As filed with the Securities and Exchange Commission on March 30, 2010

Registration No.

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-1

REGISTRATION STATEMENT UNDER
THE SECURITIES ACT OF 1933

ATOSSA GENETICS, INC.

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**3841**	**26-4753208**
State or Other Jurisdiction of Incorporation or Organization	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

4105 East Madison Street, Suite 320
Seattle, Washington 98112
206/325-6086

(Address, Including Zip Code, and Telephone Number,
Including Area Code of Registrant's Principal Executive Offices)

Steven C. Quay, M.D., Ph.D.
4105 East Madison Street, Suite 320
Seattle, Washington 98112
206/325-6086

(Name, Address,Including Zip Code, and Telephone Number,
Including Area Code, of Agent for Service)

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with copy to

Lee W. Cassidy, Esq., Cassidy & Associates
215 Apolena Avenue, Newport Beach, California 92662
949/673-4510 949/673-4525(fax)

Approximate Date of Commencement of proposed sale to the 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. x

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

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

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions "large accelerated filer," "accelerated file," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filed o
Non-accelerated filed o	Smaller reporting company x

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 the registration statement shall become effective on such date as the Commission acting pursuant to said section 8(a), may determine.

CALCULATION OF REGISTRATION FEE

Title of Securities to Be Registered	**Amount to Be Registered**	**Proposed Maximum Offering Price Per Unit[1]**	**Proposed Maximum Aggregate Offering Price**	**Amount of Registration Fee[2]**
Common Stock	5,000,000 shares	$ 3.00	$ 15,000,000	$ 1,069.50
Common Stock held by Selling Shareholders	2,340,000 shares	$ 3.00	$ 7,020,000	$ 500.53

Total	7,340,000 shares	$ 3.00	$ 22,020,000	$ 1,570.03

(1) There is no current market for the securities and the price at which the shares are being offered has been estimated solely for the purpose of computing the amount of the registration fee in accordance with Rule 457(g) under the Securities Act of 1933, as amended.

(2) Paid by electronic transfer.

EXPLANATORY NOTE

This registration statement and the prospectus therein covers the registration of (i) up to 5,000,000 shares of the Company's common stock at an offering price of $3.00 per share and (ii) 2,340,000 shares of common stock offered by the holders thereof.

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The information contained in this prospectus is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission and these securities may not be sold until that registration statement becomes effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS **Subject to Completion, Dated March 30, 2010**

ATOSSA GENETICS, INC.

5,000,000 shares of common stock at $3.00 per share;

2,340,000 shares of common stock offered by the holders thereof

This prospectus relates to the offer and sale of (i) 5,000,000 shares of common stock (the "Shares") of Atossa Genetics, Inc. ("Atossa" or the "Company"), $0.001 par value per share, at a price of $3.00 per share and (ii) 2,340,000 shares of common stock offered by the holders thereof (the "Selling Shareholders' Shares") at a price of $3.00 per share until such time as the Atossa common stock is listed on the OTC Bulletin Board or other national securities exchange after which time such selling shareholders may sell their shares at prevailing market or privately negotiated prices. All costs incurred in the registration of the shares are being borne by the Company.

Prior to this offering, there has been no public market for the Company's common stock. No assurances can be given that a public market will develop following completion of this offering or that, if a market does develop, it will be sustained. The offering price for the Shares has been arbitrarily determined by the Company and does not necessarily bear any direct relationship to the assets, operations, book or other established criteria of value of the Company. The Shares and the Selling Shareholders' Shares will become tradeable on the effective date of the registration statement of which this prospectus is a part.

The offering will terminate 24 months from the date of this prospectus unless earlier fully subscribed or terminated by the Company. The Company intends to maintain the currency and accuracy of this prospectus and to sell the Company Shares for a period of up to two years, unless earlier completely sold, pursuant to Rule 415 of the General Rules and Regulations of the Securities and Exchange Commission. All costs incurred in the registration of the Shares are being borne by the Company.

The Shares will be offered to investors on a best efforts basis by the officers and directors of the Company including Steven C. Quay, M.D., Ph.D., its chief executive officer. A "best efforts basis" means that there is no minimum threshold of sales that must be met before the offering can close. There is no escrow or trust account in which subscriber funds will be held for any period of time. The proceeds from the sale of the Shares will become immediately available for use by Atossa.

Neither Dr. Quay, nor any officer or employee of the Company, will receive any commission or compensation for the sale of the Shares. If the Company can locate and enter into an arrangement, the Shares will be sold through such licensed underwriter, broker-dealer and/or selling agent. The Company has no current arrangements nor has entered into any agreement with any underwriters, broker-dealer or selling agents for the sale of the Shares.

	Assumed Price To Public	Placement Agent discount[1]	Proceeds to the Company
Per Share	$ 3.00	(1)	$ 3.00
Total offering	$ 15,000,000	(1)	$ 15,000,000

(1) The Company does not know if it will enter an arrangement with any underwriter or placement agent but if such arrangement is entered into, the Company expects it will pay customary commission amounts of between approximately 5% to 10%.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

These securities involve a high degree of risk. See "RISK FACTORS" contained in this prospectus beginning on page 6.

Atossa Genetics, Inc.
4105 E Madison Street, Suite 320
Seattle, Washington 98112
206.325.6086

Prospectus dated _____, 2010

ATOSSA GENETICS, INC.

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An investor should rely only on the information contained in this prospectus. The Company has not authorized anyone to provide different or additional information. This prospectus is not an offer to sell or a solicitation of an offer to buy the Company's common stock in any jurisdiction where it is unlawful to do so. The information contained in this prospectus is accurate only as of its date, regardless of the date of delivery of this prospectus or of any sale of our common stock. The Company's business, financial condition, results of operations and prospects may have changed since that date. Information contained on its web site does not constitute part of this prospectus.

