

HIG GP II INC
Form 4
March 22, 2011

FORM 4

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

OMB APPROVAL

OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

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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, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
H.I.G. AERT, LLC

2. Issuer Name and Ticker or Trading Symbol
ADVANCED ENVIRONMENTAL RECYCLING TECHNOLOGIES INC [AERT]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

Director 10% Owner
 Officer (give title below) Other (specify below)

(Last) (First) (Middle)

3. Date of Earliest Transaction (Month/Day/Year)
03/18/2011

C/O H.I.G. CAPITAL, LLC, 1450 BRICKELL AVENUE, 31ST FLOOR

(Street)

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)

Form filed by One Reporting Person
 Form filed by More than One Reporting Person

MIAMI, FL 33131

(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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
| | | | | (A) or (D) | Code V Amount (D) Price | | |

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

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

SEC 1474 (9-02)

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

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| 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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Series E Convertible Preferred Stock | \$ 0.075 | 03/18/2011 | | J ⁽¹⁾ | 20,524.149 | <u>(2)</u> (3) <u>(4)</u> | Class A Common Stock 273,6 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|---------|-------|
| | Director | 10% Owner | Officer | Other |
| H.I.G. AERT, LLC C/O H.I.G. CAPITAL, LLC 1450 BRICKELL AVENUE, 31ST FLOOR MIAMI, FL 33131 | | X | | |
| H.I.G. Capital Partners IV, L.P. C/O H.I.G. CAPITAL, LLC 1450 BRICKELL AVENUE, 31ST FLOOR MIAMI, FL 33131 | | X | | |
| HIG BAYSIDE DEBT & LBO FUND II LP C/O H.I.G. CAPITAL, LLC 1450 BRICKELL AVENUE, 31ST FLOOR MIAMI, FL 33131 | | X | | |
| H.I.G. Advisors IV, L.L.C. C/O H.I.G. CAPITAL, LLC 1450 BRICKELL AVENUE, 31ST FLOOR MIAMI, FL 33131 | | X | | |
| H.I.G. Bayside Advisors II, L.L.C. C/O H.I.G. CAPITAL, LLC 1450 BRICKELL AVENUE, 31ST FLOOR MIAMI, FL 33131 | | X | | |
| HIG GP II INC C/O H.I.G. CAPITAL, LLC 1450 BRICKELL AVENUE, 31ST FLOOR MIAMI, FL 33131 | | X | | |
| MNAYMNEH SAMI C/O H.I.G. CAPITAL, LLC 1450 BRICKELL AVENUE, 31ST FLOOR MIAMI, FL 33131 | | X | | |

TAMER ANTHONY
 C/O H.I.G. CAPITAL, LLC
 1450 BRICKELL AVENUE, 31ST FLOOR
 MIAMI, FL 33131

X

Signatures

| | |
|---|------------|
| H.I.G. AERT, LLC, By: H.I.G. Capital Partners IV, L.P., Title: Member, By: H.I.G. Advisors IV, LLC, Title: General Partner, By: H.I.G.- GPII, Inc., Title: Manager, /s/ Richard Siegel, Title: Vice President and General Counsel | 03/22/2011 |
| __Signature of Reporting Person | Date |
| H.I.G. Capital Partners IV, L.P., By: H.I.G. Advisors IV, LLC, Title: General Partner, By: H.I.G.- GPII, Inc., Title: Manager, /s/ Richard Siegel, Title: Vice President and General Counsel | 03/22/2011 |
| __Signature of Reporting Person | Date |
| H.I.G. Bayside Debt & LBO Fund II, L.P., By: H.I.G. Bayside Advisors II, LLC, Title: General Partner, By: H.I.G.- GPII, Inc., Title: Manager, /s/ Richard Siegel, Title: Vice President and General Counsel | 03/22/2011 |
| __Signature of Reporting Person | Date |
| H.I.G. Advisors IV, LLC, By: H.I.G.- GPII, Inc., Title: Manager, /s/ Richard Siegel, Title: Vice President and General Counsel | 03/22/2011 |
| __Signature of Reporting Person | Date |
| H.I.G. Bayside Advisors II, LLC, By: H.I.G.- GPII, Inc., Title: Manager, /s/ Richard Siegel, Title: Vice President and General Counsel | 03/22/2011 |
| __Signature of Reporting Person | Date |
| H.I.G.- GPII, Inc., /s/ Richard Siegel, Title: Vice President and General Counsel | 03/22/2011 |
| __Signature of Reporting Person | Date |
| /s/ Sami W. Mnaymneh | 03/22/2011 |
| __Signature of Reporting Person | Date |
| /s/ Anthony A. Tamer | 03/22/2011 |
| __Signature of Reporting Person | Date |

