.07 Submission of Matters to a Vote of Security Holders.

Three proposals were submitted to, and approved by, stockholders at the Annual Meeting on April 21, 2011. The proposals are described in detail in the Company's 2011 Proxy Statement. The final results for the votes regarding each proposal are set forth below.

1. Stockholders elected six directors to the Company's Board to hold office for the ensuing year until the next annual meeting of stockholders and until their successors are elected and qualified. The votes regarding this proposal were as follows:

	For	Withheld	Abstained	Broker Non-Votes
Ted Karkus	5,055,496	143,792	0	3,247,224
Mark Burnett	5,057,136	142,152	0	3,247,224
Mark Frank	5,057,246	142,042	0	3,247,224
Louis Gleckel, MD	5,073,096	126,192	0	3,247,224
Mark Leventhal	5,057,096	142,192	0	3,247,224
James McCubbin	5,011,246	188,042	0	3,247,224

2. Stockholders ratified the selection of EisnerAmper LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2011. The votes regarding this proposal were as follows:

For	Against	Abstained	Broker Non-Votes
8,357,402	83,603	5,507	0

3. Stockholders ratified the adoption of the Amended and Restated 2010 Equity Compensation Plan. The votes regarding this proposal were as follows:

For	Against	Abstained	Broker Non-Votes
4,926,636	251,014	21,638	3,247,224

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

No.	Description
10.1	Amended and Restated 2010 Equity Compensation Plan (incorporated by reference to Exhibit A to the Company's Definitive Proxy Statement on Schedule 14A filed with the Securities and Exchange Commission on March 16, 2011)
10.2	Form of Stock Award Agreement under the Amended and Restated 2010 Equity Compensation Plan*
10.3	First Amendment to Employment Agreement, dated April 21, 2011, by and between ProPhase Labs, Inc. and Ted Karkus*

* Filed herewith.

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.

The Quigley Corporation

Date: April 25, 2011

By: /s/ Robert V. Cuddihy, Jr.

Robert V. Cuddihy, Jr.
Chief Operating Officer & CFO

EXHIBIT INDEX

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*	Filed herewith.

PROPHASE LABS, INC.

AMENDED AND RESTATED 2010 EQUITY COMPENSATION PLAN

RESTRICTED STOCK AWARD AGREEMENT

This **RESTRICTED STOCK AWARD GRANT AGREEMENT** (the "Agreement"), is made effective as of the [] day of [] (the "Date of Grant"), is delivered by ProPhase Labs, Inc., a Nevada corporation (the "Company"), to [] (the "Grantee").

RECITALS

A. The ProPhase Labs, Inc. Amended and Restated 2010 Equity Compensation Plan (the "Plan") provides for the grant of stock in accordance with the terms and conditions of the Plan. The Company has decided to make a stock grant to the Grantee to promote the best interests of the Company and its stockholders.

B. The Plan is administered by the Compensation Committee of the Board of Directors of the Company (the "Committee").

NOW, THEREFORE, the parties to this Agreement, intending to be legally bound hereby, agree as follows:

1. **Restricted Stock Grant.** Subject to the terms and conditions set forth in this Agreement and the Plan, the Company hereby grants to the Grantee [] shares of common stock of the Company, subject to the restrictions set forth below and in the Plan ("Restricted Stock"). Shares of Restricted Stock may not be transferred by the Grantee or subjected to any security interest until the shares have become vested pursuant to this Agreement and the Plan.

2. **Vesting and Nonassignability of Restricted Stock**

The shares of Restricted Stock shall become vested, and the restrictions described in Sections 2(b) and 2(c) shall lapse, in the manner provided below, if the Grantee continues to provide service to the Company (as defined in the Plan) from the Date of Grant until the applicable vesting date. For this purpose, the term "Shares" refers to the number of shares underlying that portion of the Award that vests in the manner described under Vest Type and Full Vest Date. The term "Vest Type" describes how those shares will vest before the Full Vest Date. For example, if Vest Type is "monthly", those shares will vest on a pro rata basis on each monthly anniversary of the Date of Grant. The term "Full Vest Date" is the date on which the shares will be fully vested.