For investors outside the United States: The Company has not done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

Until _____, all dealers that effect transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

This summary highlights some information from this prospectus. It may not contain all the information important to making an investment decision. A potential investor should read the following summary together with the more detailed information regarding Atossa Genetics, Inc. and the common stock being sold in this offering, including "Risk Factors" and the financial statements and related notes, included elsewhere in this prospectus.

The Company

Atossa Genetics, Inc. is a development-stage healthcare company, focused on the commercialization of cellular and molecular diagnostic risk assessment products and services for breast cancer. The Company was incorporated in Delaware on April 13, 2009, to develop and market the patented, FDA-approved cellular and molecular diagnostic risk assessment product for breast cancer, the Mammary Aspirate Cytology Specimen Test (MASCT) System.

Steven Quay, M.D., Ph.D., the President of the Company and a board certified anatomic pathologist with training at The Massachusetts General Hospital, Harvard Medical School and a former faculty member of the Stanford University School of Medicine, invented the MASCT System. Ensisheim Partners LLC, a limited liability company solely owned by Dr. Quay and his wife, is the owner of the patents granted for the MASCAT System as well as the FDA marketing authorization for the MASCT System and related molecular diagnostic products.

The Company has entered into a perpetual and irrevocable license agreement with Ensisheim Partners LLC for the exclusive worldwide rights to market, sell, export, import, and distribute any and all products, processes, methods, practices or procedures derived from the MASCT System patents in return for a royalty fee of two percent of net sales revenues with a minimum annual royalty of $50,000 until commercialization begins and $100,000 per year thereafter.

The Business

Using the patented, FDA-approved Mammary Aspirate Cytology Specimen Test (MASCT) System, a nurse or physician's assistant, can collect a sample of Nipple Aspirate Fluid (NAF), which contains cells (cytology) and molecular diagnostic biomarkers that are useful in finding cancers and pre-cancerous changes, especially Atypical Ductal Hyperplasia (ADH), which confers a higher risk of developing breast cancer. The FDA has determined, based on clinical trials performed with the MASCT System, that "the collected fluid can be used in the determination and/or differentiation of normal versus premalignant versus malignant cells." Cytology changes in NAF have been shown to occur up to eight years before changes can be picked up by mammography.

Utilizing OEM medical device suppliers, the Company will arrange for the manufacture of the patented MASCT System components, i.e., the collection device and patient NAF specimen kits. A direct sales force will be hired to call on physicians and breast health and mammography clinics to market and sell the MASCT System for use in conjunction with other health screening examinations, including annual physical examinations and regularly scheduled cervical Pap smears and mammograms. For reference, in 2009 there were approximately 55 million Pap smears and 37 million mammograms in the United States and over 100 million mammograms worldwide. The test is intended to be an adjunct to and not a replacement for mammography and is primarily a risk assessment tool for identifying women at high risk for breast cancer.

The Company anticipates that all patient NAF specimen kits will be sent to a clinical laboratory for cytology and molecular diagnostics testing to be established by the Company with all interpretations to be conducted by experienced, board-certified pathologists. The laboratory will be established under the federal Clinical Laboratory Improvement Amendment (CLIA) certification program as well as required state laboratory permits and licenses.

The Company believes that its combined product- and service-focused business model is unique in the molecular diagnostics industry. The Company expects to derive product sales-based revenue from the sale of the MASCT System to physicians, breast health clinics, and mammography clinics. It also expects to derive service based revenue for the preparation and interpretation of the NAF samples sent to its laboratory once established. The Company believes it will operate the only commercial laboratory focused solely on breast cancer risk assessment tools, screening and diagnostic tests, cancer treatment monitoring, and chemoprevention research using NAF biomarkers.

The Company expects to price the patient specimen NAF kits significantly below the current cost of a mammogram, which is approximately $100. The current Medicare reimbursement rate for the preparation and interpretation of the NAF samples sent to our laboratory for cytology is between $102 and $154 per patient, depending on the complexity of the tests to be preformed. The Company will therefore receive two kinds of revenue from each patient encounter.

The Company's specialized product and service business model was developed by its founder and Chief Executive Officer, Dr. Steven Quay, MD, PhD. Steven Quay invented the MASCT System and obtained14 United States and International patents for its innovation through Ensisheim Partners LLC, a limited liability company solely owned by Dr. Quay and his wife. Dr. Quay oversaw the clinical testing and regulatory filing of the MASCT device with the FDA that lead to its ultimate approval. He also discovered that administration of a synthetic version of a natural hormone, oxytocin, increases the production of NAF and was granted both United States and International patents for its use. The Company anticipates that it will develop a second generation product, Oxy-MASCT™, based on this research. Dr. Quay has 69 United States patents and has invented five pharmaceuticals that have been approved by the FDA and have been used in over 48 million patients.

The Company's Competitive Strengths

The Company believes that it will have a competitive advantage as a result of the following:

Significant Intellectual Property. The Company has an exclusive license to five issued United States Patents and corresponding issued patents in Australia, Canada, Europe, Hong Kong, and Japan as well as pending patent applications in the United States, Europe, and Japan. These patents have claims directed to a collection device for nipple aspirate fluid, for the method of making a diagnosis from NAF, and the use of the drug oxytocin to increase the amount of NAF produced. The Company believes its patent licenses will prevent laboratories that are not licensed by it from performing the cytology or biomarker services.

The Company's Business Model. The Company's anticipated combined product- and service-based income will provide revenue from multiple, different sources and with different timing in the procedure cycle. Product revenue from the sale of kits in bulk to the clinics and physicians comes before patients receive the test; laboratory revenue comes after the diagnosis is rendered.

