

CHEMBIO DIAGNOSTICS, INC.
Form DEF 14A
April 14, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

[Amendment No. ____]

Filed by the Registrant
Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
 Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 Definitive Proxy Statement
 Definitive Additional Materials
 Soliciting Material under ss. 240.14a-12

CHEMBIO DIAGNOSTICS, INC.

(Name of Registrant as Specified in Its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:
3. Filing Party:
4. Date Filed:

CHEMBIO DIAGNOSTICS, INC.

3661 Horseblock Road
Medford, NY 11763
(631) 924-1135

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held June 3, 2008**

The Annual Meeting of Stockholders of Chembio Diagnostics, Inc. will be held on June 3, 2008 at 10:00 am (local time) at the Radisson Hotel, 1730 North Ocean Avenue, Holtsville, New York 11742, for the following purposes:

1. To elect five directors to the Company's Board of Directors;
2. To consider and vote upon a proposal recommended by the Board of Directors to ratify the selection of Lazar, Levine & Felix LLP to serve as our certified independent accountants for the fiscal year ending December 31, 2008;
3. To consider and vote upon a proposal recommended by the Board of Directors to adopt the 2008 Stock Incentive Plan;
4. To in their discretion, vote upon an adjournment or postponement of the meeting; and
5. To transact any other business that properly may come before the Annual Meeting.

Only the stockholders of record as shown on our transfer books at the close of business on April 14, 2008 are entitled to notice of, and to vote at, the Annual Meeting. Our Annual Report for the fiscal year ended December 31, 2007 on Form 10-KSB is being provided to stockholders with this proxy statement. The Annual Report is not part of the proxy soliciting material.

We are furnishing proxy materials to our stockholders of record by (i) mailing a printed copy of the proxy materials, and (ii) providing Internet access to the proxy materials. Both stockholders of record who receive a printed copy of proxy materials and stockholders of record who receive a Notice of Internet Availability of Proxy Materials will be permitted to access our proxy materials on the Internet. In addition, stockholders of record who receive a Notice of Internet Availability of Proxy Materials can receive a printed copy of the proxy materials by requesting this information from the Company. The Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review all of the information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs you as to how you may submit your proxy on the Internet.

All stockholders, regardless of whether they expect to attend the meeting in person, are requested to complete, date, sign and return promptly the enclosed form of proxy via the Internet or in the accompanying envelope (which requires no postage if mailed in the United States), as applicable. The person executing the proxy may revoke it by filing with our Secretary an instrument of revocation or a duly executed proxy bearing a later date, or by electing to vote in person at the Annual Meeting.

All stockholders are extended a cordial invitation to attend the Annual Meeting.

By the Board of Directors

/s/ Lawrence A. Siebert
Medford, New York

Lawrence A. Siebert

April 14, 2008

Chairman of the Board

PROXY STATEMENT

CHEMBIO DIAGNOSTICS, INC.

3661 Horseblock Road
Medford, NY 11763
(631) 924-1135

ANNUAL MEETING OF STOCKHOLDERS

To be held June 3, 2008

SOLICITATION AND REVOCATION OF PROXIES

This proxy statement is provided in connection with the solicitation of proxies by and on behalf of the Board of Directors of Chembio Diagnostics, Inc., a Nevada corporation (referred to as the “Company” or “Chembio” or “we” or “us”) to be voted at the Annual Meeting of Stockholders to be held at 10:00 am (local time) on June 3, 2008 at the Radisson Hotel, 1730 North Ocean Avenue, Holtsville, New York 11742, or at any adjournment or postponement of the Annual Meeting. We anticipate that this proxy statement and the accompanying form of proxy will be first distributed to stockholders on or about April 22, 2008.

We are furnishing proxy materials to our stockholders of record by (i) mailing a printed copy of the proxy materials, and (ii) providing Internet access to the proxy materials. Both stockholders of record who receive a printed copy of proxy materials and stockholders of record who receive a Notice of Internet Availability of Proxy Materials will be permitted to access our proxy materials on the Internet. In addition, stockholders of record who receive a Notice of Internet Availability of Proxy Materials can receive a printed copy of the proxy materials by requesting this information from the Company. The Notice of Internet Availability of Proxy Materials will instruct you as to how you may access and review all of the information contained in the proxy materials. The Notice of Internet Availability of Proxy Materials also instructs you as to how you may submit your proxy on the Internet.

A stockholder giving a proxy may revoke it at any time before it is exercised by delivering written notice of revocation to our Secretary, by substituting a new proxy executed at a later date, or by requesting, in person at the Annual Meeting, that the proxy be returned.

The solicitation of proxies is to be made on the Internet and through mailings. However, following the initial solicitation, further solicitations may be made by telephone or oral communication with stockholders. Our officers, directors and employees may solicit proxies, but these persons will not receive compensation for that solicitation other than their regular compensation as employees. Arrangements also will be made with brokerage houses and other custodians, nominees and fiduciaries to provide access to the solicitation materials to beneficial owners of the shares held of record by those persons. We may reimburse those persons for reasonable out-of-pocket expenses incurred by them in so doing. We will pay all expenses involved in preparing, assembling and mailing this proxy statement and the enclosed material.

VOTING SECURITIES

The close of business on April 14, 2008 has been fixed as the record date for the determination of holders of record of the Company's common stock, \$0.01 par value per share (the "Common Stock"), entitled to notice of and to vote at the Annual Meeting. On the record date, 60,537,534 shares of Common Stock were outstanding and eligible to be voted at the Annual Meeting. A majority of the issued and outstanding shares of common stock entitled to vote, represented either in person or by proxy, constitutes a quorum at any meeting of the stockholders. If sufficient votes for approval of the matters to be considered at the Annual Meeting have not been received prior to the meeting date, we intend to postpone or adjourn the Annual Meeting in order to solicit additional votes. The form of proxy we are soliciting requests authority for the proxies, in their discretion, to vote the stockholders' shares with respect to a postponement or adjournment of the Annual Meeting. At any postponed or adjourned meeting, we will vote any proxies received in the same manner described in this proxy statement with respect to the original meeting.

