

RECOM MANAGED SYSTEMS INC DE/
Form SB-2/A
February 10, 2005

As filed with the Securities and Exchange Commission on February 10, 2005

Commission File No. 333 122296

**SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**Pre-Effective Amendment No. 2
to**

Form SB-2

Registration Statement Under The Securities Act Of 1933

Recom Managed Systems, Inc.
(Name of small business issuer in its charter)

Delaware
(State or other jurisdiction
of
incorporation or
organization)

3845
(Primary Industrial Code)

87_0441351
(I.R.S. Employer
Identification No.)

Marvin H. Fink
Chief Executive Officer
4705 Laurel Canyon Boulevard, Suite 203
Studio City, California 91607
(818) 432-4560

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

Copies to

John M. Woodbury, Jr., Esq.
358 Patterson Blvd. SW
Calgary, Alberta T3H 3K1
Telephone (403) 217-5532

Approximate date of proposed sale to public: As soon as practicable after the effective date of this registration statement.

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:

If this Form is a post effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, 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 of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: _____

If delivery of this prospectus is expected to be made pursuant to Rule 434, please check the following box:

Calculation of Registration Fee

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Offering Price Per Share (1)	Proposed Aggregate Offering Price	Amount of Registration Fee
Common stock (2)	380,952(3)	\$ 3.80	\$ 1,447,618	\$ 387.82(11)
Common stock (4)	275,000(5)	\$ 3.80	\$ 1,045,000	\$ 279.96(11)
Common stock (6)	380,952(7)	\$ 3.80	\$ 1,447,618	\$ 387.82(11)
Common stock (8)	131,377(10)	\$ 3.80	\$ 499,233	\$ 133.74(11)
Common stock (9)	200,000(10)	\$ 3.80	\$ 760,000	\$ 203.60(11)
Total	1,368,281		\$ 5,199,469	\$ 1,392.94

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- (1) Estimated solely for the purpose of calculating the registration fee pursuant to SEC Rule 457(c) of Regulation C as of the close of the market on January 18, 2005, based upon the average of the high and low prices for that date.
- (2) Represents common stock reserved for issuance by the registrant with respect to the prospective conversion of a convertible debenture issued on December 29, 2004 at the election of the holder of that debenture.
- (3) Pursuant to SEC Rule 416(a), also covers additional common shares that may be offered to prevent dilution as a result of stock splits, stock dividends or similar transactions relating to these shares.
- (4) Represents common stock reserved for issuance by the registrant with respect to the prospective exercise of common stock purchase warrants granted to the holder of the aforesaid debenture in connection with the sale of that debenture by the registrant.
- (5) Pursuant to SEC Rule 416(a), also covers additional common shares that may be offered to prevent dilution as a result of stock splits, stock dividends or similar transactions relating to these shares.
- (6) Represents a pool of common stock reserved for issuance by the registrant with respect to any of the following: (1) the prospective conversion, at the election of the registrant, of principal under the aforesaid convertible debenture at a lower conversion price than that afforded to the debenture holder; or (2) the prospective payment by the registrant in the form of common stock of interest, penalties and/or damages that may accrue under the debenture and/or warrants.
- (7) Pursuant to SEC Rule 416(a), also covers additional common shares that may be offered to prevent dilution as a result of stock splits, stock dividends or similar transactions relating to these shares.
- (8) Represents common stock reserved for issuance by the registrant with respect to the prospective conversion of 200,000 series A preferred shares issued as a dividend payable in kind in satisfaction of dividends accrued through December 31, 2004 on series A preferred shares then outstanding.
- (9) Represents a pool of common stock reserved for issuance by the registrant with respect to the prospective issuance and conversion of up to 200,000 additional series A preferred shares as a dividend payable in kind in satisfaction of dividends that may accrue after December 31, 2004 on series A preferred shares then outstanding.
- (10) Pursuant to SEC Rule 416(a), also covers additional common shares that may be offered to prevent dilution as a result of stock splits, stock dividends or similar transactions relating to these shares.
- (11) Previously paid in connection with the initial filing of this registration statement on January 26, 2005.

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 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

PRELIMINARY PROSPECTUS SUBJECT TO COMPLETION, DATED FEBRUARY 8, 2005

The information in this prospectus is not complete and may be changed. We have filed a registration statement containing this prospectus with the Securities and Exchange Commission. The common stock offered for sale under this prospectus may not be offered for sale or sold until that registration statement is declared effective by the Securities and Exchange Commission. This prospectus is not an offer to sell the common shares and doesn't solicit an offer to purchase the common shares in any jurisdiction where this offer or sale is not otherwise permitted.