Shares
[]

Vest Type
[]

Full Vest Date
[]

(a) If the Grantee's service with the Company terminates for any reason before the Restricted Stock is fully vested, the shares of Restricted Stock that are not then vested shall be forfeited and must be immediately returned to the Company.

(b) During the period before the shares of Restricted Stock vest (the "Restriction Period"), the non-vested Restricted Stock may not be assigned, transferred, pledged or otherwise disposed of by the Grantee. Any attempt to assign, transfer, pledge or otherwise dispose of the shares contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the shares, shall be null, void and without effect.

(c) The vesting of the Grant is cumulative, but shall not exceed one hundred percent (100%) of the Shares subject to the Grant. If the foregoing schedule would produce fractional Shares, the number of Shares for which the Grant vests shall be rounded down to the nearest whole Share.

3. **Issuance of Certificates.**

(a) Stock certificates representing the Restricted Stock may be issued by the Company and held in escrow by the Company until the Restricted Stock vests, or the Company may hold non-certificated shares until the Restricted Stock vests. In the event of a dividend or distribution payable in stock or other property or a reclassification, split up or similar event during the Restriction Period, the shares or other property issued or declared with respect to the non-vested shares of Restricted Stock shall be subject to the same terms and conditions relating to vesting as the shares to which they relate.

(b) When the Grantee obtains a vested right to shares of Restricted Stock, a certificate representing the vested shares shall be issued to the Grantee, free of the restrictions under Paragraph 2 of this Agreement.

(c) The obligation of the Company to deliver shares upon the vesting of the Restricted Stock shall be subject to all applicable laws, rules, and regulations and such approvals by governmental agencies as may be deemed appropriately to comply with relevant securities laws and regulations.

4. **Change in Control.** The provisions of the Plan applicable to a Change in Control (as defined in the Plan) shall apply to the Restricted Stock.

5. **Grant Subject to Plan Provisions.** This grant is made pursuant to the Plan, the terms of which are incorporated herein by reference, and in all respects shall be interpreted in accordance with the Plan. The grant is subject to interpretations, regulations and determinations concerning the Plan established from time to time by the Committee in accordance with the provisions of the Plan, including, but not limited to, provisions pertaining to (i) rights and obligations with respect to withholding taxes, (ii) the registration, qualification or listing of the shares, (iii) changes in capitalization of the Company, and (iv) other requirements of applicable law. The Committee shall have the authority to interpret and construe the grant pursuant to the terms of the Plan, and its decisions shall be conclusive as to any questions arising hereunder.

6. **Assignment by Company.** The rights and protections of the Company hereunder shall extend to any successors or assigns of the Company and to the Company's parents, subsidiaries, and affiliates. This Agreement may be assigned by the Company without the Grantee's consent.

7. **Applicable Law.** The validity, construction, interpretation and effect of this Agreement shall be governed by and construed in accordance with the laws of the State of Pennsylvania, without giving effect to the conflicts of laws provisions thereof.

8. **Notice.** Any notice to the Company provided for in this Agreement shall be addressed to the Company in care of the Compensation Committee at **621 N. Shady Retreat Road, Doylestown, PA 18901** and any notice to the Grantee shall be addressed to such Grantee at the current address shown on the payroll of the Company, or to such other address as the Grantee may designate to the Company in writing. Any notice shall be delivered by hand, sent by facsimile or enclosed in a properly sealed envelope addressed as stated above deposited, postage prepaid, in a post office regularly maintained by the United States Postal Service.

IN WITNESS WHEREOF, the Company has caused its duly authorized officer to execute this Agreement, and the Grantee has placed his or her signature hereon, effective as of the Date of Grant.