VOTING PROCEDURES

Votes at the Annual Meeting are counted by an inspector of election appointed by the Chairman of the meeting. You can ensure that your shares are voted at the meeting by submitting your proxy card on the Internet, or by completing, signing, dating and returning the enclosed proxy form in the envelope provided, as applicable. If a quorum is present, an affirmative vote of a majority of the votes entitled to be cast by those present in person or by proxy is required for the approval of the items submitted to shareholders for their consideration, unless a different number of votes is required by Nevada law or our Articles Of Incorporation, except for the election of directors, for which a plurality of the votes cast is required. Abstentions by those present at the Annual Meeting are tabulated separately from affirmative and negative votes and do not constitute affirmative votes. If a shareholder submits his or her proxy card and withholds authority to vote for any or all of the items, the votes represented by the proxy card will be deemed to be present at the meeting for purposes of determining the presence of a quorum but will not be counted as affirmative votes. Shares in the names of brokers that are not voted on a particular matter are treated as not present with respect to that matter.

FORWARD-LOOKING STATEMENTS

This proxy statement includes "forward-looking" statements within the meaning of Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this proxy statement regarding our financial position, business strategy and plans and objectives of management for future operations and capital expenditures are forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements and the assumptions upon which the forward-looking statements are based are reasonable, we can give no assurance that such expectations and assumptions will prove to have been correct.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

On April 14, 2008, there were 60,537,534 shares of common stock issued and outstanding and eligible to be voted at the Annual Meeting. The following table sets forth certain information regarding the beneficial ownership of our common stock by each person or entity known by us to be the beneficial owner of more than 5% of the outstanding shares of common stock, and by each of our directors, each of our "named executive officers", and all of our directors and executive officers as a group as of April 14, 2008.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Owner	Percent of Class
Siebert, Lawrence ⁽¹⁾ 3661 Horseblock Road Medford, NY 11763	7,465,605	11.85%
Esfandiari, Javan ⁽²⁾ 3661 Horseblock Road Medford, NY 11763	714,580	1.17%
Larkin, Richard ⁽³⁾ 3661 Horseblock Road Medford, NY 11763	290,967	0.48%
Ippolito, Tom ⁽⁴⁾ 3661 Horseblock Road Medford, NY 11763	65,000	0.11%
Bruce, Richard ⁽⁵⁾ 3661 Horseblock Road Medford, NY 11763	140,000	0.23%
Carus, Al ⁽⁶⁾ 3661 Horseblock Road Medford, NY 11763	138,000	0.23%
Meller, Gary ⁽⁷⁾ 3661 Horseblock Road Medford, NY 11763	223,000	0.37%
Davis, Katherine L. ⁽⁸⁾ 3661 Horseblock Road Medford, NY 11763	36,000	0.06%
James D. Merselis ⁽⁹⁾ 3661 Horseblock Road Medford, NY 11763	9,000	0.01%
All officers and directors as a group ⁽¹⁰⁾	9,082,227	14.14%
Vicis Capital Master Fund 126 East 56th Street, Tower 56, Suite 700 New York, NY 10022	4,608,707	7.61%
Millenium 3 Opportunity Fund, LLC ⁽¹¹⁾ 4 Becker Farm Road Roseland, NJ 07068	4,006,610	6.45%
Inverness Medical Innovations, Inc. 51 Sawyer Road, Suite 200 Waltham, MA 02453	5,367,840	8.87%
Crestview Capital Master, LLC ⁽¹²⁾ 95 Revere Drive, Suite A Northbrook, IL 60062	24,145,310	36.20%

Beneficial ownership is determined in accordance with the Rule 13d-3(a) of the Securities Exchange Act of 1934, as amended, and generally includes voting or investment power with respect to securities. Except as subject to community property laws, where applicable, the person named above has sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by him.

The beneficial ownership percent in the table is calculated with respect to the number of outstanding shares (60,537,534) of the Company's common stock as of April 14, 2008, and each stockholder's ownership is calculated as the number of shares of common stock owned plus the number of shares of common stock into which any preferred stock, warrants, options or other convertible securities owned by that stockholder can be converted within 60 days.

The term "named executive officer" refers to our principal executive officer, our two most highly compensated executive officers other than the principal executive officer who were serving as executive officers at the end of 2007, and two additional individuals for whom disclosure would have been provided but for the fact that the individuals were not serving as executive officers of the Company at the end of 2007.

- (1) Includes 245,000 shares issuable upon exercise of options exercisable within 60 days and 2,205,731 warrants.
- (2) Includes 492,500 shares issuable upon exercise of options exercisable within 60 days and 2,007 shares issuable upon exercise of warrants. Does not include 100,000 shares issuable upon exercise of options that are not exercisable within the next 60 days
- (3) Includes 212,500 shares issuable upon exercise of options exercisable within 60 days and 27,436 shares issuable upon exercise of warrants.
- (4) Includes 65,000 shares issuable upon exercise of options exercisable within 60 days.
- (5) Includes 140,000 shares issuable upon exercise of options exercisable within 60 days.
- (6) Includes 123,000 shares issuable upon exercise of options exercisable within 60 days. Does not include 144,000 shares issuable upon exercise of options that are not exercisable within the next 60 days.
- (7) Includes 123,000 shares issuable upon exercise of options exercisable within 60 days. Does not include 144,000 shares issuable upon exercise of options that are not exercisable within the next 60 days.
- (8) Includes 36,000 shares issuable upon exercise of options exercisable within 60 days. Does not include 144,000 shares issuable upon exercise of options that are not exercisable within the next 60 days.
- (9) Includes 9,000 shares issuable upon exercise of options exercisable within 60 days.
- (10) Includes footnotes (1)-(9)
- (11) Includes 1,557,376 shares issuable upon exercise of warrants.
- (12) Includes 6,169,056 shares issuable upon exercise of warrants.