Prospectus

1,368,281 Common Shares

This prospectus relates to the offer and sale by some of our securities holders during the period in which the registration statement containing this prospectus is effective of up to 1,368,281 common shares, consisting of:

- 1,036,904 common shares reserved for issuance by the company in connection with the sale of a \$2,000,000 convertible debenture to DKR SoundShore Oasis Holding Fund Ltd. as follows:
 - o 380,952 common shares issuable by the company upon the prospective conversion, at the election of the debenture holder, of the full \$2,000,000 in principal due under the debenture;
 - o 275,000 common shares issuable by the company with respect to the prospective exercise of 275,000 common share purchase warrants issued to the debenture holder in connection with the sale of the debenture; and
 - o an additional pool of 380,952 common shares issuable by the company with respect to any of the following: (1) the prospective conversion, at the election of the company, of principal under the aforesaid convertible debenture at a lower conversion price than that afforded to the debenture holder; and/or (2) the prospective payment by the company in the form of common shares of interest, penalties and/or damages that may accrue under the debenture and/or warrants; and
- 331,377 common shares reserved for issuance by the company in connection with dividends paid or payable in kind with respect to the company's series A preferred shares sold in a private placement in fiscal 2003 as follows:
 - o 131,377 common shares issuable by the company with respect to the prospective conversion of 131,377 series A preferred shares issued as a dividend payable in kind in satisfaction of dividends accrued through December 31, 2004 on series A preferred shares then outstanding; and

o an additional pool of 200,000 common shares issuable by the company with respect to the prospective issuance and conversion of up to 200,000 additional series A preferred shares as a dividend payable in kind in satisfaction of dividends that may accrue after December 31, 2004 on series A preferred shares then outstanding.

This offering is not being underwritten. The common shares offered under this prospectus may be sold by the selling shareholders on the public market, in negotiated transactions with a broker-dealer or market maker as principal or agent, or in privately negotiated transactions not involving a broker or dealer. We will not receive any of the proceeds from those sales.

Our common shares trade on the Over-The-Counter Bulletin Board, also called the OTCBB, under the trading symbol RECM .

An investment in the common shares offered for sale under this prospectus involves a high degree of risk. See Risk Factors beginning on page 6 of this prospectus.

Neither the United States Securities and Exchange Commission nor any state securities commission has approved or disapproved of the common shares offered for sale under this prospectus or the merits of that offering, or has determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is February 8, 2005

**4705 Laurel Canyon Boulevard, Suite 203, Studio City, California 91607
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PROSPECTUS SUMMARY

This summary highlights important information about our company and business. Because it is a summary, it may not contain all of the information that is important to you. To understand this offering fully, you should read this entire prospectus and the financial statements and related notes included in this prospectus carefully. Unless the context requires otherwise, *Recom*, *we*, *us*, *our* and similar terms refer to Recom Managed Systems, Inc.

On April 11, 2003, we effected a split in our common shares on a 3:1 forward basis through the mechanism of a stock dividend. Whenever we make any reference in this prospectus to the grant or issuance of common shares or options or warrants to purchase common shares, such reference shall, for comparison purposes, be made in reference to post-split numbers and, in the case of options and warrants, exercise prices, unless we state otherwise.

The Company And Business

Recom is a development stage medical device company focused on researching, developing and marketing medical devices which monitor and measure physiological signals in order to detect diseases that impact an individual's health. Physiological signals are small bioelectrical signals generated by the body. Our initial product will be patient modules used as part of a heart monitor system to acquire, amplify and process physiological signals associated with a patient's cardiovascular system. Heart monitor systems are used by heart specialists known as cardiologists to collect physiological data for electrocardiogram or ECG tests for the purpose of detecting and identifying cardiovascular disease. Our patient module will operate using a proprietary and patented amplification technology which provides the capability to enlarge and process the physiological signals to discriminate them from ambient or background electromagnetic noise and to facilitate the examination of the signal data for diagnostic purposes. Our amplification technology is an enhancement of an amplification technology first developed for the United States Air Force to record bioelectrical signals from a pilot's brain, known as an electroencephalogram or EEG. The technology was also used by the National Institute of Health as well as companies such as Titan Systems and Teledyne, Inc. for purposes of monitoring different physiological signals.