

Midwest Energy Emissions Corp.
Form SC 13D/A
November 19, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Schedule 13D

Under the Securities Exchange Act of 1934

(Amendment No. 3)

Midwest Energy Emissions Corp.

(Name of Issuer)

Common Stock, \$0.001 par value

(Title of Class of Securities)

59833H101

(CUSIP Number)

Alterna Core Capital Assets Fund II, L.P.

Thomas X. Fritsch
General Counsel

c/o Alterna Capital Partners LLC

15 River Road, Suite 320

Wilton, Connecticut 06897

Telephone: (203) 210-7333

with a copy to:

Vanessa J. Schoenthaler, Esq.

Qashu & Schoenthaler LLP

295 Madison Avenue, 12th Floor

New York, New York 10017

Telephone: (646) 274-1450

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

November 16, 2015

(Date of Event Which Requires Filing of This Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of §§240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box. []

Note: Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See Rule 13d-7(b) for other parties to whom copies are to be sent.

* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 59833H101

Name of Reporting Person

1.

Alterna Core Capital Assets Fund II, L.P.

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

Source of Funds (See Instructions)

4.

BK, OO

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization

6.

Delaware

Number of Sole Voting Power

Shares

Beneficially 7.

Owned by

Each 0

Reporting Shared Voting Power

Person With

8.

34,223,418

Sole Dispositive Power

9.

0

10. Shared Dispositive Power

34,223,418

Aggregate Amount Beneficially Owned by Each Reporting Person

11.

34,223,418

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

Percent of Class Represented by Amount in Row (11)

13.

42.03%

Aggregate Amount Beneficially Owned by Each Reporting Person

14.

PN, HC

2

CUSIP No. 59833H101

Name of Reporting Person

1.

AC Midwest Energy LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

Source of Funds (See Instructions)

4.

OO

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization

6.

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With

7.

0

Shared Voting Power

8.

34,223,418

Sole Dispositive Power

9.

0

10. Shared Dispositive Power

34,223,418

Aggregate Amount Beneficially Owned by Each Reporting Person

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13.

42.03%

Aggregate Amount Beneficially Owned by Each Reporting Person

14.

OO

3

CUSIP No. 59833H101

Name of Reporting Person

1.

Alterna Capital Partners LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

Source of Funds (See Instructions)

4.

AF

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization

6.

Delaware

Number of Shares Beneficially Owned by Each Reporting Person With

7.

0

Shared Voting Power

8.

34,223,418

Sole Dispositive Power

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34,223,418

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13.

42.03%

Aggregate Amount Beneficially Owned by Each Reporting Person

14.

IA, OO

4

CUSIP No. 59833H101

Name of Reporting Person

1.

Alterna General Partner II LLC

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

Source of Funds (See Instructions)

4.

AF

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization

6.

Delaware

Number of Sole Voting Power

Shares

Beneficially 7.

Owned by

Each 0

Reporting Shared Voting Power

Person With

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34,223,418

Sole Dispositive Power

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13.

42.03%

Aggregate Amount Beneficially Owned by Each Reporting Person

14.

IA, OO

5

CUSIP No. 59833H101

Name of Reporting Person

1.

Harry V. Toll

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

Source of Funds (See Instructions)

4.

AF

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization

6.

United States

Number of Shares Beneficially Owned by Each Reporting Person With

7.

0

Shared Voting Power

8.

34,223,418

Sole Dispositive Power

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42.03%

Aggregate Amount Beneficially Owned by Each Reporting Person

14.

IN

6

CUSIP No. 59833H101

Name of Reporting Person

1.

James C. Furnivall

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

Source of Funds (See Instructions)

4.

AF

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization

6.

United States

Number of Shares Beneficially Owned by Each Reporting Person With

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Sole Dispositive Power

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42.03%

Aggregate Amount Beneficially Owned by Each Reporting Person

14.

IN

7

CUSIP No. 59833H101

Name of Reporting Person

1.

Eric M. Press

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

Source of Funds (See Instructions)

4.

AF

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization

6.