AVAILABLE INFORMATION

Copies of our Annual Report on Form 10-KSB are being furnished to each stockholder with this proxy statement, and are available on the Internet pursuant to the instructions set forth in the attached "Notice Regarding the Availability of Proxy Material." Upon written request, we will provide, without charge, a copy of our quarterly reports on Form 10-QSB for the quarters ended March 31, 2008, September 30, 2007 and June 30, 2007 to any stockholder of record, or to any stockholder who owns Common Stock listed in the name of a bank or broker as nominee, at the close of business on April 14, 2008. Any request for a copy of these reports should be mailed to the Secretary, Chembio Diagnostics, Inc., 3661 Horseblock Road, Medford, NY 11763. Stockholders may also receive copies of these reports by accessing the Company's "Investor Center" on the Company's website at www.chembio.com, or by accessing the SEC's website at www.sec.gov.

ITEM 1. ELECTION OF DIRECTORS

At the Annual Meeting, the stockholders will elect five directors to serve as our Board of Directors. Each director will be elected to hold office until the next annual meeting of stockholders and thereafter until his/her successor is elected and qualified. The affirmative vote of a plurality of the shares voted at the Annual Meeting in person or by proxy is required to elect each director. Cumulative voting is not permitted in the election of directors. In the absence of instructions to the contrary, the person named in the accompanying proxy shall vote the shares represented by that proxy for the persons named below as management's nominees for directors. Nominees Siebert, Meller, Carus, Davis and Merselis currently serve as directors of the Company.

It is not anticipated that any of the nominees will become unable or unwilling to accept nomination or election, but, if that should occur, the persons named in the proxy intend to vote for the election of such other person as the Board of Directors may recommend.

The following table sets forth, with respect to each nominee for director, the nominee's age, positions and offices with the Company, the expiration of the nominee's term as a director and the year in which the nominee first became a director. Individual background information concerning each of the nominees follows the table. For additional information concerning the nominees, including stock ownership and compensation, see "Executive Compensation,"

“Beneficial Ownership of the Company’s Equity Securities,” and “Certain Transactions With Management And Principal Stockholders.”

Name	Age	Position(s) and Office(s) with the Company	Expiration of Term of Director	Initial Date as Director
Lawrence A. Siebert	51	Chief Executive Officer, President and Chairman of the Board	2008 Annual Meeting	May 2004
Dr. Gary Meller	57	Director	2008 Annual Meeting	March 2005
Alan Carus	69	Director	2008 Annual Meeting	April 2005
Katherine L. Davis	51	Director	2008 Annual Meeting	May 2007
James D. Merselis	54	Director	2008 Annual Meeting	Nominated by the Board: March 2008

Lawrence A. Siebert (51), President, Chief Executive Officer and Director. Mr. Siebert was appointed Chief Executive Officer of Chembio Diagnostics, Inc. and Chairman of our board of directors upon consummation of the merger of the Company and Chembio Diagnostic Systems, Inc. in 2004. Mr. Siebert has been Chairman of Chembio Diagnostic Systems, Inc. for approximately 16 years and its President since May 2002. Prior to his involvement with Chembio Diagnostic Systems, Inc., in 1992 Mr. Siebert was involved in private equity and venture capital investing. From 1982 to 1991, Mr. Siebert was associated with Stanwich Partners, Inc, which during that period invested in middle market manufacturing and distribution companies. From 1992 to 1999, Mr. Siebert was an investment consultant and business broker with Siebert Capital Corp. and Siebert Associates LLC, and was a principal investor in a privately held test and measurement company which was sold in 2002. Mr. Siebert received a JD from Case Western Reserve University School of Law in 1981 and a BA with Distinction in Economics from the University of Connecticut in 1978.

Dr. Gary Meller (57), Director. Dr. Meller was elected to our Board of Directors in March 2005, and currently serves on the Company's Audit, Compensation and Nominating and Corporate Governance Committees, including as Chairman of the Compensation Committee. Dr. Meller has been the president of CommSense Inc., a healthcare business development company, since 2001. CommSense Inc. works with clients in Europe, Asia, North America and the Middle East on medical information technology, medical records, pharmaceutical product development and financing, health services operations and strategy, and new product and new market development. From 1999 until 2001, Dr. Meller was the executive vice president, North America, of NextEd Ltd., a leading internet educational services company in the Asia Pacific region. Dr. Meller also is a limited partner and a member of the Advisory Board of Crestview Capital Master LLC, which is our largest stockholder. Dr. Meller is a graduate of the University of New Mexico School of Medicine and has an MBA from the Harvard Business School.

Alan Carus, CPA (69), Director, Audit Committee chair. Mr. Carus was elected to our Board of Directors in April 2005, and currently serves on the Company's Audit, Compensation, and Nominating and Corporate Governance Committees, and he is the Chairman of the Audit Committee. He is a co-founder of LARC Strategic Concepts LLC, a consulting firm dedicated to guiding emerging companies to next stage development. Prior to co-founding LARC Strategic Concepts LLC, Mr. Carus was Senior Vice President of Maritime Overseas Corporation ("MOC") and a senior executive of Overseas Shipholding Group, Inc. ("OSG") from 1981 to 1998 when he retired. MOC was managing agent for OSG, one of the world's largest ship-owners. He was a member of OSG's senior management committee and had senior responsibility in areas relating to administration, accounting, tax, finance, budgets, long-range projections and human resources. Mr. Carus was involved in numerous acquisitions, debt and equity offerings, complex transaction structuring, and was active in the management of OSG's major investments in the cruise industry and other development stage companies. From 1964 to 1981, he was with Ernst & Young (including predecessors), the last seven years as a partner. Mr. Carus has a B.B.A. from the Baruch School of Business of the City College of New York.