Specialty Sales Team. The Company intends to hire sales representatives with significant technical knowledge in, for example, mammography, obstetrics/gynecology office practices, and women's health clinics. As a result, the Company expects its sales representatives to develop long-lasting, consultative relationships with the referring physicians they serve. Similarly, the Company's client service associates will focus on a relatively small geographic area and will provide dedicated support services to its physician clients.

Specialized Laboratory Personnel and Procedures. NAF is a unique diagnostic specimen, both because of the small quantity collected and because of the richness of cytological information and biomarkers contained therein. The Company intends that its laboratory equipment, protocols, and procedures will be optimized and the professional technicians and pathologists it intends to employ will be focused on obtaining the maximum diagnostic information from these specimens. This focus provides a superior environment compared to laboratories that perform a myriad of routine tests daily, with only the occasional NAF specimen. The Company believes it will operate the only commercial laboratory focused solely on breast cancer risk assessment tools, screening and diagnostic tests, cancer treatment monitoring, and chemoprevention research using NAF cytology and molecular diagnostic biomarkers.

Growth Strategy

Localized Initial Target Market. The Company intends to launch the MASCT System near its headquarters in Seattle, Washington, and initially focus its marketing efforts in Washington, Oregon, and Idaho. This will allow the Company to test different market approaches and to better understand the marketing process before committing the significant financial and human resources to a national launch. These three states have 285 mammography clinics that perform approximately 1,140,000 mammograms per year and would represent a total potential market of over $100 million annually.

Finance and Launch the Product Nationally. Once the Company has established the operation of the clinical laboratory in the initial target region, it intends to launch the product nationwide. The Company believes that it will need to finance the national launch with equity or debt.

Partner the Product in International Markets. Because of the strong patent position in Europe, Japan, Canada, and Australia, the Company believes it can find local partners for marketing the MASCT System and for performing the clinical laboratory testing and that it can obtain attractive licensing agreements for sales- and service-based royalties. The Company has licensed from Ensisheim Partners LLC the pending patent applications in emerging markets such as China and India and believes these will also represent a growth opportunity.

Develop and Obtain FDA Approval for the Oxy-MASCT System. The Company believes that NAF is a unique source of breast health and disease biomarkers and a method to increase the amount of NAF obtained will permit development of additional tests. The administration of the brain hormone oxytocin by injection or nasal spray immediately before NAF collection significantly increases the quantity of fluid obtained. The Company has an exclusive license to issued patents directed to the use of oxytocin in NAF collection in the United States, Europe, Japan, Canada, and Australia. The Oxy-MASCT will require additional clinical trials and a filing with the FDA for market approval.

Develop Additional Molecular Diagnostic Tests. The addition of DNA, RNA, protein, lipid, and/or carbohydrate biomarker tests on NAF to increase the diagnostic sensitivity and/or specificity or to assist with cancer therapy will be a focus of the Company's research and development efforts. The Company believes that the performance of these tests in a CLIA-certified laboratory meets the FDA definition of a "home brew test" and therefore does not require pre-approval by the FDA to begin to offer these tests to patients and physicians. Immunohistochemistry protein, lipid, or carbohydrate biomarker tests are currently reimbursed by Medicare at $196 per patient while Fluorescence *In Situ* Hybridization (FISH) testing of DNA and RNA are currently reimbursed at $308 per patient.

Risks

Our business is subject to numerous risks, as discussed more fully under the heading "Risk Factors" immediately following this prospectus summary, which you should consider before investing in our common stock. In particular, we face risks related to:

- Business operations, including access to equity and/or debt financing, launching the MASCT System, growing the business, changes in payor regulations, policies, or mix; changes in medical treatment or reimbursement rates for cytology; the ability to attract and retain qualified personnel; and reliance on third-party suppliers; and
- Regulation of the business, including compliance with federal and state laws and regulations; changes in laws and regulations regarding billing arrangements for our services; attainment of licenses required to test patient specimens from certain states; and loss or suspension of a license under the Clinical Laboratory Improvement Amendments of 1988, Medicare, Medicaid or other federal, state or local agencies.

Trading Market

Currently, there is no trading market for the securities of the Company. The Company intends to initially apply for admission to quotation of its securities on the OTC Bulletin Board. There can be no assurance that the Company will qualify for quotation of its securities on the OTC Bulletin Board. See "RISK FACTORS — Absence of Trading Markets" and "DESCRIPTION OF SECURITIES — Admission to Quotation on OTC Bulletin Board".

Company Information

The Company's principal executive offices are located at 4105 E Madison Street, Suite 320, Seattle, Washington 98112, and its telephone number is 206/325-6086. The Company maintains a web site at *www.AtossaGenetics.com*.

The Offering

The Company is offering up to 5,000,000 shares of its common stock for sale at a price of $3.00 per share. The Company is offering its shares on a “best efforts” basis and there is no minimum threshold of sales that must be met before the offering can close. There is no escrow or trust account in which subscriber funds will be held for any period of time. Proceeds received from the sale of the Shares will be immediately available for use by the Company. The offering will terminate 24 months from the date of this prospectus unless earlier fully subscribed or terminated by the Company.

This prospectus also relates to the offer and sale by 46 shareholders of the Company of up to 2,340,000 shares of common stock held by them (the “Selling Shareholder Shares”). The selling shareholders will offer their shares at a price of $3.00 per share until such time as the Company’s common stock is listed on the OTC Bulletin Board or other national securities exchange after which time such selling shareholders may sell their shares at prevailing market or privately negotiated prices.

Common stock outstanding before the offering	13,550,000[1]
Percentage owned by affiliated persons before the offering	81.8% (11,090,000 shares)
Common stock for sale by selling shareholders	2,340,000
Common stock offered by the Company	5,000,000
Common stock outstanding if all shares sold	18,550,000
Percentage owned by affiliated persons if all shares sold	59.8% (11,090,000 shares)
Offering price	$3.00 per share
Proceeds to the Company	$15,000,000[2][3]

(1) The number of shares outstanding as of January 31, 2010 of which 11,000,000 (83%) are beneficially owned by the Company’s president and 90,000 are beneficially owned by a non-employee director of the Company.

