

INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number: 3235-0104  
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1. Name and Address of Reporting Person* <u>Pelosof Avi</u>  (Last) (First) (Middle) <u>3661 HORSEBLOCK ROAD</u>  (Street) <u>MEDFORD NY 11763</u>  (City) (State) (Zip)	2. Date of Event Requiring Statement (Month/Day/Year) <u>05/05/2004</u>	3. Issuer Name and Ticker or Trading Symbol <u>Chembio Diagnostics Inc. [ CEMI ]</u>	4. Relationship of Reporting Person(s) to Issuer (Check all applicable) <div>Director 10% Owner</div> <div><input checked="" type="checkbox"/> Officer (give title below) Other (specify below)</div> <div>Vice President</div>	5. If Amendment, Date of Original Filed (Month/Day/Year)	6. Individual or Joint/Group Filing (Check Applicable Line) <div><input checked="" type="checkbox"/> Form filed by One Reporting Person</div> <div>Form filed by More than One Reporting Person</div>
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Table I - Non-Derivative Securities Beneficially Owned

1. Title of Security (Instr. 4)	2. Amount of Securities Beneficially Owned (Instr. 4)	3. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	4. Nature of Indirect Beneficial Ownership (Instr. 5)
Common Stock <sup>(1)</sup>	225,554	D	

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

1. Title of Derivative Security (Instr. 4)	2. Date Exercisable and Expiration Date (Month/Day/Year)		3. Title and Amount of Securities Underlying Derivative Security (Instr. 4)		4. Conversion or Exercise Price of Derivative Security	5. Ownership Form: Direct (D) or Indirect (I) (Instr. 5)	6. Nature of Indirect Beneficial Ownership (Instr. 5)
	Date Exercisable	Expiration Date	Title	Amount or Number of Shares			
8% Series A Convertible Preferred Stock <sup>(2)</sup>	05/05/2004	12/31/2049	Common Stock	10,078	<sup>(3)</sup>	D	
Option to purchase Common Stock <sup>(1)</sup>	11/19/2003	11/19/2007	Common Stock	40,000	3	D	
Option to Purchase Common Stock <sup>(1)</sup>	05/05/2004	12/31/2008	Common Stock	10,000	4	D	
Option to purchase Common Stock <sup>(1)</sup>	05/05/2004	05/04/2011	Common Stock	40,000	0.75	D	
Option to purchase Common Stock <sup>(1)</sup>	05/05/2004	05/04/2011	Common Stock	10,000	1	D	
Option to purchase Common Stock <sup>(4)</sup>	05/28/2004	05/27/2011	Common Stock	100,000	0.6	D	
Option to purchase Common Stock <sup>(4)</sup>	05/28/2005	05/27/2011	Common Stock	50,000	0.9	D	
Option to purchase Common Stock <sup>(4)</sup>	05/28/2006	05/27/2011	Common Stock	50,000	1.35	D	
Warrant to purchase Common Stock <sup>(2)</sup>	05/05/2004	05/04/2009	Common Stock	12,095	0.9	D	
Warrant to purchase Common Stock <sup>(1)</sup>	05/05/2004	05/04/2009	Common Stock	22,555	0.9	D	

Explanation of Responses:

1. On May 5, 2004, the Issuer acquired Chembio Diagnostic Systems Inc., a privately held corporation ("Chembio"), through a merger of a wholly owned subsidiary of the Issuer with and into Chembio. Pursuant to the terms of the merger, each stockholder of Chembio received shares of the Issuer's Common Stock in exchange for Chembio common stock owned. The Issuer also assumed all the outstanding warrants and options to acquire Chembio common stock. Each assumed warrant and option is now exercisable for shares of the Issuer's Common Stock. Mr. Pelosof received 225,554 shares of the Issuer's Common Stock in exchange for his Chembio common stock and received warrants to purchase 22,555 shares of the Issuer's Common Stock and options to purchase 100,000 shares of the Issuer's Common Stock in exchange for warrants and options, respectively, that he held of Chembio.
2. On May 5, 2004, The Issuer consummated a private offering of its 8% Series A Convertible Preferred Stock (together with warrants to purchase shares of its Common Stock) in exchange for certain indebtedness of Chembio that was previously outstanding. The conversion price at which such debt was exchanged into 8% Series A Convertible Preferred Stock (together with warrants to purchase shares of the Issuer's Common Stock) was \$30,000 per share. Mr. Pelosof converted \$4,047.12 of Chembio indebtedness that he held prior to the merger into .202 shares Series A Convertible Preferred Stock (together with warrants to purchase 12,120 shares of Common stock) pursuant to the Series A Offering.
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4. In connection with Mr. Pelosof's employment, options were granted.

Avi Pelosof 07/02/2004  
\*\* Signature of Reporting Person Date

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

\* If the form is filed by more than one reporting person, see Instruction 5 (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).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure.

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