Kathy Davis (51), Director. Ms. Davis was elected to the Company's Board of Directors in May 2007, and currently serves on the Company's Audit, Compensation and Nominating and Corporate Governance Committees, including as Chairperson of the Nominating and Corporate Governance Committee. Ms. Davis is presently the owner of Davis Design Group LLC, a company that provides analytical and visual tools for public policy design. Previously she served as the Chief Executive Officer of Global Access Point, a start-up company with products for data transport, data processing, and data storage network and hub facilities. From October 2003 to January 2005 Ms. Davis was Lieutenant Governor of the State of Indiana, and from January 2000 to October 2003 was Controller of the City of Indianapolis. From 1989 to 2003 Ms. Davis held leadership positions with agencies and programs in the State of Indiana including State Budget Director, Secretary of Family & Social Services Administration, and Deputy Commissioner of Transportation. From 1982 to 1989 Ms. Davis held increasingly senior positions with Cummins Engine, where she managed purchasing, product cost, manufacturing, engineering, and assembly of certain engine product lines. Ms. Davis also led the startup of and initial investments by a \$50 million Indiana state technology fund, and she serves on the not-for-profit boards of Noble of Indiana, Indiana Museum of African American History, University of Evansville Institute of Global Enterprise, and Purdue College of Science Dean's Leadership

Council. She has a Masters of Business Administration from Harvard Business School and a Bachelor of Science in Mechanical Engineering from the Massachusetts Institute of Technology.

James Merselis (54), Director. Mr. Merselis was elected to the Company's Board of Directors in March 2008. From 2002 to 2007, Mr. Merselis served as the President, Chief Executive Officer, and Director of Hemosense, Inc. (AMEX: HEM), a company that develops, manufactures and sells handheld blood coagulation monitoring systems. From 1998 to 2002, Mr. Merselis served as President, Chief Executive Officer and Director of Micronics, Inc., a Redmond, WA, based company that develops in-vitro diagnostic products for disease diagnosis, prognosis, and treatment monitoring. From 1976 to 1998, Mr. Merselis held multiple positions at Boehringer Mannheim, including serving as Managing Director of the British affiliate of Boehringer Mannheim. Mr. Merselis holds an Advanced Management Program Certificate from the Harvard Business School, and a Bachelor of Science degree in Biology (Pre-Med) from Nebraska Wesleyan University.

Required Vote; Board Recommendation

The affirmative vote of a plurality of the shares voted at the Annual Meeting in person or by proxy is required to elect each director. The Board of Directors unanimously recommends that the stockholders vote FOR the election of the five nominees listed above.

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**INFORMATION REGARDING THE BOARD OF DIRECTORS
AND EXECUTIVE OFFICERS**

Other Executive Officers

The following table sets forth with respect to each other executive officer, the officer's age, the officer's positions and offices with the Company, the expiration of the officer's term as an officer and the period during which the officer has served either the Company or Chembio Diagnostic Systems Inc.

Name	Age	Position With Company	Initial Date as Officer
Richard J. Larkin	51	Chief Financial Officer	2003
Javan Esfandiari	41	Director of Research & Development	2004
Richard Bruce	53	Vice President, Operations	2004
Les Stutzman	56	Vice President of Marketing	2005
Tom Ippolito	45	Vice President of Regulatory Affairs, Quality Assurance and Quality Control	2005
Robert Aromando	52	Executive VP of Commercial Operations	2007
Cathy Dudnanski	48	Vice President of Marketing	2007

Richard J. Larkin (51), Chief Financial Officer. Mr. Larkin was appointed as Chief Financial Officer of Chembio Diagnostics, Inc. upon consummation of the merger. Mr. Larkin oversees our financial activities and information systems. Mr. Larkin has been the Chief Financial Officer of Chembio Diagnostic Systems Inc. since September 2003. Prior to joining Chembio Diagnostic Systems Inc., Mr. Larkin served as CFO at Visual Technology Group from May 2000 to September 2003, and also led their consultancy program that provided hands-on expertise in all aspects of financial service, including the initial assessment of client financial reporting requirements within an Enterprise Resource Planning (Manufacturing) environment through training and implementation. Prior to joining VTG, he served as CFO at Protex International Corporation from May 1987 to January 2000. Mr. Larkin holds a BBA in Accounting from Dowling College and is a member of the American Institute of Certified Public Accountants.

Javan Esfandiari (41), Executive VP of Research and Development. Mr. Esfandiari joined Chembio Diagnostic Systems, Inc. in 2000. Mr. Esfandiari co-founded, and became a co-owner of Sinovus Biotech AB where he served as Director of Research and Development concerning lateral flow technology until Chembio Diagnostic Systems Inc. acquired Sinovus Biotech AB in 2000. From 1993 to 1997, Mr. Esfandiari was Director of Research and

Development with On-Site Biotech/National Veterinary Institute, Uppsala, Sweden, which was working in collaboration with Sinovus Biotech AB on development of veterinary lateral flow technology. Mr. Esfandiari received his B.Sc. in Clinical Chemistry and his M. Sc. in Molecular Biology from Lund University, Sweden. He has published articles in various veterinary journals and has co-authored articles on tuberculosis serology with Dr. Lyashchenko.

Richard Bruce (53), Vice President, Operations. Mr. Bruce was hired in April 2000 as Director of Operations. He is responsible for manufacturing, maintenance, inventory, shipping, receiving, and warehouse operations. Prior to joining Chembio Diagnostic Systems Inc., he held director level positions at Wyeth Laboratories from 1984 to 1993. From 1993 to 1998, he held various management positions in the Operations department at bioMérieux, Inc., (formerly Organon Teknika Corp.). From 1998 to 2000, he held a management position at V.I. Technologies. Mr. Bruce has over 25 years of operations management experience with Fortune 500 companies in the field of in-vitro diagnostics and blood fractionation. Mr. Bruce received his BS in Management from National Louis University in 1997.