(2) Assumes the sale of all 5,000,000 shares offered by the Company but not including offering costs.

(3) The Company will offer the Shares directly without payment to any officer or director of any commission or compensation for sale of the Shares. The Company will attempt to locate a broker-dealer or selling agent to participate in the sale of the Shares. In such cases, the Company will pay customary selling commissions and expenses (estimated to be 5-10%) of such sales which would reduce the proceeds to the Company.

Summary Financial Information

The following information is derived from the audited financial statements. Our historical results are not indicative of our future results. This summary financial information should be read in conjunction with the Financial Statements and Notes included elsewhere in this prospectus.

Balance Sheet	December 31, 2009
TOTAL ASSETS	85,464
Total Liabilities	53,781
Stockholders' Equity:	
Common stock, $0.001 par value, 50,000,000 authorized,11,090,000 issued and outstanding	11,090
Additional paid-in capital	143,450
Retained earnings	(122,857)
Total stockholder's equity	31,683
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	85,464

Statement of Operations	For the Year Ended December 31, 2009
Expense	
Research and Development expenses	21,250
General and Administrative expenses	101,607
Net Loss	(122,857)

RISK FACTORS

A purchase of any Shares is an investment in the Company's common stock and involves a high degree of risk. Investors should consider carefully the following information about these risks, together with the other information contained in this prospectus, before purchasing any Shares. If any of the following risks actually occur, the business, financial condition or results of operations of the Company would likely suffer. In that case, the market price of the common stock could decline, and investors may lose all or part of the money they paid to buy the Shares.

The Company has limited operating history and as such an investor cannot assess its profitability or performance based on past performance.

The Company is a development stage company founded April 30, 2009 and as such has limited operating history. The Company's operations to date have consisted primarily of securing patent rights and assignments, filing new patent applications, obtaining FDA market approvals, and securing development bids to complete preparation for manufacturing the MASCT System. The Company requires significant additional capital to achieve its business objectives and the inability to obtain such financing on acceptable terms or at all could lead to closure of the business. The Company's revenue and income potential is uncertain. Any evaluation of its business and prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in the development stage. Some of these risks and uncertainties include our ability to:

- execute our business model;
- create brand recognition;
- respond effectively to competition;
- manage growth in our operations;
- respond to changes in applicable government regulations and legislation;
- access additional capital when required; and
- attract and retain key personnel.

Failure to raise additional capital as needed could adversely affect the Company and its ability to grow.

The Company will need considerable amounts of capital to develop its business. It may raise funds through public or private equity offerings or debt financings. If the Company cannot raise funds on acceptable terms when needed, it may not be able to grow or maintain the business. Furthermore, such lack of funds my inhibit its ability to respond to competitive pressures or unanticipated capital needs, or may force the Company to reduce operating expenses, which could significantly harm the business and development of operations.

The Company has a history of operating losses and expects to continue to incur losses in the future.

The Company has a limited operating history and has experienced operating losses since its inception. The Company has not yet received any revenue and will not be in a position to expect revenue until it is able to produce and sell the MASCT System. The Company will incur additional losses while establishing the manufacturing and selling of the MASCT Systems.

The raising of funds by issuing equity or debt securities could dilute the value of the Shares and could put the Company in debt.

If the Company were to raise additional capital by issuing equity securities, the value of the then outstanding Shares would be reduced unless the additional equity securities were issued at a price equal to or greater than the then share value of the Shares. If the additional equity securities were issued at a per share price less than the per share value of the outstanding shares, then all the outstanding shares would suffer a dilution in value with the issuance of such additional shares. Further, the issuance of debt securities in order to raise additional funds, would put the Company into a debt position and, depending on the terms of any such debt issuance, would require the repayment by the Company of such incurred debt.

There has been no prior public market for the Company's common stock and the lack of such a market may make resale of the Shares difficult.

No prior public market has existed for the Company's securities and the Company cannot assure any purchaser that a market will develop subsequent to this offering. The Company intends to apply for quotation of its common stock on the OTC Bulletin Board. However, it does not know if it will be successful in such application, how long such application will take, or, that if successful, that a market for the common stock will ever develop or continue on the Bulletin Board or other exchange. If for any reason the common stock is not listed on the OTC Bulletin Board or a public trading market does not otherwise develop, investors may have difficulty selling their common stock should they desire to do so. If the Company is not successful in its application for quotation on the OTC Bulletin Board, it will apply to have its securities quoted by the Pink OTC Market, Inc., an Internet-based, real-time quotation service for over-the-counter securities.

Conflicts of Interest

Drs. Quay and Chen, a majority of the directors and majority owners of the outstanding shares of the Company, are the sole members of Ensisheim Partners, LLC, the limited liability company from which the Company has licensed the patents.

Drs. Quay and Chen are also the owners of the property from whom the Company leases its offices. As such they have the ability to increase the monthly lease rate beginning January 1, 2011, which would increase income to their company and increase expenses to the Company.

The Company's founder beneficially owns and will continue to own a majority of the Company's common stock and, as a result, can exercise control over shareholder and corporate actions.

Dr. Steven C. Quay, the founder and president of the Company, is currently the beneficial owner of 11,000,000 shares (81.2%) of the Company's outstanding common stock, and assuming sale of all the Shares, will own 59.3% of the Company's then outstanding common stock upon closing of the offering. Dr. Steven Quay is the chief executive and financial officer and president, and a director of the Company. Dr. Chen is the Chief Scientific Officer and a director of the Company and is the wife of Dr. Quay. As the majority shareholders, they can control the outcome of any future elections of the board of directors. As the majority of director and officers of the Company, they are not subject to the cross-checks and balances for corporate action which would be the case if there were additional directors or executive officers. This means that they have control over most matters requiring approval by shareholders, including the election of directors and approval of significant corporate transactions. This concentration of ownership may also have the effect of delaying or preventing a change in control, which in turn could have a material adverse effect on the market price of the Company's common stock or prevent shareholders from realizing a premium over the market price for their Shares of common stock.

