
**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): September 27, 2005

QUESTCOR PHARMACEUTICALS, INC.

(Exact Name of Registrant as Specified in Charter)

California
(State or Other Jurisdiction
of Incorporation)

001-14758
(Commission File Number)

33-0476164
(I.R.S. Employer
Identification No.)

3260 Whipple Road Union City, California
(Address of Principal Executive Offices)

94587
(Zip Code)

Registrant's telephone number, including area code: **(510) 400-0700**

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 Principal Officers; Election of Directors; Appointment of Principal Officers

On September 27, 2005, Questcor Pharmaceuticals, Inc. (the "Company") appointed George Stuart, age 42, as the Company's Vice President of Finance and Chief Financial Officer. Prior to joining Questcor, from April 2001 to June 2005, Mr. Stuart served as Vice President, Finance, Chief Financial Officer and Treasurer of Xcel Pharmaceuticals, Inc. He was a co-founder of Xcel, a private start up company. Prior to Xcel, from May 1999 to April 2001, Mr. Stuart was Director of Corporate Accounting for Ligand Pharmaceuticals, Inc. Mr. Stuart received his bachelor's degree from San Diego State University in Accounting and is a Certified Public Accountant.

Upon his appointment as Vice President of Finance and Chief Financial Officer, Mr. Stuart was granted an option to purchase 400,000 shares of common stock of the Company at an exercise price of \$0.50 per share. The options vest monthly over 48 months from the date of grant and contain a one year cliff, whereby no options vest until the first anniversary of the date of grant. The options expire ten years following the date of grant.

The Company and Mr. Stuart are party to an agreement that would provide certain benefits upon a change in control of the Company. The agreement provides that in the event a change in control of the Company occurs and his employment with the Company is involuntarily terminated, either by the Company other than for cause or by Mr. Stuart for good reason, within the six month period commencing on the date of such change in control, fifty percent of his unvested stock options under any plan of the Company that are then outstanding shall become vested and exercisable immediately on the date of the involuntary termination. The Company and Mr. Stuart are also party to an agreement that would provide severance compensation totaling six months of base salary during the first three years of employment or twelve months of base salary after the first three years of employment in the event his employment is terminated either by the Company other than for cause or by Mr. Stuart for good reason.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
10.48	Offer of Employment Letter Agreement between the Company and George Stuart dated September 27, 2005
10.49	Change-in-Control Letter Agreement between the Company and George Stuart dated September 28, 2005
10.50	Severance Letter Agreement between the Company and George Stuart dated September 28, 2005

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: September 30, 2005

QUESTCOR PHARMACEUTICALS, INC.

By: /s/ JAMES L. FARES

James L. Fares

President and Chief Executive Officer

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
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September 27, 2005

VIA EMAIL

George Stuart
3260 Whipple Road
Union City, California 94587

Re: Offer of Employment

Dear Mr. Stuart:

Questcor Pharmaceuticals, Inc. (the "Company") is pleased to offer you the position of Vice President of Finance, Chief Financial Officer, a corporate officer, on the terms described below. Should you accept our offer of employment, your start date will be on September 27, 2005.

You will report to James Fares, Chief Executive Officer. Your office will be located at our facility in Union City, California. It is also understood that you will at times work from an office located at the above mailing address as well. Of course, the Company may change your reporting responsibilities, position, duties, and work location from time to time, as it deems necessary.

Your base compensation will be \$225,000 per annum (\$9,375.00 semi-monthly) less all amounts the Company is required to hold under applicable laws. You will be a participant in the annual employee incentive program for 2005. Your incentive bonus of up to \$35,000 will be based on the attainment of specific milestones during each calendar year. The milestones will be communicated to you in writing by Mr. Fares following the start of your employment and will be updated annually as part of the performance review process. The Company will provide you with indemnification equivalent to that provided to other senior management and pursuant to the Company's Directors and Officers insurance policies as in place from time to time. In addition, as soon as administratively practicable following the start of your employment, the Company will provide you with a change of control agreement commensurate with your position.

You will be eligible to participate in the Company's various benefit plans including medical, dental and vision insurance, as well as life, accidental death and disability insurance. You will receive 16 days of paid vacation per calendar year, in addition to paid regular holidays. You will also be eligible to participate in the Company's 401(k) Plan, Section 529 College Savings Program and Employee Stock Purchase Plan. The eligibility requirements for these plans are explained in the Company's Employee Handbook, and in

the case of the Company's 401(k) Plan, in the 401(k) Plan's summary plan description. A copy of the Employee Handbook and the 401(k) Plan's summary plan description will be provided to you. Please read them carefully. Of course, to the extent the provisions of the various plans are inconsistent with the provisions of the Employee Handbook or summary plan description, the plan provisions will control.