Les Stutzman (56), Vice President of Sales & Marketing – Vet TB. In 2005, Mr. Stutzman joined Chembio as Vice President of Marketing to lead the development and launch of rapid tests for veterinary and human TB and other veterinary products. Mr. Stutzman has spent over twenty years in marketing leadership positions within various diagnostics companies. He has held Global Director and Business Development Director positions in Marketing for diagnostic companies including bioMérieux Inc., (formerly Organon Teknika Corp.), Durham, North Carolina from 1997 to 2002 and TREK Diagnostic Systems, Cleveland, Ohio from 2002 to 2005. Mr. Stutzman received his MBA in Marketing from Duke University Fuqua School of Business in 1988 and his Masters in Microbiology from Wagner College in 1982. Mr. Stutzman is MT (ASCP) SM certified.

Tom Ippolito (45), Vice President of Regulatory Affairs, QA and QC. Mr. Ippolito joined Chembio in June 2005. He has over twenty years experience with in-vitro diagnostics for infectious diseases, protein therapeutics, vaccine development, Process Development, Regulatory Affairs and Quality Management. Mr. Ippolito held Vice President level positions at Biospecific Technologies, Corp. from 2000 - 2005, and Director level positions in Quality Assurance, Quality Control, Process Development and Regulatory Affairs at United Biomedical, Inc. from 1987 - 2000. Mr. Ippolito is the Course Director for “drug development process” and “FDA Regulatory Process” for the BioScience Certificate Program at the New York State University of Stony Brook, a program he has been a part of since its inception in 2003.

Robert L. Aromando, Jr. (52), Executive Vice President of Commercial Operations. Mr. Aromando joined the Company in May 2007. Prior to this position, between 2001 and 2007, Mr. Aromando was Vice President of Marketing for Bracco Diagnostics Inc., a Princeton, New Jersey-based pharmaceutical company and part of the Bracco Group. Most of his focus at Bracco was on managing the efforts of a marketing department, launching new products, business development and life cycle management. Prior to joining Bracco Mr. Aromando completed a one-year contract as interim President and Chief Executive Officer for American Bio Medica Corporation, a publicly-traded diagnostic healthcare company. Prior to American Bio Medica Corporation, Mr. Aromando was Director of Global Marketing for Covance, a leading pharmaceutical development organization headquartered in Princeton, New Jersey where he had responsibility for managing the strategic direction of the clinical development marketing department. He also spent eight years at Roche Diagnostic Systems (member of the Roche Group) as Director of Global Marketing responsible for the drugs of abuse business unit. His focus at Roche was allocated to government affairs as well as providing solutions for substance abuse programs in the workplace, criminal justice, drug treatment and school sectors. Mr. Aromando’s career in healthcare also included stints at American Home Products and Litton Bionetics Laboratory Products.

Cathy Dudnanski (48), Vice President of Marketing, Ms. Dudnanski joined Chembio in 2005 as Marketing Director for human diagnostic products including HIV 1/2 and Chagas disease. She was promoted to Vice President in 2007. Ms. Dudnanski brings over 20 years of domestic and international marketing and sales experience in medical devices and diagnostics to the Company. Between 2003 and 2005, Ms. Dudnanski was the Global Marketing Manager for Suction and Oxygen Care for GE Healthcare. From 2000-2003, Ms. Dudnanski was the Director of Sales & Marketing for ZeptoMetrix Corporation (former Division of Hemagen Diagnostics, Inc.) where her responsibilities included sales and marketing of research products to biotechnology firms and academia. From 1992 to 1999, Ms. Dudnanski was the Director of Sales & Marketing for Hemagen Diagnostics, Inc. where she was responsible for the infectious disease and autoimmune disease product lines. She received a B.S. in Medical Technology from Roanoke

College and an MBA from Loyola. Ms. Dudnanski is MT (ASCP) certified and a member of the American Society of Microbiology.

Each of our officers serves at the pleasure of the Board of Directors. There are no family relationships among our officers and directors.

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Certain Transactions with Management and Principal Stockholders

Lawrence A. Siebert, the president, chief executive officer and chairman of the board of directors of Chembio Diagnostics, Inc. (the "Company") beginning at the time of and after the merger, and the president and chairman of Chembio Diagnostic Systems, Inc. since May 2002, held two promissory notes issued by Chembio Diagnostic Systems, Inc. One note was issued on August 1, 1999 in the original principal amount of \$338,125, bearing interest at a rate of 11% per annum. The other was issued on April 25, 2001 in the original principal amount of \$795,937, bearing interest at a rate of 12% per annum. On May 5, 2004, Mr. Siebert converted the entire outstanding principal amount of the 11% note and \$561,875 principal amount of the 12% note into 30 shares of the Company's Series A Preferred Stock, together with warrants to acquire 1,800,000 shares of common stock at \$0.90 per share, pursuant to the Company's private placement of its Series A Preferred Stock on May 5, 2004. Pursuant to the terms of the original Series A Preferred Stock, the shares of Series A Preferred Stock held by Mr. Siebert were convertible into 1,547,100 shares of the Company's common stock at \$0.60 per share. The remaining debt of \$234,062 held by Mr. Siebert was exchanged on May 5, 2004 into 7.80208 shares of the Company's Series A Preferred Stock, together with warrants to acquire 468,125 shares of common stock at \$0.90 per share, pursuant to the terms of the Company's private placement of its Series A Preferred Stock on May 5, 2004. As of December 31, 2006, \$65,287.39 of accrued interest on the debt was also due to Mr. Siebert, but was not accruing interest. As of December 31, 2007, the accrued interest had been repaid. Mr. Siebert also invested \$50,000 in the Company's Series B Preferred Stock private placement pursuant to which he received 1 share of Series B Preferred Stock, which was originally convertible into 81,967 shares of common stock at \$0.61 per share, together with a warrant to purchase 77,868 shares of common stock at an exercise price of \$0.61 per share.