The Company depends on its president to manage its business effectively.

The Company's future success is dependent in large part upon its ability to understand and develop the business plan, manufacture the MASCT System and to attract and retain highly skilled professional, sales and marketing personnel. In particular, due to the relatively early stage of the Company's business, its future success is highly dependent on its president and founder, to provide the necessary experience and background to execute the Company's business plan. The Company does not have an employment agreement with Dr. Quay nor does it maintain "key man" insurance with respect to Dr. Quay. The loss of his services could impede, particularly initially as the Company builds a record and reputation, its ability to develop its objectives, particularly in its ability to develop a core of health care professionals utilizing the System.

The concurrent sales of shares by selling shareholders.

This prospectus also relates to the sale of 2,340,000 shares of common stock to be sold by the holders thereof at a price of $3.00 per share. The selling shareholders will sell their shares at the same price as the Shares offered by the Company until such time as the Company's shares are quoted on the OTC Bulletin Board after which such selling shareholders may sell their shares at prevailing market or privately negotiated prices. For whatever reason a purchaser may determine not to purchase shares from the Company but from one or more of the selling shareholders. In addition, the sale of the shares by the Company will likely make more shares of the Company's common stock available for purchase which may have an adverse impact on the ability of the selling shareholders to sell their shares.

The Company may experience difficulty in locating, attracting and retaining experienced and qualified personnel which could adversely affect its business.

The Company will need to attract, retain, and motivate experienced anatomic pathologists, cytologists, histotechnologists, skilled laboratory and information technology staff, experienced sales representatives, and other personnel. Competition for these employees is strong, and if the Company is not able to attract and retain qualified personnel, revenues and earnings may be adversely affected.

The risk assessment tools, diagnostic tests and other predictive and personalized medicine products that the Company may develop may never achieve significant commercial market acceptance.

The Company may not succeed in achieving commercial market acceptance of any of its products and services. In order to market the diagnostic tests and to gain some market acceptance, the Company needs to demonstrate to physicians and other health care professionals the benefits of the MASCT System and its practical and economic application for their particular practice. Notwithstanding approval for the System by the FDA, many physicians and health care professionals are hesitant to introduce new services or techniques into their practice for many reasons including the new learning curve necessary to adopt the System into already established procedures and the uncertainty of the applicability or reliability of the results of the new System. In addition, the full or even partial payment for the Company's products and tests whether by third-party payors (e.g. insurance companies) or the patients themselves will likely heavily influence physicians' decisions to recommend or use the Company's products.

Currently Medicare and certain insurance carriers will not reimburse for the NAF collection procedure which could slow or limit adoption of the MASCT System.

An NAF collection system similar to the NAF collection system to be manufactured and marketed by the Company called the HALO System is being sold by Neomatrix, Inc., Irvine, California and previously Cytyc, Inc., Marlboro, Massachusetts, marketed FirstCyte, a device to collect NAF by ductal lavage. Certain insurance carriers will not reimburse these procedures. For example, effective March 1, 2009, United Healthcare determined it would not cover the costs of these procedures because it believes there is insufficient clinical evidence to support efficacy for the evaluation of patients at risk for breast cancer. Similarly, Medicare does not reimburse this procedure. Lack of Medicare or insurance coverage will require patients to fully bear the costs of the NAF sample acquisition process and may slow or limit adoption.

Changes in regulations, policies, or payor mix may adversely affect reimbursement for laboratory services and could have a material adverse impact on our revenues and profitability.

Most of the Company's services will be billed to a party other than the physician that ordered the test. Reimbursement levels for health care services are subject to continuous and often unexpected changes in policies. Changes in governmental reimbursement may result from statutory and regulatory changes, retroactive rate adjustments, administrative rulings, competitive bidding initiatives, and other policy changes. Uncertainty also exists as to the coverage and reimbursement status of new services. Government payors and insurance companies have increased their efforts to control the cost, utilization, and delivery of health care services. At least yearly, Congress has considered and enacted changes in the Medicare fee schedule in conjunction with budgetary legislation. Further reductions of reimbursement for Medicare services or changes in policy regarding coverage of tests may be implemented from time to time. The payment amounts under the Medicare fee schedules are often used as a reference for the payment amounts set by other third-party payors. As a result, a reduction in Medicare reimbursement rates could result in a corresponding reduction in the reimbursements we will receive from such third-party payors. Changes in test coverage policies of other third-party payors may also occur. Such reimbursement and coverage changes in the past have resulted in reduced prices, added costs, reduced accession volume, and have added more complex and new regulatory and administrative requirements. Further changes in federal, state, and local third-party payor laws, regulations or policies may have a material adverse impact on our business.

Failure to participate as a provider with payors or operating as a non-contracting provider could have a material adverse effect on revenues.

The health care industry has experienced a trend of consolidation among health care insurers, resulting in fewer but larger insurers with significant bargaining power in negotiating fee arrangements with health care

providers, including laboratories. Managed care providers often restrict their contracts to a small number of laboratories that may be used for tests ordered by physicians in the managed care provider's network. If the Company does not have a contract with a managed care provider, it may be unable to gain those physicians as clients. In cases in which it will contract with a specified insurance company as a participating provider, it will be considered "in-network," and the reimbursement of third-party payments is governed by contractual relationships. The Company's in-network services will be primarily negotiated on a fee-for-service basis at a discount from the Company's patient fee schedule, which could result in price erosion that would adversely affect revenues. The Company's failure to obtain managed care contracts or participate in new managed care networks could adversely affect revenues and profitability. In cases in which the Company does not have a contractual relationship with an insurance company or is not an approved provider for a government program, it will have no contractual right to collect for services and such payors may refuse to reimburse it for services, which could lead to a decrease in accession volume and a corresponding decrease in revenues. As an out-of-network provider, reductions in reimbursement rates for non-participating providers could also adversely affect the Company. Third-party payors with whom the Company does not participate as a contracted provider may also require that it enter into contracts, which may have pricing and other terms that are materially less favorable to the Company than the terms under which it currently operates. While accession volume may increase as a result of these contracts, revenues per accession may decrease.