United States

Number of Shares Beneficially Owned by Each Reporting Person With

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Aggregate Amount Beneficially Owned by Each Reporting Person

14.

IN

8

CUSIP No. 59833H101

Name of Reporting Person

1.

Roger P. Miller

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

Source of Funds (See Instructions)

4.

AF

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization

6.

United States

Number of Sole Voting Power

Shares

Beneficially 7.

Owned by

Each 0

Reporting Shared Voting Power

Person With

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Sole Dispositive Power

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42.03%

Aggregate Amount Beneficially Owned by Each Reporting Person

14.

IN

9

CUSIP No. 59833H101

Name of Reporting Person

1.

Earle Goldin

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

Source of Funds (See Instructions)

4.

AF

5. Check if Disclosure of Legal Proceedings is Required Pursuant to Items 2(d) or 2(e)

Citizenship or Place of Organization

6.

United States

Number of Shares Beneficially Owned by Each Reporting Person With

7.

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Shared Voting Power

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Sole Dispositive Power

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10. Shared Dispositive Power

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Percent of Class Represented by Amount in Row (11)

13.

42.03%

Aggregate Amount Beneficially Owned by Each Reporting Person

14.

IN

10

Explanatory Note

This Amendment No. 3 to Schedule 13D (this "Amendment No.3") is being filed jointly by Alterna Capital Partners LLC, a Delaware limited liability company ("Alterna"), Alterna General Partner II LLC, a Delaware limited liability company ("Fund II General Partner"), Alterna Core Capital Assets Fund II, L.P., a Delaware limited partnership ("Fund II"), AC Midwest Energy LLC, a Delaware limited liability company ("AC Midwest"), Harry V. Toll, James C. Furnivall, Eric M. Press, Roger P. Miller and Earle Goldin (together with Alterna, Fund II General Partner, Fund II and AC Midwest the "Reporting Persons") and relates to the shares of common stock, par value \$0.001 per share (the "Common Stock"), of Midwest Energy Emissions Corp., a Delaware corporation (the "Issuer"). This Amendment No. 3 amends and supplements the statement on Schedule 13D originally filed by the Reporting Persons with the Securities and Exchange Commission (the "SEC") on August 25, 2014 (the "Original 13D"), as amended and supplemented by Amendment No.1 filed by the Reporting Persons with the SEC on March 23, 2015 ("Amendment No.1") and Amendment No.2 filed by the Reporting Persons with the SEC on September 10, 2015 ("Amendment No.2" and, together with the Original 13D and Amendment No.1 the "Existing Schedule 13D"). Capitalized terms used but not otherwise defined in this Amendment No. 3 shall have the meanings ascribed to them in the Existing Schedule 13D. Except as otherwise specifically amended in this Amendment No. 3, items in the Existing Schedule 13D remain unchanged.

As of November 19, 2015, the Reporting Persons may be deemed to beneficially own an aggregate of 34,223,418 shares of Common Stock, representing approximately 42.03% of the issued and outstanding shares of the Issuer's Common Stock.

Item 3. Source and Amount of Funds or Other Consideration.

Item 3 of the Existing Schedule 13D is hereby amended and restated in its entirety as follows:

On August 14, 2014, AC Midwest, the Issuer and the Issuer's wholly-owned subsidiary, MES, Inc., a North Dakota corporation ("MES"), entered into a series of agreements, including a certain Financing Agreement (the "Original Financing Agreement"), pursuant to the terms of which AC Midwest purchased from the Issuer a 12% senior secured convertible note in the principal amount of \$10 million, due July 31, 2018 (the "Original Note"), and a five year warrant (the "Original Warrant") to purchase up to an additional 12,500,000 shares of Common Stock.

The source of funding for this transaction was derived from capital contributed to Fund II and borrowings under a capital call facility with Silicon Valley Bank (the "Line of Credit").