Mr. Siebert invested \$18,700 in Chembio Diagnostic Systems Inc. pursuant to a private placement of convertible notes on March 22, 2004. Mr. Siebert converted the entire principal amount of the note that he received, together with accrued interest thereon, into .942 shares of the Company's Series A Preferred Stock, together with warrants to acquire 56,520 shares of common stock at \$0.90 per share, pursuant to the Company's private placement of its Series A Preferred Stock on May 5, 2004.

Mr. Siebert prior to March 22, 2004 had either advanced funds to Chembio Diagnostic Systems, Inc. or paid vendors directly on Chembio Diagnostic Systems, Inc.'s behalf for a total of \$182,181. This amount was repaid in the fourth quarter of 2006. In addition as of December 31, 2007, all of the accrued interest on the debt due to Mr. Siebert had been paid.

On February 15, 2008, the Compensation Committee approved the reduction of the exercise price to \$0.48 per share of each employee stock option award issued under the 1999 Equity Incentive Plan for which the exercise price was greater than \$0.48 per share. As a result of this price reduction, the following number of employee stock options awarded to the Company's officers and directors under the 1999 Equity Incentive Plan qualified for this price reduction: (i) Mr. Siebert: 170,000 options; (ii) Mr. Larkin: 87,500 options; (iii) Mr. Esfandiari: 532,500 options; (iv) Mr. Aromando: 100,000 options; (v) Mr. Ippolito: 15,000 options; (vi) Mr. Bruce: 90,000 options; (vii) Mr. Carus: 252,000 options; (viii) Dr. Meller: 252,000 options; and (ix) Ms. Davis: 180,000 options.

In addition, on February 15, 2008 the Compensation Committee granted to certain of the Company's employees options to purchase the Company's common stock under the 1999 Equity Incentive Plan. Included in these employee option grants were the following option grants to officers: (i) Mr. Siebert received 75,000 options; (ii) Mr. Larkin received 75,000 options; (iii) Mr. Esfandiari received 60,000 options; (iv) Mr. Bruce received 50,000 options; (v) Mr. Ippolito received 50,000 options; and (vi) Mr. Aromando received 25,000 options. The exercise price for each of these options is \$0.22 per share, which was the closing market price for the Company's common stock on February 15, 2008, which was the date of the grant. The options vest on the date of the grant, and each option granted will expire and terminate, if not exercised sooner, upon the earlier to occur of (a) 30 days after termination of the employee's employment with the Company or (b) the fifth anniversary of the date of grant.

Avi Pelossof, the Company's Vice President of Sales and Marketing from May 5, 2004 to January 31, 2007, exercised 100,000 options in December 2006 at \$0.60 per share, and another 50,000 options in January 2007 at \$0.75 per share.

Robert Aromando, the Company's Executive Vice President of Commercial Operations, was hired in May of 2007. In June 2007 in connection with his joining the Company, he was granted options to purchase 100,000 shares of common stock at an exercise price of \$0.62 per share. These options will become exercisable one year from the date of grant. As discussed above, on February 15, 2008, the exercise price for these options was reduced to \$0.48.

Dr. Gary Meller, a non-employee director of the Company, currently serves as a limited partner and a member of the Advisory Board of Crestview Capital Master LLC, referred to herein as Crestview, which was the lead investor, investing \$3 million, in our Series B Preferred Stock private placement in January 2005, and which subsequently invested an additional \$1 million in our Series B Preferred Stock private placement in March 2006. Crestview also invested \$2 million in our Series C Preferred Stock private placement in September 2006. Details of these transactions are set forth below. Crestview currently is the largest stockholder of the Company.

As referred to above, in January 2005, for a purchase price of \$3 million, Crestview acquired 60 shares of our Series B Preferred Stock, together with warrants to purchase 4,672,130 shares of our common stock at a warrant exercise price of \$0.61 per share.

In March 2006, for a purchase price of \$1 million, Crestview acquired 20 shares of Series B Preferred Stock together with warrants to purchase 1,557,377 shares of common stock at a warrant exercise price of \$0.61 per share. These shares were issued in connection with the Company's January 2005 private placement as described herein. In September 2006, for a purchase price of \$2 million, we issued 40 shares of Series C Preferred Stock to Crestview together with warrants to purchase 625,000 shares of common stock at an exercise price of \$1.00 per share.

In January 2007, because of comments from the staff of the SEC concerning the Company's registration statement No. 333-138266 (the "Prospectus"), Crestview agreed to reduce the number of its shares of common stock covered by the Prospectus to 2,000,000. Crestview also agreed to waive any penalties that the Company would otherwise owe Crestview because of the failure to register all of Crestview's shares in the Prospectus. In consideration for this waiver, the Company agreed that, upon request by Crestview, the Company will file one or more registration statements with the SEC in order to register the resale of other shares beneficially owned by Crestview. The cost of any such registration statements shall be borne by the Company.

In addition to Crestview's \$2,000,000 investment in the Company's September 2006 private placement of Series C Preferred Stock, the Company also received an investment of \$2,000,000 on that date from Inverness Medical Innovations, Inc. ("Inverness"). At that time, a Certificate of Designation for the Series C Preferred Stock was filed with the Secretary of State of Nevada reflecting the agreed upon conversion price of \$0.85 per share of common stock. This private placement of Series C Preferred Stock was completed on October 5, 2006, and it raised an aggregate of \$8,150,000 (including the \$2,000,000 invested by each of Crestview and Inverness). During the period between September 29, 2006 and October 5, 2006, we requested the assistance of Crestview and others in identifying prospective investors for us. On October 3, 2006, a Crestview representative informed Mr. Siebert of a conversation he had earlier that day with a fund manager who indicated that his fund would be interested in investing a substantial amount in the offering, but only at a conversion price of no more than \$0.80.

