

TECOGEN INC
Form S-1/A
February 05, 2013

As filed with the Securities and Exchange Commission on February 5, 2013

Registration No. 333-178697

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

Amendment No. 6 to

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

TECOGEN INC.
(Exact name of Registrant as specified in its charter)

Delaware	3585	04-3536131
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Tecogen Inc.
45 First Avenue
Waltham, MA 02451
(781) 622-1120
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Copy to:

John N. Hatsopoulos
Chief Executive Officer
Tecogen Inc.
45 First Avenue
Waltham, MA 02451

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(Name, address, including zip code, and telephone number,
including area code, of agent for service)

As soon as practicable after the effective date of this Registration Statement.
(Approximate date of commencement of proposed sale to the public)

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box: R
If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large accelerated filer: " Accelerated filer: " Non-accelerated filer: " Smaller reporting company:
R

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration

statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or other jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 5, 2013

PROSPECTUS

31,475,787 SHARES OF COMMON STOCK

Initial Public Offering

This prospectus relates to the resale of up to 31,475,787 shares of Tecogen Inc. Common Stock. These shares will be resold from time to time by the investors listed in the section titled "Selling Security Holders", and we refer to the investors as the selling stockholders. We are not selling any securities under this prospectus and therefore will not receive any proceeds from the sale of securities by the selling stockholders. All costs associated with this registration will be borne by us.

We currently lack a public market for our common stock, or Common Stock. Selling stockholders will sell at a price of \$0.80 per share until such time as our shares may be quoted on the OTC Bulletin Board or listed on a national or international securities exchange and thereafter at prevailing market prices or privately negotiated prices. The proposed maximum aggregate offering price is \$25,180,630.

You should rely only on the information provided in this prospectus or any supplement to this prospectus. We have not authorized anyone else to provide you with different information.

A current prospectus must be in effect at the time of the sale of the shares of Common Stock discussed above. The selling stockholders will be responsible for any commissions or discounts due to brokers or dealers. We will pay all of the other offering expenses.

Each selling stockholder or dealer selling the Common Stock is required to deliver a current prospectus upon the sale. In addition, for the purposes of the Securities Act of 1933, as amended, or the Securities Act, selling stockholders may be deemed underwriters.

We are an "emerging growth company" under the federal securities laws and will therefore be subject to reduced public company reporting requirements.

THIS INVESTMENT INVOLVES A HIGH DEGREE OF RISK. YOU SHOULD PURCHASE SHARES ONLY IF YOU CAN AFFORD A COMPLETE LOSS. WE URGE YOU TO READ THE "RISK FACTORS" SECTION BEGINNING ON PAGE 6, ALONG WITH THE REST OF THIS PROSPECTUS BEFORE YOU MAKE YOUR INVESTMENT DECISION.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, OR THE SEC, NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. No offers are being made hereby in any jurisdiction where the offer or sale is not permitted.

Unless otherwise indicated, information contained in this prospectus concerning our industry, including our market opportunity, is based on information from independent industry analysts, third-party sources and management estimates. Management estimates are derived from publicly-available information released by independent industry analysts and third party sources, as well as data from our internal research, and are based on assumptions made by us using data and our knowledge of such industry and market, which we believe to be reasonable. In addition, while we believe the market opportunity information included in this prospectus is generally reliable and is based on reasonable assumptions, such data involves risks and uncertainties and is subject to change based on various factors, including those discussed under the heading “Risk Factors.”

TECOGEN INC.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus. It is not complete and does not contain all of the information that you should consider before investing in our Common Stock. You should read the entire prospectus carefully, especially the risks of investing in our Common Stock discussed under “Risk Factors” and our consolidated financial statements and accompanying notes. In this prospectus, unless the context otherwise requires, “Tecogen,” “Company,” “we,” “us,” or “our,” refer to Tecogen Inc. and its subsidiaries.

Tecogen designs, manufactures, and sells systems that produce electricity, hot water, and air conditioning for commercial and industrial buildings. These systems, powered by natural gas engines, are efficient because they drive electric generators or compressors – which reduces the amount of electricity purchased from the utility – plus they use the engine’s waste heat for water heating, space heating, and/or air conditioning at the customer’s building, which we refer to as on-site. This technology is called combined heat and power, or CHP (also called cogeneration).

Tecogen manufactures three types of CHP products:

- Cogeneration units that supply electricity and hot water;
- Chillers that provide air-conditioning and hot water; and
- High-efficiency water heaters.

All of these are standardized, modular, small-scale CHP products, with a limited number of designs, that can serve many different types of customers. The market for these products is driven by their ability to reduce energy costs, carbon emissions, and customers’ dependence on the electric grid. Other factors behind the demand for gas-fueled CHP include America’s growing natural gas reserves and its domestic energy policies, as well as customers’ desire to become more socially responsible.

