

CLEAN DIESEL TECHNOLOGIES INC
Form 8-K
July 01, 2016

**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): **July 1, 2016 (June 30, 2016)**

CLEAN DIESEL TECHNOLOGIES, INC.

(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-33710
(Commission
File Number)

06-1393453
(IRS Employer
Identification No.)

1621 Fiske Place
Oxnard, California
(Address of Principal Executive Offices)

93033
(Zip Code)

(805) 639-9458

(Registrant's telephone number, including area code)

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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 (*see* General Instruction A.2. below):

- o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

 - o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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The Convertible Notes permit Haldor Topsøe to convert the principal balance of the Convertible Notes into shares of our common stock at a fixed conversion price of \$0.3243 per share (the *Conversion Price*) at any time. In addition, the Senior Note permits Haldor Topsøe to convert the principal balance of the Senior Note into equity securities that we may issue in a future financing at the same price and on the same terms at which we sell equity securities in such future financing.

We have the right to mandatorily convert the Convertible Notes on the following terms:

- *Note:* So long as our common stock continues to be listed on The Nasdaq Stock Market, LLC (**NASDAQ**) and we are not in default under the Note, we have the right to mandatorily convert the principal balance of the Note into shares of our common stock at the Conversion Price at any time before payment and following the date of conversion of the Kanis Notes into our common stock; and
- *Senior Note:* So long as our common stock continues to be listed on NASDAQ, we are not in default under the Note, and the Kanis Notes have been converted into our common stock, upon consummation of a Qualified Financing we have the right to mandatorily convert the principal balance of the Senior Note into the equity securities we issue in the Qualified Financing at the same price and on the same terms at which we sell such equity securities in the Qualified Financing. A **Qualified Financing** means equity or equity-linked financing in which we receive aggregate gross proceeds of at least \$5,000,000 (including the principal amount of the Senior Note converted in such financing).

Accrued interest under the Convertible Notes is not convertible into our equity securities and any interest that has accrued on principal amount converted into equity securities will be paid in cash at the time of such conversion.

Pursuant to the Note Purchase Agreement, we have agreed, if requested by Haldor Topsøe, to expand the size of our board of directors (the **Board**) by one member and appoint one person designated by Haldor Topsøe. Thereafter, until the later of (i) the date that the Convertible Notes have been paid in full or (ii) if 100% of the principal amount of the Convertible Notes have been converted into our common stock and/or other equity securities, the date Haldor Topsøe no longer owns at least eighty percent (80%) of such securities, the Board shall include one person designated by Haldor Topsøe in the Board's slate of nominees to be submitted to stockholders at each meeting of stockholders of the Company where directors are to be elected.

The foregoing description of the Note Purchase Agreement and the Convertible Notes does not purport to be complete and is qualified in its entirety by reference to the full text of such documents. A copy of the Note Purchase Agreement is attached as Exhibit 10.4 to this Current Report on Form 8-K and is incorporated herein by reference. A copy of the Senior Note is attached as Exhibit 10.5 to this Current Report on Form 8-K and is incorporated herein by reference. A copy of the Note is attached as Exhibit 10.6 to this Current Report on Form 8-K and is incorporated herein by reference.

Subordination Agreement

Concurrently with the execution of the Note Purchase Agreement, Kanis executed a Debt Subordination Agreement (the **Subordination Agreement**), dated June 30, 2016, pursuant to which Kanis agreed to subordinate our obligations under that certain Promissory Note in favor of Kanis, dated as of April 1, 2016, in the initial principal amount of \$2,000,000, to the payment to Haldor Topsøe of all indebtedness under the Senior Note. At the time of execution of the Subordination Agreement, we and Haldor Topsøe executed a consent to and approval of the Subordination Agreement.

The foregoing description of the Subordination Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Subordination Agreement. A copy of the Subordination Agreement is attached as Exhibit 10.3 to this Current Report on Form 8-K and is incorporated herein by reference.

10.5 Senior Convertible Promissory Note of Clean Diesel Technologies, Inc., in the principal amount of \$750,000, dated June 30, 2016.

10.6 Convertible Promissory Note of Clean Diesel Technologies, Inc., in the principal amount of \$500,000, dated June 30, 2016.

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: July 1, 2016

CLEAN DIESEL TECHNOLOGIES, INC.

By: /s/ Matthew Beale
Matthew Beale
Chief Executive Officer

EXHIBIT INDEX

Exhibit Number	Description
10.1	Letter Agreement, dated June 30, 2016, between the Registrant and Kanis S.A.
10.2	Letter Agreement, dated June 30, 2016, between the Registrant and Lon E. Bell, Ph.D.
10.3	Debt Subordination Agreement, dated June 30, 2016, between the Registrant, Kanis S.A. and Haldor Topsøe A/S.
10.4	Note Purchase Agreement, dated June 30, 2016, between the Registrant and Haldor Topsøe A/S.
10.5	Senior Convertible Promissory Note of Clean Diesel Technologies, Inc., in the principal amount of \$750,000, dated June 30, 2016.
10.6	Convertible Promissory Note of Clean Diesel Technologies, Inc., in the principal amount of \$500,000, dated June 30, 2016.