At a board of directors meeting on October 4, 2006, Mr. Siebert expressed his recommendation that the board approve lowering the conversion price to \$0.80 in order to be able to obtain the additional funds. The board discussed the \$1,300,000 promissory note bridge financing which had been completed in June 2006, the noteholders who expected to convert their notes into Series C Preferred Stock, and the restrictions on future equity sales by the Company in the bridge financing purchase agreement that necessitated finalizing promptly the Series C Preferred Stock offering. After discussion to approve the funding, the motion was approved unanimously, with the exception of Gerald Eppner, who abstained. Mr. Eppner stated that he understood the benefits of the economics of the transaction and the Company's need to proceed so quickly, but that he did not wish to vote in favor.

At a board meeting held on October 11, 2006, the board members discussed the Series C Preferred Stock private placement. Mr. Eppner indicated that in his view it would be desirable to review the sequence of events in this transaction to assure proper guidelines for corporate governance and to determine if disclosure or other issues needed to be considered. At a board meeting held on October 26, 2006, it was discussed that a subcommittee of the audit committee, whose members would be Mr. Eppner and Alan Carus, would review certain issues related to the Series C Preferred Stock private placement.

The first meeting of the audit committee to review the Series C Preferred Stock offering was held on October 27, 2006. The audit committee decided it would review the role of Crestview in the Series C Preferred Stock offering, Crestview's status as a possible control person, the role of Dr. Gary Meller in the offering and his relationship with Crestview, and whether the audit committee should recommend new corporate governance procedures to be implemented or any action to be taken by the Board. The audit committee utilized legal counsel to assist in its review. The audit committee held seven meetings during the period from October 27, 2006 to January 10, 2007. Messrs. Carus and Eppner attended all of the meetings. Mr. Carus concluded that: (i) he was satisfied with the review, and (ii) although with fewer time constraints, there could have been more deliberation regarding the change in the conversion price, he believed there was no inappropriate conduct, that the Company had not suffered any damage and that the matter should be closed. Mr. Eppner stated his concerns that: (i) Crestview is an affiliate of the Company, (ii) there was no participation by the Company in the reduction in the conversion price from \$0.85 to \$0.80, (iii) although he agreed with Mr. Carus that the \$0.80 price may have been acceptable to the Company, it was not as good as a higher price, (iv) Mr. Siebert should not have allowed this to happen, and that because he did, it was evidence of control by Crestview, and (v) disclosure of the review of the audit committee should be made in a registration statement that was to be filed shortly thereafter.

On January 30, 2007, Gerald Eppner resigned from his position as a director of the Company, effective immediately. At the time of his resignation, as additional consideration of his time and efforts as a member of the board of directors, the Company granted Mr. Eppner \$20,000, and caused his outstanding unvested stock options to become vested immediately. In his resignation letter, Mr. Eppner stated that he did not resign due to any disagreement with the Company, or because of any matter relating to the Company's operations, policies or practices.

On December 19, 2007 (the "Closing Date"), amendments to the governing documents for the Company's Series A, Series B and Series C Convertible Preferred Stock (collectively, the "Preferred Stock") and for certain warrants and options (collectively, the "Non-Employee Warrants"), not including options or warrants issued to employees or directors in their capacity as such (these actions collectively, the "Plan"), were approved by the Company and the requisite percentages of the holders of the Preferred Stock and of the Non-Employee Warrants. Subsequent to these amendments, all shares of Preferred Stock were converted to common stock and certain of the Non-Employee Warrants were exercised, including the following: (i) Mr. Siebert's 38.74442 shares of Series A Preferred Stock were converted into 2,421,526 shares of common stock at \$0.48 per share, his 1.08545 shares of Series B Preferred Stock were converted into 113,067 shares of common stock at \$0.48 per share, and Mr. Siebert purchased 337,500 shares of common stock through the exercise of warrants at an exercise price of \$0.40 per share, for a total of \$135,000 in cash; and (ii) Crestview's 82.32274 shares of Series B Preferred Stock were converted into 10,290,342 shares of the Company's common stock at \$.40 per share, Crestview's 40 shares of Series C Preferred Stock were converted into 4,166,666 shares of common stock at \$.48 per share, Crestview exercised a portion of its Series B Warrants to

purchase a total of 60,451 shares of common stock for an aggregate purchase price of \$24,180.40, and Crestview exercised all of its Series C Warrants to purchase a total of 625,000 shares of common stock for an aggregate purchase price of \$250,000.

Director Independence

Our common stock trades on the OTC Bulletin Board. As a result, we are not currently subject to corporate governance standards of listed companies, which require, among other things, that the majority of the board of directors be independent.

We also are not currently subject to corporate governance standards defining the independence of our directors. We have chosen to define an “independent” director in accordance with the NASDAQ Global Market's requirements for independent directors (NASDAQ Marketplace Rule 4200). Under this definition, we have determined that Katherine L. Davis, Al Carus and James D. Merselis currently qualify as independent directors. We do not list the “independent” definition we use on our Internet website.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), requires the Company's directors, executive officers and beneficial owners of more than 10% of the Company's common stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. The Company believes that during the year ended December 31, 2007, each person who was an officer, director or beneficial owner of more than 10% of the Company's common stock complied with all Section 16(a) filing requirements, except for the following: (i) Form 4 for Lawrence A. Siebert, due on November 15, 2007, filed on November 19, 2007; and (ii) Form 4 for Richard Larkin, due on November 15, 2007, filed on November 19, 2007.

Board of Directors and Committees

The Board of Directors held eight meetings during the fiscal year ended December 31, 2007 and each director participated in at least 75% of those meetings and meetings of the committees on which he/she served. Although the Company does not have a formal policy regarding attendance by members of the Board of Directors at the Company's Annual Meeting of stockholders, the Company encourages each director to attend. All of our directors attended last year's Annual Meeting.