Our CHP technology uses low-cost, mass-produced engines manufactured by General Motors Company, or GM and Ford Motor Company, or Ford, which we modify to run on natural gas. In the case of our mainstay cogeneration and chiller products, the engines have proved to be cost-effective and reliable. In 2009, our research team developed a low-cost process for removing air pollutants from the engine exhaust. This low-emissions technology gives our natural gas engines exceptionally low levels of “criteria” air pollutants (those that are regulated by the U.S. Environmental Protection Agency, or EPA, because they can harm human health and the environment).

After a successful field test of more than a year, we introduced the technology commercially as an option to all of our products in 2012, under the trade name Ultra (patent pending). The Ultra low-emissions technology repositions our engine-driven products in the marketplace, making them comparable environmentally with emerging technologies such as fuel cells, but at a much lower cost and greater efficiency. With emissions far below those of current natural gas engines, our Ultra low-emissions technology may reset existing natural gas regulations for engines in some areas of the country.

Our CHP products are sold directly to customers by our in-house marketing team and by established sales agents and representatives, including American DG Energy Inc., or American DG Energy and EuroSite Power Inc., or EuroSite Power, which are affiliated companies. We have an installed base of more than 2,100 units. Many of these have been operating for almost 25 years. Our principal engine supplier is GM, and principal generator supplier is Marathon Electric. To produce air conditioning, our engines drive a compressor purchased from J&E Hall International.

In 2009, we created a subsidiary, Ilios Inc., or Ilios, to develop and distribute a line of high-efficiency heating products, starting with a water heater. The water heater is up to twice as efficient as conventional boilers in

commercial buildings and industrial processes, according to management estimates. As of the date of this prospectus, we own a 65.0% interest in Ilios. To date, Ilios has sold one of its water heaters and five are in production.

For each of our last five fiscal years and prior thereto, we have incurred annual operating losses. We expect this trend to continue until such time that we can sell a sufficient number of systems and achieve a cost structure to become profitable. We may not have adequate cash resources to reach the point of profitability, and we may never become profitable. Even if we do achieve profitability, we may be unable to increase our sales and sustain or increase our profitability in the future.

As of our fiscal year end, December 31, 2011, our principal executive officer and principal accounting officer performed an evaluation of controls and procedures and concluded that our controls were not effective to provide reasonable

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assurance that information required to be disclosed by our Company in reports that we file under the Exchange Act, is recorded, processed, summarized and reported as when required. Management conducted an evaluation of our internal control over financial reporting and based on this evaluation, management concluded that our internal control over financial reporting was not effective as of December 31, 2011. We currently do not have personnel with a sufficient level of accounting knowledge, experience and training in the selection, application and implementation of generally acceptable accounting principles as it relates to complex transactions and financial reporting requirements. We also have a small number of employees dealing with general controls over information technology security and user access. This constitutes a material weakness in financial reporting. Any failure to implement effective internal controls could harm our operating results or cause us to fail to meet our reporting obligations. Inadequate internal controls could also cause investors to lose confidence in our reported financial information, which could have a negative effect on the trading price of our common stock, and may require us to incur additional costs to improve our internal control system.

Tecogen was formed in the early 1960s as the Research and Development New Business Center of Thermo Electron Corporation, (which is now Thermo Fisher Scientific Inc.). For the next 20 years, this group performed fundamental and applied research in many energy-related fields to develop new technologies. During the late 1970s, new federal legislation enabled electricity customers to sell power back to their utility. Thermo Electron Corporation saw a fit between the technology and know-how it possessed and the market for cogeneration systems.

In 1982, the Research and Development group released its first major product, a 60-kilowatt (kW) cogenerator. In the late 1980s and early 1990s, we introduced air-conditioning and refrigeration products using the same gas engine-driven technology, beginning with a 150-ton chiller (tons are a measure of air-conditioning capacity). In 1987, Tecogen was spun out as a separate entity by Thermo Electron Corporation and in 1992 Tecogen became a division of the newly formed Thermo Power Corporation. In 2000, Thermo Power Corporation was dissolved, and Tecogen was sold to private investors including Thermo Electron Corporation's original founders, Dr. George N. Hatsopoulos and John N. Hatsopoulos.

Tecogen has five affiliated companies, namely American DG Energy, EuroSite Power, GlenRose Instruments Inc., or GlenRose Instruments, Pharos LLC, or Pharos, and Levitronix Technologies LLC, or Levitronix. These companies are affiliates because several of the major stockholders of those companies, have a significant ownership position in the Company. American DG Energy, EuroSite Power, GlenRose Instruments, Pharos or Levitronix do not own any shares of the Company, and the Company does not own any shares of American DG Energy, EuroSite Power, GlenRose Instruments, Pharos or Levitronix. The business of GlenRose Instruments, Pharos and Levitronix is not related to the business of the Company.

American DG Energy, EuroSite Power, GlenRose Instruments, Pharos and Levitronix are affiliated companies by virtue of common ownership. The common stockholders include:

John N. Hatsopoulos, the Company's Chief Executive Officer who is also: (a) the Chief Executive Officer and a director of American DG Energy and holds 11.5% of the company's common stock; (b) the Chairman of EuroSite Power; (c) a director of Ilios and holds 6.8% of the company's common stock; and (d) the Chairman of GlenRose Instruments and holds 15.7% of the company's common stock.