On March 16, 2015, AC Midwest, the Issuer and MES entered into series of amendments related to the Original Financing Agreement, including (i) a Wavier and Amendment to Financing Agreement and Reaffirmation of Guaranty (the "First Financing Agreement Amendment"), pursuant to which the Issuer made a \$3 million payment toward the principal balance of the Original Note and the conversion price of the Original Note was adjusted to \$0.50 per share of Common Stock, and (ii) an amendment to the Original Warrant, pursuant to which the exercise price of the Original Warrant was adjusted to \$0.50 per share of Common Stock. The Original Warrant remains subject to percentage based anti-dilution protection requiring that the aggregate number of shares of Common Stock purchasable upon its initial exercise not be less than an amount equal to 15% of the Issuer's then outstanding shares of capital stock on a fully diluted basis.

On November 16, 2015, AC Midwest, the Issuer and MES entered into a second series of amendments related to the First Financing Agreement Amendment (the "Second Financing Agreement Amendment" and, together with the Original Financing Agreement and First Financing Agreement Amendment, the "Financing Agreement"), pursuant to which AC Midwest purchased from the Issuer an additional 12% senior secured convertible note in the principal amount of \$600,000 with a conversion price of \$0.50 per share of Common Stock (the "New Note" and, together with the Original Note, the "Notes"), and a five year warrant to purchase up to an additional 5,000,000 shares of Common Stock at an exercise price of \$0.35 per share of Common Stock (the "New Warrant" and together with the Original Warrant, the "Warrants").

Subject to certain conditions precedent, the Second Financing Agreement Amendment also requires AC Midwest to purchase up to two additional 12% senior secured convertible notes, in an aggregate principal amount of up to \$1,400,000, prior to July 2016 (the "Additional New Notes").

The source of funding for this transaction was derived from borrowings under the Line of Credit pending capital contributions.

Item 4. Purpose of Transaction.

The first three paragraphs of Item 4 of the Existing Schedule 13D are hereby amended and restated in their entirety and supplemented as follows:

(a)-(j) The Notes and Warrants were acquired for investment purposes.

Pursuant to, and in accordance with the terms of the Financing Agreement, the indebtedness evidenced by the Notes is convertible at any time and from time to time into shares of the Issuer's Common Stock at an initial conversion price of \$0.50 per share, subject to weighted average anti-dilution protection (except with respect to certain excluded issuances). Interest on the Notes is payable at a rate of 2% in cash and 10% in kind (the "PIK Interest") through August 13, 2016 and thereafter is payable entirely in cash. Interest is calculated on the basis of a 360-day year and actual days elapsed, and it accrues or is payable, as applicable, monthly in arrears on or before the last day of each calendar month.

As of November 19, 2015, the outstanding principal balance of the Notes together with all accrued interest thereon was \$8,912,573. An additional \$149,136 of PIK Interest will accrue and become payable on the Notes through January 18, 2016.

The Original Warrant is exercisable at any time and from time to time for up to 12,500,000 shares of Common Stock at an initial exercise price of \$0.50 per share of Common Stock, subject to weighted average anti-dilution protection (except with respect to certain excluded issuances). In addition, the Original Warrant is subject to percentage based anti-dilution protection requiring that the aggregate number of shares of Common Stock purchasable upon its initial exercise not be less than an amount equal to 15% of the Issuer's then outstanding shares of capital stock on a fully diluted basis.

The New Warrant is exercisable at any time and from time to time for up to 3,600,000 shares of Common Stock at an initial exercise price of \$0.35 per share of Common Stock, subject to weighted average anti-dilution protection (except with respect to certain excluded issuances). The New Warrant will become exercisable for up to the remaining 1,400,000 shares of Common Stock in proportion to the principal amount of Additional New Notes purchased by AC Midwest and at the time of issuance of such Additional New Notes. The New Warrant is also subject to percentage based anti-dilution protection, requiring that the aggregate number of shares of Common Stock purchasable upon any exercise date not be less than an amount equal to 0.12% per 100,000 shares of Common Stock purchasable of the Issuer's then outstanding shares of capital stock on a fully diluted basis

The Warrants may also be exercised on a cashless basis.

Item 5. Interest in Securities of the Issuer.