Use of the Company's laboratory services as a non-participating provider also typically results in greater copayments for the patient unless the Company elects to treat them as if it were a participating provider in accordance with applicable law. Treating such patients as if the Company were a participating provider may adversely impact results of operations because it may be unable to collect patient copayments and deductibles. In some states, applicable law prohibits the Company from treating these patients as if it were a participating provider. As a result, referring physicians may avoid use of the Company's services which could result in a decrease in accession volume and adversely affect revenues.

The inadvertent or unintentional failure to comply with the complex government regulations concerning privacy of medical records could impact the Company with fines and adversely affect its reputation.

The federal privacy regulations, among other things, restrict the Company's ability to use or disclose protected health information in the form of patient-identifiable laboratory data, without written patient authorization, for purposes other than payment, treatment, or health care operations (as defined by HIPAA) except for disclosures for various public policy purposes and other permitted purposes outlined in the privacy regulations. The privacy regulations provide for significant fines and other penalties for wrongful use or disclosure of protected health information, including potential civil and criminal fines and penalties. Although the HIPAA statute and regulations do not expressly provide for a private right of damages, we could incur damages under state laws to private parties for the wrongful use or disclosure of confidential health information or other private personal information.

The Company will implement policies and practices that it believes brings it into substantial compliance with the privacy regulations. However, the documentation and process requirements of the privacy regulations are complex and subject to interpretation. Failure to comply with the privacy regulations could subject the Company to sanctions or penalties, loss of business, and negative publicity.

The HIPAA privacy regulations establish a "floor" of minimum protection for patients as to their medical information and do not supersede state laws that are more stringent. Therefore, the Company is required to comply with both HIPAA privacy regulations and various state privacy laws. The failure to do so could subject it to regulatory actions, including significant fines or penalties, and to private actions by patients, as well as to adverse publicity and possible loss of business. In addition, federal and state laws and judicial decisions provide individuals with various rights for violation of the privacy of their medical information by health care providers such as the Company.

The Company will rely on third-party suppliers, and the partial or complete loss of one of these suppliers, or the failure to find replacement suppliers or manufacturers in a timely manner, could adversely affect its business.

The Company will rely on third-party suppliers for the manufacture and supply of the MASCT system NAF collection device and patient collection kits and for the laboratory instruments, equipment, consumable supplies,

and other materials necessary to perform the specialized diagnostic tests. The Company does not have long-term contracts with any suppliers or manufacturers. If it is unable to secure essential equipment or supplies in a timely manner, it could experience disruptions in its services that could adversely affect results.

The Company's intended business to sell predictive medical products exposes the Company to possible litigation and product liability claims.

The Company's business exposes it to potential liability risks inherent in the testing, marketing and processing of predictive or personalized medical products. A successful product liability claim could have a material adverse effect on the Company's business. Any successful product liability claim may prevent the Company from obtaining adequate product liability insurance in the future on commercially desirable or reasonable terms. An inability to obtain sufficient insurance coverage at an acceptable cost or otherwise to protect against potential product liability claims could prevent or inhibit the commercialization of the Company's products.

The Company's initial reliance on a single laboratory facility that it intends to establish to perform its diagnostic services could cause delays and unexpected problems.

The Company intends to establish and rely on a single laboratory facility in the Greater Seattle, Washington area initially and for the foreseeable future. There is no guarantee that the Company will be able to establish this laboratory. If established, this facility and certain pieces of laboratory equipment would be expected to be difficult to replace and may require significant replacement lead-time. In the event that the Company is not able to complete its intended laboratory facility or if after completion such laboratory or equipment is affected by man-made or natural disasters, the Company would be unable to conduct its business and meet customer demands for a significant period of time.

The Company's intention to provide a laboratory to analyze and read the NAF tests expose it as well to possible litigation based on malpractice or misdiagnoses.

The Company anticipates that it will establish a laboratory to analyze and read the NAF tests and report the results to the referring healthcare professional. If the laboratory made an error in its analysis of the NAF tests, for whatever reason, or if one of the Company's laboratory staff misinterpreted the results of the test, then the Company would possibly be sued by the patient of such healthcare professional. Any outcome against the Company could possibly involve significant monetary judgments and could severely impact the Company's financial resources and would most certainly impact on the ability of the Company in the future to obtain malpractice or other insurance for its laboratory services.

The Company's business is subject to rapid technological innovation, and the development by third parties of new or improved diagnostic testing technologies or information technology systems could have a material adverse effect on our business.

The anatomic pathology industry is characterized by rapid changes in technology, frequent introductions of new diagnostic tests, and evolving industry standards and client demands for new diagnostic technologies. Advances in technology may result in the development of more point-of-care testing equipment that can be operated by physicians or other health care providers in their offices, or by patients themselves, without the services of freestanding laboratories and pathologists, thereby reducing demand for the Company's services. In addition, advances in technology may result in the creation of enhanced diagnostic tools that enable other laboratories, hospitals, physicians, patients, or third parties to provide specialized laboratory services superior to the Company's or that are more patient-friendly, efficient, or cost-effective. The Company's success depends upon its ability to acquire or license on favorable terms or develop new and improved technologies for early diagnosis before its competitors and to obtain appropriate reimbursement for diagnostic tests using these technologies. Introduction of prophylactic treatments or cures could substantially reduce or eliminate demand for its services.