As you no doubt appreciate, as a Company employee, you will be expected to abide by Company rules and regulations, acknowledge in writing that you have read the Company's Employee Handbook, sign and comply with a Proprietary Information and Inventions Agreement which prohibits unauthorized use or disclosure of Company proprietary information and sign the Policy Against Insider Trading.

The Company's management has in effect an employee stock option plan to recognize the talent and skills our employees bring to the Company. Management will recommend to the Board of Directors that, at the time you join the Company, the Company grant to you an option under the stock option plan to purchase 400,000 shares of the Common Stock of the Company at an exercise price equal to 100% of the closing price of the Company's Common Stock on the date prior to hire. One-fourth (1/4th) of these options will vest after twelve (12) months of employment and thereafter the remaining shares will vest at the rate of 1/48th of the original total grant on each monthly anniversary of your continued employment with the Company. The option will be subject to the terms and conditions of the Company's stock option plan and your stock option agreement.

The Company will review your performance in accordance with the Employee Handbook, to assess your accomplishment of milestones and goals, which the Company reasonably sets for you. The Company will consider whether and when you should receive increases in your compensation and benefits as described therein based on such accomplishments.

You may terminate your employment with the Company at any time and for any reason whatsoever simply by notifying the Company. Likewise, the Company may terminate your employment at any time and for any reason whatsoever, with or without cause or advance notice. This at-will employment relationship cannot be changed except in writing signed by the Chief Executive Officer.

Any and all disputes connected with, relating to or arising from your employment with the Company will be settled by final and binding arbitration in accordance with the rules of the American Arbitration Association as presently in force. The only claims not covered by this Agreement are claims for benefits under the unemployment insurance or workers' compensation laws. Any such arbitration will take place in Alameda County, California. The parties hereby incorporate into this agreement all of the arbitration provisions of Section 1283.05 of the California Code of Civil Procedure. The Company understands and agrees that it will bear the costs of the arbitration filing and hearing fees and the cost of the arbitrator. Each side will bear its own attorneys' fees, and the arbitrator will not have authority to award attorneys' fees unless a statutory section at issue in the dispute authorizes the award of attorneys' fees to the prevailing party, in which case the arbitrator has authority to make such award as permitted by the statute in question. The arbitration shall be instead of any civil litigation; this means that you are waiving any right to a jury trial, and that the arbitrator's decision shall be final and binding to the fullest extent permitted by law and enforceable by

any court having jurisdiction thereof. Judgment upon any award rendered by the arbitrators may be entered in any court having jurisdiction.

The employment terms in this letter supersede any other agreements or promises made to you by anyone, whether oral or written, express or implied. In the event you accept this employment offer, the terms set forth in this letter will comprise our final, complete and exclusive agreement with respect to the subject matter of this letter. Thus, by accepting this employment offer and signing this offer letter, you agree to be bound by its terms and conditions. As required by law, the Company's offer is subject to satisfactory proof of your right to work in the United States no later than three days after your employment begins.

Please sign and date this letter, and return it to me as soon as possible. This offer terminates if it is not signed and delivered to me by the close of business on September 27, 2005. A facsimile copy will suffice for this purpose, so long as an original signature is delivered when you commence employment. My confidential facsimile number is (510) 400-0710.

We look forward to your favorable reply and to a productive and enjoyable work relationship.

Sincerely,

/s/ JAMES L. FARES

James L. Fares
President and Chief Executive Officer

I hereby acknowledge that I have read the foregoing letter and agree to be bound by all of its terms and conditions:

/s/ GEORGE STUART

George Stuart

September 27, 2005

Date

September 28, 2005

George Stuart
3260 Whipple Road
Union City, California 94587

RE: Change-in-Control

Dear George:

This letter agreement (this "Agreement") is entered into pursuant to that certain offer letter (the "Offer Letter") dated September 27, 2005, between you and Questcor Pharmaceuticals, Inc., a California corporation ("Questcor"). Questcor considers it essential to the best interests of its stockholders to foster the continuous employment of key management personnel. In connection with this, Questcor's Board of Directors (the "Board") recognizes that, as is the case with many publicly held corporations, the possibility of a change in control of Questcor may exist and that the uncertainty and questions that it may raise among management could result in the departure or distraction of management personnel to the detriment of Questcor and its stockholders.