The Company's Audit Committee met four times in 2007. The Audit Committee currently consists of Alan Carus, Katherine L. Davis and Dr. Gary Meller. The Board of Directors has determined that Mr. Carus is an “audit committee financial expert,” as defined under the rules of the SEC, and is independent. Each of the members of the Audit Committee is “independent,” as that term is defined in Rule 4200(a)(15) of the Nasdaq Stock Market. This committee oversees, reviews, acts on and reports to our Board of Directors on various auditing and accounting matters including: the selection of our independent accountants, the scope of our annual audits, fees to be paid to the independent accountants, and the performance of our independent accountants. A copy of the committee's charter is available on the Company's website at www.chembio.com.

The Company's Compensation Committee met four times in 2007. The Compensation Committee currently consists of Alan Carus, Katherine L. Davis and Dr. Gary Meller. Each of the committee's members is “independent,” as that term is defined in Rule 4200(a)(15) of the Nasdaq Stock Market. The Compensation Committee establishes salaries, incentives and other forms of compensation for officers and employees. The Compensation Committee also administers our incentive compensation plan. The Compensation Committee's charter is available on the Company's website at www.chembio.com. The Compensation Committee does not currently delegate its authority to any other party, and does not currently engage any compensation consultants to determine the amount or form of executive and director compensation. Executive officers do not play a role in the determination or recommendation of the form or amount of any executive compensation paid.

The Company's Nominating and Corporate Governance committee met once in 2007. The Nominating Committee currently consists of Alan Carus, Katherine L. Davis and Dr. Gary Meller. Each of the committee's members is "independent," as that term is defined in Rule 4200(a)(15) of the Nasdaq Stock Market. The committee (i) identifies individuals qualified to become members of the Board of Directors, (ii) recommends director candidates to the Company's Board of Directors, (iii) develops, updates as necessary, and recommends to the Company's Board of Directors corporate governance principles and policies, and (iv) monitors compliance with such principles and policies. The committee's charter is available on the Company's website at www.chembio.com. All the nominees for director included in this proxy statement were recommended by the Nominating Committee, which is comprised entirely of non-management directors.

To be considered for nomination by the Board at the next annual meeting of stockholders, the nominations must be made by stockholders of record entitled to vote. Stockholder nominations must be made by notice in writing, delivered or mailed by first class U.S. mail, postage prepaid, to the Secretary of the Company at the Company's principal business address, not less than 60 days nor more than 90 days prior to any meeting of the stockholders at which directors are to be elected. Each notice of nomination of directors by a stockholder shall set forth the nominee's name, age, business address, if known, residence address of each nominee proposed in that notice, the principal occupation or employment of each nominee for the five years preceding the date of the notice, the number of shares of the Company's common stock beneficially owned by each nominee and any arrangement, affiliation, association, agreement or other relationship of the nominee with any Company stockholder.

Stockholders wishing to send communications to the Board may contact Lawrence Siebert, our CEO, President and Chairman, at the Company's principal executive office address. All such communications shall be shared with the members of the Board, or if applicable, a specified committee or director.

Audit Committee Report

This report shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under either of such Acts.

The Audit Committee oversees the Company's financial reporting process. Management has the primary responsibility for the financial statements and the reporting process, including the systems of internal controls. In fulfilling its oversight responsibilities, the committee reviewed and discussed with management the audited financial statements in the Company's Annual Report on Form 10-KSB for the year ended December 31, 2007 and the unaudited financial statements included in the Quarterly Reports on Form 10-QSB for the first three quarters of the fiscal year ended December 31, 2007.

The committee discussed with the independent auditors, who are responsible for expressing an opinion on the conformity of audited financial statements with generally accepted accounting principles, the auditors' judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed by the auditors with the committee under Statement on Auditing Standard No. 61, as amended. In addition, the committee discussed with the independent auditors the auditors' independence from management and the Company, including the matters in the written disclosures and the letter required by the Independence Standards Board Standard No. 1. The committee considered whether the auditors' providing services on behalf of the Company other than audit services is compatible with maintaining the auditors' independence.

The committee discussed with the Company's independent auditors the overall scope and plans for their respective audits. The committee will meet with the independent auditors, with and without management present, to discuss the results of the auditors' examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the committee approved inclusion of the audited financial statements in the Annual Report on Form 10-KSB for the year ended December 31, 2007 for filing with the SEC.

The Audit Committee

Alan Carus
Katherine Davis
Dr. Gary Meller

March 12, 2008
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EXECUTIVE COMPENSATION

The following table summarizes all compensation recorded by the Company in each of the last two completed fiscal years for our principal executive officer, our two most highly compensated executive officers other than our principal executive officer whose annual compensation exceeded \$100,000, and two additional individuals for whom disclosure would have been made in this table but for the fact that the individual was not serving as an executive officer of our company at December 31, 2007.

Name / Principal Position	Year	Salary (\$)	Bonus (\$)	Option Awards (\$)	Stock Awards (\$)	All Other Compensation (\$)	Total (\$)
Lawrence A.							
Siebert	2007	\$ 249,135	\$ 26,000	\$ -	\$ -	\$ 9,314	\$ 284,449
CEO	2006	207,115	20,000	21,017	-	7,200	255,332
Richard J.							
Larkin	2007	\$ 153,654	\$ 15,000	\$ -	\$ -	\$ 1,304	\$ 169,958
CFO	2006	140,385	15,000	27,300	-	-	182,685
Javan							
Esfandiari	2007	\$ 180,192	\$ 21,000	\$ 99,993	\$ 89,850	\$ 5,510	\$ 396,545
SVP-R&D	2006	150,385	12,000	41,390	-	4,800	208,575
Tom Ippolito							
VP-Regulatory	2007	\$ 155,481	\$ 12,000	\$ -	\$ -	\$ 381	\$ 167,862
VP-Regulatory	2006	140,385	9,000	7,754	-	-	157,139
Richard Bruce							
VP-Operations	2007	\$ 143,654	\$ 12,000	\$ -	\$ -	\$ 990	\$ 156,644
VP-Operations	2006	127,981	9,000	24,516	-	-	