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).
- (1) On March 18, 2011, pursuant to a reclassification exempt under Rule 16b-7 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and that certain Securities Exchange Agreement, dated as of March 18, 2011, by and between the Issuer and H.I.G. AERT, LLC, 20,524,149 shares of the Issuer's Series E Preferred Convertible Stock were issued to H.I.G. AERT, LLC in exchange for an aggregate of \$20,524,149 of principal and accrued interest of certain debt previously owed by the Issuer to H.I.G. AERT, LLC.
- At the holder's election and for no additional consideration, each share of Series E Convertible Preferred Stock is convertible into 13,334 shares of Class A Common Stock at any time (subject to adjustment in certain circumstances as described in Item 4); provided, however
- (2) that of the total 273,655,320 shares of Class A Common Stock into which the 20,524,149 shares of Series E Convertible Preferred are convertible, only 35,521,563 shares of Class A Common Stock are currently reserved for issuance upon conversion of the Series E Convertible Preferred Stock.

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- At a meeting of the Issuer's stockholders to be held no later than July 15, 2011, the Issuer is contractually obligated to present for stockholder approval and amendment to the Issuer's Certificate of Incorporation to authorize an additional 400,000,000 shares of Class
- (3) A Common Stock (the "Amendment"). Contingent upon the effectiveness of the Amendment, the Issuer is contractually obligated to reserve the remaining 238,133,757 shares of Class A Common Stock issuable upon conversion of the shares of Series E Convertible Preferred Stock.
- (4) The shares of Series E Convertible Preferred Stock have no expiration date.
- The shares of Series E Convertible Preferred Stock are convertible into the number of shares of Class A Common Stock of the Issuer equal to the product of the number of shares of Series E Convertible Preferred Stock being converted, multiplied by the quotient of (i) \$1,000 per share (subject to adjustment for stock splits, stock dividends, recapitalizations, etc.) plus all accrued and unpaid dividends per share, and (ii) \$0.075 (subject to certain anti-dilution adjustments).
- (5) The shares of Series E Preferred Convertible Stock of the Issuer were issued to H.I.G. AERT, LLC in exchange for an aggregate of \$20,524,149 of principal and accrued interest of certain debt previously owed by the Issuer to H.I.G. AERT, LLC. No additional cash consideration was paid for the shares of Series E Preferred Stock.
- (6) This Form 4 is being filed by H.I.G. AERT, LLC as the direct beneficial owner of the shares of Series E Convertible Preferred Stock.
- Each of the other Reporting Persons may be deemed to be indirect beneficial owners of the shares of Series E Convertible Preferred Stock, as follows: (i) H.I.G. Capital Partners IV, L.P. and H.I.G. Bayside Debt & LBO Fund II, L.P., each in their capacity as the holders of 45.5% and 33.3%, respectively, of the equity interests of H.I.G. AERT, LLC; (ii) H.I.G. Advisors IV, LLC, in its capacity as the general partner of H.I.G. Capital Partners IV, L.P.; (iii) H.I.G. Bayside Advisors II, LLC, in its capacity as the general partner of H.I.G. Bayside Debt & LBO Fund II, L.P.; (iv) H.I.G.- GPII, Inc., in its capacity as the manager of each of H.I.G. Advisors IV, LLC and H.I.G. Bayside Advisors II, LLC; and (v) Sami W. Mnaymneh and Anthony A. Tamer, each in their capacity as co-presidents and directors of H.I.G.- GPII, Inc.
- (8) Information with respect to each Reporting Person is given solely by such Reporting Person, and no such Reporting Person assumes responsibility for the accuracy or completeness of information supplied by any other Reporting Person.
- (9) Pursuant to Rule 16a-1(a)(4) of the Exchange Act, each of the Reporting Persons, other than H.I.G. AERT, LLC, herein states that this filing shall not be deemed to be an admission that it or he is a beneficial owner of any shares of Series E Convertible Preferred Stock covered by this Statement of Changes in Beneficial Ownership of Securities on Form 4. Each of the Reporting Persons, other than H.I.G. AERT, LLC, disclaims beneficial ownership of the shares, except to the extent of its or his pecuniary interest in the shares.
- (10)

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.