Accordingly, the Board has decided to reinforce and encourage your attention and dedication to your assigned duties without the distraction arising from the possibility of a change in control of Questcor. In order to induce you to become an employee of Questcor and remain in the employ of Questcor and its direct and indirect, majority-owned subsidiaries (collectively, the "Company"), Questcor hereby agrees that after this letter agreement (this "Agreement") has been fully executed and delivered by Questcor and you, you shall be entitled to receive the benefits set forth in this Agreement in the event of certain Changes in Control (as defined in The Questcor Pharmaceuticals, Inc. 1992 Stock Option Plan (the "Plan")). You shall receive no benefits under this Agreement unless there has been a Change in Control.

1. Accelerated Vesting. Notwithstanding anything to the contrary in Section 11 of the Plan (other than Sections 11(a) and 11(h)), in the event that a Change in Control occurs, and your employment with the Company is terminated as a result of an Involuntary Termination (as defined below) at any time within the six (6) month period commencing on the date of such Change in Control, fifty percent (50%) of the then-unvested shares of Questcor's common stock subject to each of your outstanding stock options will become immediately vested and exercisable on the date of your Involuntary Termination. The Company shall cause each option agreement evidencing the grant of stock options to you (each, an "Option Agreement") under the Plan to reflect the accelerated vesting provisions set forth in this Agreement.

2. Definition of Involuntary Termination. For purposes of this Agreement, “Involuntary Termination” means the termination of your employment with the Company either: (i) by the Company without Cause, or (ii) by you upon 30 days’ prior written notice to the Company for Good Reason.

3. Definition of Cause. For purposes of this Agreement, “Cause” means the termination of your employment for any one or more of the following: (i) your habitual or material neglect of your assigned duties with the Company (other than by reason of disability), or intentional refusal to perform your assigned duties with the Company (other than by reason of disability), which continues uncured for thirty (30) days following receipt of written notice of such deficiency or “Cause” event from the Board, specifying in detail the scope and nature of the deficiency or the “Cause” event; (ii) your act of dishonesty intended to result in your gain or personal enrichment; (iii) your personally engaging in illegal conduct which causes material harm to the reputation of the Company or its Affiliates (as defined in the Plan); (iv) your commission of a felony or gross misdemeanor directly relating to, your act of dishonesty or fraud against, or your misappropriation of property belonging to, the Company or its Affiliates (as defined in the Plan); (v) your personally engaging in any act of moral turpitude that causes material harm to the reputation of the Company; (vi) your intentionally breach in any material respect of the terms of any nondisclosure agreement with the Company; or (vii) your commencement of employment with another company while an employee of the Company without the prior consent of the Board. Any determination of “Cause” as used herein will be made only in good faith by the Board.

4. Definition of Good Reason. For purposes of this Agreement, “Good Reason” means the removal of your title of Vice President of Finance, Chief Financial Officer, without your written consent; provided, however, Good Reason shall not exist as a result of any reduction of your authority, duties or responsibilities so long as you retain the title of Vice President of Finance, Chief Financial Officer.

5. Arbitration. Any controversy, claim or dispute involving the parties (or their affiliated persons) directly or indirectly concerning this Agreement, or otherwise, shall be finally settled by binding arbitration held in Union City, California, by one arbitrator in accordance with the rules of employment arbitration then followed by the American Arbitration Association or any successor to the functions thereof. The arbitrator shall apply California law in the resolution of all controversies, claims and disputes. Any decision or award of the arbitrator shall be final and conclusive on the parties to this Agreement and their respective affiliates. The Company shall bear all costs of the arbitrator in any action brought under this section. The parties hereto agree that any action to compel arbitration pursuant to this Agreement may be brought in the appropriate California court and in connection with such action the laws of the State of California shall control. Application may also be made to such court for confirmation of any decision or award of the arbitrator, for an order of the enforcement and for any other remedies, which may be necessary to effectuate such decision or award. The parties hereto hereby consent to the jurisdiction of the arbitrator and of such court and waive any objection to the jurisdiction of such arbitrator and court.

6. Notices. For purposes of this Agreement, notices and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed to the respective addresses set forth on the first page of this Agreement, provided that all notices to Questcor shall be directed to the attention of its Secretary, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

7. At-Will Employment. Nothing contained in this Agreement shall (a) confer upon you any right to continue in the employ of the Company, (b) constitute any contract or agreement of employment, or (c) interfere in any way with the at-will nature of your employment with the Company.