Dr. George N. Hatsopoulos, who is John N. Hatsopoulos' brother, and is also: (a) a director of American DG Energy and holds 14% of the company's common stock; (b) an investor in Ilios and holds 3.1% of the company's common stock; (c) an investor of GlenRose Instruments and holds 15.7% of the company's common stock; (d) a founder and investor of Pharos and holds 24.4% of the company's common stock; and (e) an investor of Levitronix and holds 21.4% of the company's common stock.

John N. Hatsopoulos is the Company's Chief Executive Officer and is also the Chief Executive Officer of American DG Energy and the Chairman of GlenRose Instruments. On average, Mr. Hatsopoulos spends approximately 20% of his business time on the affairs of the Company; however such amount varies widely depending on the needs of the business and is expected to increase as the business of the Company develops.

Although we may, from time to time, have one or a few customers who may represent more than 10% of our product revenue for a given year, we are not dependent on the recurrence of such revenue from those customers. Our product revenue is such that customers may make a large purchase once and may not likely ever make such a purchase again. Our equipment is built to last 20 or more years, therefore, we do not build our product revenue model depending on recurring transactions from the same customer. Our service revenue may lend itself to recurring revenue from a single customer; however, we currently do not have any service revenue customers who make up more than 10% of our total revenues on an annual basis. American DG Energy has been considered a major customer in certain years as disclosed in the accompanying financial statements, however, we do not consider our business as "dependent" upon its recurrence.

TECOGEN INC.

We were incorporated in the State of Delaware on November 15, 2000. Our business and registered office is located at 45 First Avenue, Waltham, Massachusetts 02451. Our telephone number is 781-466-6400. Our Internet address is <http://www.tecogen.com>. The information on, or that may be accessed through, our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

We have 61 full-time employees and 5 part-time employees. Our corporate, engineering and manufacturing operations are located in a 24,000 square foot facility in Waltham, Massachusetts.

TECOGEN INC.

THE OFFERING

Securities being offered: Up to 31,475,787 shares of Common Stock.

Common Stock to be outstanding after this offering: 54,417,854 shares

Offering price: The offering price of the Common Stock is \$0.80 per share. There is no public market for our Common Stock. We cannot give any assurance that the shares offered will have a market value, or that they can be resold at the offered price if and when an active secondary market might develop, or that a public market for our securities may be sustained even if developed. The absence of a public market for our stock will make it difficult to sell shares.

We intend to apply to the over-the-counter bulletin board, through a market maker that is a licensed broker dealer, to allow the trading of our Common Stock upon our becoming a reporting entity under the Exchange Act. If our Common Stock becomes so quoted and a market for the stock develops, the actual price of stock will be determined by prevailing market prices at the time of sale or by private transactions negotiated by the selling stockholders. The offering price would thus be determined by market factors and the independent decisions of the selling stockholders.

Securities issued and to be issued: 54,417,854 shares of our Common Stock are issued and outstanding as of the date of this prospectus, 31,475,787 of which are being offered pursuant to this prospectus. Because all of the Common Stock to be sold under this prospectus will be sold by existing shareholders, there will be no increase in our issued and outstanding shares as a result of this offering.

Use of proceeds: We will not receive any proceeds from the sale of the Common Stock by the selling stockholders.

TECOGEN INC.

SUMMARY CONSOLIDATED FINANCIAL DATA

The summary consolidated statements of operations data for each of the years ended December 31, 2011 and 2010 have been derived from our audited consolidated financial statements that are included elsewhere in this prospectus. The summary consolidated balance sheet data as of September 30, 2012 and 2011 and the summary consolidated statements of operations data for each of the nine months ended September 30, 2012 and 2011 have been derived from our unaudited condensed consolidated financial statements that are included elsewhere in this prospectus. You should read this information together with the consolidated financial statements and related notes and other information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this prospectus. Operating results for the nine months ended September 30, 2012 are not necessarily indicative of the results that may be expected for the year ended December 31, 2012.

Consolidated Statement of Operations Data:	December 31,		Nine Months Ended	
	2011	2010	September 30, 2012 (unaudited)	2011 (unaudited)
Revenues	\$11,065,210	\$11,311,229	\$9,689,984	\$8,714,228
Cost of sales	6,179,098	6,597,205	5,703,507	4,818,318
Gross profit	4,886,112	4,714,024	3,986,477	3,895,910
Operating expenses				
General and administrative	5,986,762	4,973,794	4,851,398	4,495,533
Selling	782,252	290,505	915,842	381,617
	6,769,014	5,264,299	5,767,240	4,877,150
Loss from operations	(1,882,902)	(550,275)	(1,780,763)	(981,240)
Other income (expense)				
Interest and other income	38,402	23,574	38,380	25,262
Interest expense	(40,294)	(37,280)	(53,406)	(22,492)
	(1,892)	(13,706)	(15,026)	