Failure to adequately protect the Company's proprietary rights could adversely affect operations.

The Company considers its licensed patents, patent applications, trademarks, service marks, trade secrets, licensing agreements, unpatented know-how, and similar intellectual property as critical to its success. The Company expects to rely upon intellectual property law, trade secret protection, and confidentiality and license

agreements with its employees, clients, partners, and others to protect its proprietary rights. The steps taken by it to protect its proprietary rights may not be adequate if employees or others infringe or misappropriate its proprietary rights. The Company can offer no assurance that it will have adequate remedies for any infringement. Its competitors may independently develop equivalent knowledge, methods, and know-how, and the Company would not be able to prevent their use. In addition, other parties may assert infringement claims against the Company.

The failure to comply with complex federal and state laws and regulations related to submission of claims for services could result in significant monetary damages and penalties and exclusion from the Medicare and Medicaid programs.

The Company will be subject to extensive federal and state laws and regulations relating to the submission of claims for payment for services, including those that relate to coverage of services under Medicare, Medicaid, and other governmental health care programs, the amounts that may be billed for services, and to whom claims for services may be submitted, such as billing Medicare as the secondary, rather than the primary, payor. Submission of claims will be particularly complex because the Company intends to provide both cytology services and clinical laboratory tests, which generally are paid using different reimbursement principles. The failure to comply with applicable laws and regulations could result in the Company's inability to receive payment for its services or attempts by third-party payors, such as Medicare and Medicaid, to recover payments from the Company that have already been made. Submission of claims in violation of certain statutory or regulatory requirements can result in penalties, including civil money penalties of up to $10,000 for each item or service billed to Medicare in violation of the legal requirement, and exclusion from participation in Medicare and Medicaid. Government authorities may also assert that violations of laws and regulations related to submission of claims violate the federal False Claims Act or other laws related to fraud and abuse, including submission of claims for services that were not medically necessary. The Company will be generally dependent on independent physicians to determine when its services are medically necessary for a particular patient. Nevertheless, the Company could be adversely affected if it was determined that the services it provided were not medically necessary and not reimbursable, particularly if it were asserted that the Company contributed to the physician's referrals to it of unnecessary services. It is also possible that the government could attempt to hold the Company liable under fraud and abuse laws for improper claims submitted by an entity for services that it performed, if it were found to have knowingly participated in the arrangement that resulted in submission of the improper claims.

Changes in FDA policies regarding the "home brew" exception from FDA review for laboratory-developed tests and reagents could adversely affect the Company's business and results of operations.

Laboratory diagnostic tests developed and validated by a laboratory for its own use, also known as "Laboratory Developed Tests" or "home brew" tests, are regulated by the FDA under the federal Food, Drug and Cosmetic Act, or FDCA. To date, the FDA has decided, as a matter of enforcement, not to exercise its authority with respect to most "home brew" tests performed by high complexity CLIA-certified laboratories, which the Company intends to establish. A portion of the Company's specialized diagnostic tests will be "home brew" tests for which it does not intend to apply for FDA premarket clearance or approval. In addition, manufacturers and suppliers of analyte specific reagents, or ASRs, which the Company may utilize for use in its "home brews," are required to register with the FDA, conform manufacturing operations to the FDA's Quality System Regulation, and comply with certain reporting and other record keeping requirements. The FDA regularly considers the application of additional regulatory controls over the development and use of "home brews" by laboratories. The Company cannot be sure that the FDA will not require it to obtain premarket clearance or approval for "home brew" diagnostic tests that it performs. Any premarket clearance requirements could restrict or delay the Company's ability to provide specialized diagnostic services and may adversely affect its business. FDA regulation of laboratory-developed tests or increased regulation of the various medical devices used in laboratory-developed testing could increase the regulatory burden and generate additional costs and delays in introducing new tests, including genetic tests.

The Company's common stock will be subject to Penny Stock Regulations which make resale difficult.

Penny stocks generally are equity securities with a price of less than $5.00 per share other than securities registered on national securities exchanges or listed on the Nasdaq Stock Market, provided that current price and volume information with respect to transactions in such securities are provided by the exchange or system. The

penny stock rules impose additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors (generally those with assets in excess of $1,000,000 or annual income exceeding $200,000, or $300,000 together with their spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of such securities and have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the transaction, of a disclosure schedule prescribed by the SEC relating to the penny stock market. The broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information on the limited market in penny stocks. Because of these penny stock rules, broker-dealers may be restricted in their ability to sell the Company's common stock. The foregoing required penny stock restrictions will not apply to the Company's common stock if such stock reaches and maintains a market price of $5.00 per share or greater.

The Company does not expect to pay dividends in the future, which means that an investor may not be able to realize the value of his shares except through sale.

The Company has never and does not anticipate that it will declare or pay a cash dividend. The Company expects to retain earnings for its business and does not anticipate paying dividends on common stock at any time in the foreseeable future. Because it does not anticipate paying dividends in the future, the only opportunity to realize the value of the common stock will likely be through a sale of those shares.

FORWARD-LOOKING STATEMENTS

This prospectus contains, in addition to historical information, certain information, assumptions and discussions that may constitute forward-looking statements. Such statements are subject to certain risks and uncertainties which could cause actual results to differ materially than those projected or anticipated. Actual results could differ materially from those projected in the forward-looking statements. Although the Company believes its assumptions underlying the forward-looking statements are reasonable, it cannot assure an investor that the forward-looking statements set out in this prospectus will prove to be accurate. The Company typically identifies these forward-looking statements by the use of forward-looking words such as “expect,” “potential,” “continue,” “may,” “will,” “should,” “could,” “would,” “seek,” “intend,” “plan,” “estimate,” “anticipate” or the negative version of those words or other comparable words.