8. Entire Agreement. This Agreement, the Offer Letter, the Plan and any Option Agreements set forth the entire agreement of the parties hereto in respect of the accelerated vesting of stock options held by you and supersede all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto, and any prior agreement of the parties hereto in respect of the accelerated vesting of stock options held by you, is hereby terminated and cancelled.

9. Miscellaneous. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by you and such officer as may be specifically designated by the Board. No waiver by either party hereto at any time of any breach by the other party hereto of or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California without regard to its conflicts of law principles. The section headings contained in this Agreement are for convenience only, and shall not affect the interpretation of this Agreement.

Please indicate your acceptance of this Agreement by returning a signed copy of this Agreement.

Sincerely,

/s/ JAMES L. FARES

James L. Fares
Chief Executive Officer
Questcor Pharmaceuticals, Inc.

Date: September 28, 2005

Accepted by,

/s/ GEORGE M. STUART

George M. Stuart

Date: September 28, 2005

September 28, 2005

George Stuart
3260 Whipple Road
Union City, California 94587

RE: Severance Agreement

Dear George:

In addition to the terms and conditions of your employment with Questcor Pharmaceuticals, Inc. (the "Company") which are set forth in your Offer Letter dated September 27, 2005, and Change-in-Control Agreement dated September 28, 2005, which are incorporated herein, the Company agrees to provide you severance in the event that the following conditions are met.

In the event (1) your employment is terminated by the Company other than (a) for Cause (as defined below) or (b) as a result of your permanent and total disability within the meaning of Section 422(c)(6) of the Internal Revenue Service Code of 1986, as amended (the "Code"), or (c) you resign your employment upon 30 days' prior written notice to the Company for Good Reason (as defined below), during your first three years of employment, you will receive severance compensation totaling Six (6) months of base salary. In the event (2) your employment is terminated by the Company other than (a) for Cause (as defined below) or (b) as a result of your disability within the meaning of Section 422(c)(6) of the Code, or (c) you resign your employment upon 30 days' prior written notice to the Company for Good Reason (as defined below), after your first three years of employment, you will receive severance compensation totaling Twelve (12) months of base salary.

As a condition precedent to receiving severance compensation, you will be required to execute a general release (in a form prepared by counsel for the Company) of claims against the Company and its officers, directors, agents and shareholders. Such general release will not include rights to vested options or claims for any compensation earned (including, without limitation, accrued vacation), or reimbursement of expenses incurred, through the date of termination. Severance compensation will be paid in accordance with normal payroll procedures. If you are reemployed at any time during the severance period, all further severance compensation payments shall immediately cease.

"Cause" will mean termination of your employment for any one or more of the following: (a) habitual or material neglect of your assigned duties (other than by reason of disability) or intentional refusal to perform your assigned duties (other than by reason of disability)

which continues uncured for 30 days following receipt of written notice of such deficiency or "Cause" event from the Board of Directors, specifying in detail the scope and nature of the deficiency or the "Cause" event; (b) an act of dishonesty intended to result in your gain or personal enrichment; (c) personally engaging in illegal conduct which causes material harm to the reputation of the Company or its affiliates; (d) committing a felony or gross misdemeanor directly relating to, an act of dishonesty or fraud against, or a misappropriation of property belonging to, the Company or its affiliates; (e) personally engaging in any act of moral turpitude that causes material harm to the reputation of the Company; (f) intentionally breaching in any material respect the terms of any nondisclosure agreement with the Company; or (g) commencement of employment with another Company while an employee of the Company without the prior consent of the Board of Directors. Any determination of "Cause" as used herein will be made only in good faith by the Board of Directors.

"Good Reason" will mean the removal of your title of Vice President of Finance, Chief Financial Officer without your written consent; provided, however, that Good Reason shall not exist as a result of any reduction of your authority, duties or responsibilities so long as you retain the title of Vice President of Finance, Chief Financial Officer of the Company.

This letter, your Offer Letter, your Change-in-Control Agreement, your stock option grant dated September 27, 2005, and any future stock option grants, constitute the entire agreement between you and the Company regarding the terms and conditions of your employment with the Company and supersede any other agreement or promises made to you by anyone, whether oral or written, express or implied.

This Agreement shall be interpreted, construed and administered in a manner that satisfies the requirements of Sections 409A of the Code, and the Treasury Regulations there under.

Please sign and date this letter, and return it to me as soon as possible acknowledging your understanding and acceptance of the terms and conditions set forth above.

Sincerely,

/s/ JAMES L. FARES

James L. Fares
President and CEO

Date: September 28, 2005

Agreed:

/s/ GEORGE STUART

George Stuart
Vice President of Finance,
Chief Financial Officer

Date: September 28, 2005