Item 5 of the Existing Schedule 13D is hereby amended and restated in its entirety as follows:

(a), (b) Based on the Issuer's Quarterly Report on Form 10-Q for the period ended September 30, 2015, as filed with the SEC on November 16, 2015, an aggregate of 47,194,118 shares of Common Stock were issued and outstanding as of November 16, 2015.

Based on the foregoing, as of November 16, 2015, the Reporting Persons may be deemed to be the beneficial owners of an aggregate of 34,223,418 shares of Common Stock, which includes: (i) 17,825,145 shares of Common Stock issuable upon conversion of the Notes (the "Conversion Shares"); (ii) 298,273 shares of Common Stock issuable upon conversion of PIK Interest that will accrue on and become payable under the Notes within sixty days of the date hereof (the "PIK Interest Shares"); and (iii) 16,100,000 shares of Common Stock issuable upon exercise of the Warrants (the "Warrant Shares" and together with the Notes, Conversion Shares, Warrants, PIK Interest Shares, any 2013 Secured Notes acquired by AC Midwest, and any shares of Common Stock issuable upon conversion of any 2013 Secured Notes so acquired, collectively, the "Subject Securities"), representing approximately 42.03% of the Issuer's outstanding Common Stock.

AC Midwest directly holds (or upon issuance or acquisition, as applicable, will directly hold) and has the power to vote and dispose of the Subject Securities.

Fund II, owns all of the outstanding equity interests of AC Midwest, accordingly Fund II may be deemed to beneficially own the Subject Securities held by AC Midwest.

Alterna, in its capacity as investment advisor to Fund II, has the ability to direct the investment decisions of the Fund II, including the power to vote and dispose of securities held by AC Midwest, accordingly Alterna may be deemed to beneficially own the Subject Securities held by AC Midwest.

Fund II General Partner, in its capacity as the general partner of Fund II, has the ability to direct the management of Fund II's business, including the power to direct the decisions of Fund II regarding the vote and disposition of securities held by AC Midwest, accordingly Fund II General Partner may be deemed to beneficially own the Subject Securities held by AC Midwest.

Each of Messrs. Toll, Furnivall, Press and Miller, by virtue of their role as managing members of Alterna, and Mr. Goldin, by virtue of his role as a member of Alterna, may be deemed to have the shared power regarding the vote and disposition of securities held by AC Midwest, accordingly each may be deemed to beneficially own the Subject Securities held by AC Midwest.

(c) Except as set forth in this Amendment No. 3 and in the Reporting Persons' Forms 4 filed with the SEC on October 2, 2015 and November 2, 2015, there have been no transactions in the Issuer's Common Stock by any of the Reporting Persons within the last sixty days.

(d) No persons other than the Reporting Persons are known to have the right to receive, or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Subject Securities.

(e) Not applicable.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: November 19, 2015

Alterna Capital Partners LLC

By: */s/ Thomas X. Fritsch*
Thomas X. Fritsch
Attorney-in-Fact

Alterna General Partner II LLC

By: */s/ Thomas X. Fritsch*
Thomas X. Fritsch
Attorney-in-Fact

Alterna Core Capital Assets Fund II, L.p.

By: Alterna General Partner II, LLC
Its: General Partner

By: */s/ Thomas X. Fritsch*
Thomas X. Fritsch
Attorney-in-Fact

AC Midwest Energy LLC

By: */s/ Thomas X. Fritsch*
Thomas X. Fritsch
Attorney-in-Fact

HARRY V. TOLL

By: */s/ Thomas X. Fritsch*
Thomas X. Fritsch
Attorney-in-Fact

James C. Furnivall

By: */s/ Thomas X. Fritsch*
Thomas X. Fritsch
Attorney-in-Fact

ERIC M. PRESS

By: */s/ Thomas X. Fritsch*
Thomas X. Fritsch
Attorney-in-Fact

ROGER P. MILLER

By: */s/ Thomas X. Fritsch*
Thomas X. Fritsch
Attorney-in-Fact

EARLE GOLDIN

By: */s/ Thomas X. Fritsch*
Thomas X. Fritsch
Attorney-in-Fact