ProPhase Labs, Inc.

By: _____

Name: _____

Title: _____

I hereby accept the grant of Restricted Stock described in this Agreement, and I agree to be bound by the terms of the Plan and this Agreement. I hereby further agree that all the decisions and determinations of the Committee shall be final and binding.

Grantee

Date

FIRST AMENDMENT TO EMPLOYMENT AGREEMENT

This First Amendment to the Employment Agreement (this "Amendment") is made and entered into effective the 21st day of April, 2011, by and between ProPhase Labs, Inc., a Nevada corporation (the "Company"), and Ted Karkus ("Executive").

WITNESSETH

WHEREAS, the Company and Executive previously entered into that certain Employment Agreement dated the 19th day of August, 2009 (the "Employment Agreement"); and

WHEREAS, the Company and Executive desire to amend the Employment Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Employment Agreement as follows:

1. Amendment to Section 4. Section 4 of the Employment Agreement is hereby amended and restated in its entirety as follows:

"4. Compensation and Benefits. During the term of this Agreement:

(a) Beginning on the Effective Date and thru April 30, 2011, the Company shall pay to Executive a base salary at the annual rate of not less than Seven Hundred Fifty Thousand Dollars (\$750,000), paid in approximately equal installments at intervals based on any reasonable Company policy.

(b) i. Effective May 1, 2011 and thru July 15, 2012, the Company shall pay to Executive a base salary at the annual rate of Six Hundred Thousand Dollars (\$600,000), paid in approximately equal monthly installments of \$50,000 or at other intervals and appropriate amounts based on any reasonable Company policy.

ii. In addition to the base salary provided in Section 4(b) above, Executive shall on the date of this Amendment be issued an equity grant of restricted common stock valued at \$181,250 (the "Stock Grant"). Such Stock Grant will be made under the Company's Amended and Restated 2010 Equity Compensation Plan (the "Plan"), be evidenced by a separate award agreement with vesting conditions pursuant to the Plan, and the amount of the shares to be issued to Executive will be calculated based on the average closing price of the Company's common stock for the last five (5) trading days prior to and including the issuance date.

(c) During the term hereof, Executive shall be eligible to participate in all health, retirement, Company-paid insurance, sick leave, vacation, disability, expense reimbursement and other benefit programs which the Company or its subsidiaries makes available to any of its senior executives.

(d) Executive may be awarded an annual bonus (in cash or stock of the Company) in the sole discretion of the Compensation Committee of the Board of Directors. Executive also shall be eligible to participate in any Company incentive stock, option or bonus plan offered by the Company to its senior executives, subject to the terms thereof and at the sole discretion of the Compensation Committee of the Board of Directors.”

2. Amendment to Section 13. Section 13 of the Employment Agreement is hereby amended and restated in its entirety as follows:

“13. Governing Law. This Agreement, and any statements, conduct, claims, causes of action, liabilities or other matters relating to or arising out of or in connection with this Agreement, shall be governed by, and construed in accordance with, the laws of the State of Pennsylvania, without regard to choice of law or conflict of law principles.”

3. Effect of Amendment. Whenever the Employment Agreement is referred to in the Employment Agreement or in any other agreements, documents and instruments, such reference shall be deemed to be to the Employment Agreement as amended by this Amendment.

4. Counterparts. This Amendment may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

5 . Headings. The headings herein are inserted for the convenience of reference only and are not intended to be part of, or to affect the meaning or interpretation of, this Amendment.

6. Agreement. The Employment Agreement, as amended hereby, remains in full force and effect.

IN WITNESS WHEREOF, the Company and Executive have entered into this Amendment as of the date first set forth above.

COMPANY

By: /s/ Robert V. Cuddihy, Jr.
Name: Robert V. Cuddihy, Jr.
Title: Chief Operating Officer

EXECUTIVE

/s/ Ted Karkus
Ted Karkus