The Company’s businesses can be affected by, without limitation, such things as economic trends, international strife or upheavals, scientific and medical discoveries, health and medical insurance regulation, health care provider restrictions and regulations, consumer demand patterns, labor relations, existing and new competition, consolidation, and growth patterns within the medical practice, medical testing, medical appliances and other industries in which the Company competes and any deterioration in the economy may individually or in combination impact future results.

USE OF PROCEEDS

	Prospective Number of Shares Sold		
	5,000,000 Shares	3,000,000 Shares	1,000,000 Shares
Gross Proceeds to Company	$ 15,000,000	$ 9,000,000	$ 3,000,000
Commission, if paid[(1)]	750,000	450,000	150,000
Completion of Computer Aided Design (CAD) files for manufacturing the MASCT System	250,000	250,000	250,000
Manufacture of launch quantities of the MASCT System and components	1,500,000	900,000	100,000
Hire and train sales and marketing personnel and related marketing and selling costs to launch the product in Pacific Northwest	4,000,000	2,400,000	500,000
Establish the clinical laboratory in the Seattle area	750,000	500,000	400,000
Research and development on follow-on products and services	1,750,000	1,050,000	100,000
General corporate purposes	6,000,000	3,950,000	1,650,000

(1) Assumes commissions of 10% on sale of 50% of the Shares sold. The Company does not have an underwriter or placement agent but is seeking to establish a relationship with one for the sale of the Shares.

DETERMINATION OF OFFERING PRICE

The Company is offering the Shares at $3.00 per share. There is no public market for the Company’s common stock and the price at which the Shares are being offered has been arbitrarily determined by the Company based on the Company’s belief in its internal projections, anticipated growth and market potential. This price does not necessarily bear any direct relationship to the assets, operations, book or other established criteria of value of the Company but represents solely the opinion of management that the Company will develop all or a portion of its business plan and will develop a market value. The Company has based its per share offering price on what it views as the potential future value of its MASCT System and anticipated growth of the Company.

DIVIDEND POLICY

The Company does not anticipate that it will declare dividends in the foreseeable future but rather intends to use any future earnings for the development of the business.

DILUTION

Purchasers of the Shares may experience immediate dilution in the value of their shares of common stock. Purchasers in this offering will pay $3.00 per Share but immediately after purchase the value of those Shares will be reduced. Dilution represents the difference between the initial public offering price per share paid by purchasers and the net tangible book value per share immediately after completion of the offering. Net tangible book value per share is the net tangible assets of the Company (total assets less total liabilities less intangible assets), divided by the number of shares of common stock outstanding.

Prior to the offering, the Company had a net tangible book value of $31,683 or $.002 per share with 13,550,000 shares of common stock outstanding.

The Company intends to sell up to 5,000,000 Shares at $3.00 per Share. This would result in an adjusted net tangible book value of $14,831,683 (assuming offering costs of $200,000) with 18,550,000 shares of common stock outstanding or $.80 per Share.

Assuming Sale of all 5,000,000 Shares (resulting in $15,000,000 in gross proceeds)

	Shares Outstanding		Total Paid	
	Number	Percent	Amount	Percent
Existing Shareholders	13,550,000	73%	$277,540	2%
New Investors	5,000,000	27%	15,000,000	98%
Total	18,550,000	100%	$15,277,540	100%
Per Share offering price			$3.00	
Net tangible book value per share before offering				$.002
Pro forma increase to net tangible book value per share attributable to offering				$.798
Pro forma net tangible book value per share after this offering			$.800	
Dilution per share to new investors			$2.20	

Assuming Sale of 3,000,000 Shares (resulting in $9,000,000 in gross proceeds)

	Shares Outstanding		Total Paid	
	Number	Percent	Amount	Percent
Existing Shareholders	13,550,000	82%	$277,540	3%
New Investors	3,000,000	18%	9,000,000	97%
Total	18,550,000	100%	$9,277,540	100%
Per Share offering price			$3.00	
Net tangible book value deficiency per share before offering				$.002
Pro forma increase to net tangible book value per share attributable to offering				$.536
Pro forma net tangible book value per share after this offering			$.538	
Dilution per share to new investors			$2.462	

Assuming Sale of 1,000,000 Shares (resulting in $3,000,000 in gross proceeds)

	Shares Outstanding		Total Paid	
	Number	Percent	Amount	Percent
Existing Shareholders	13,550,000	93%	$277,540	8%
New Investors	1,000,000	7%	2,991,683	92%
Total	18,550,000	100%	$3,269,223	100%
Per Share offering price			$3.00	
Net tangible book value deficiency per share before offering				$.002
Pro forma increase to net tangible book value per share attributable to offering				$.204
Pro forma net tangible book value per share after this offering			$.206	
Dilution per share to new investors			$2.794	

CONCURRENT SALES

This prospectus also relates to the sale of 2,340,000 outstanding shares of the Company's common stock by the holders of those securities. The selling shareholders will offer their shares for sale at an offering price of $3.00 per share until such time as the Company's common stock is quoted on the OTC Bulletin Board or other national securities exchange after which time such selling shareholders may sell their shares at prevailing market or privately negotiated prices. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the selling shareholders in connection with sales of the common stock. The selling shareholders may from time to time offer their shares through underwriters, broker-dealers, agents or other intermediaries. The distribution of the common stock by the selling shareholders may be effected in one or more transactions that may take place through customary brokerage channels, in privately-negotiated sales; by a combination of these methods; or by other means. The Company will not receive any portion or percentage of any of the proceeds from the sale of the Selling Shareholders' Shares.

PLAN OF DISTRIBUTION

General

The Company is offering to the public a maximum of 5,000,000 shares of its common stock on a "best efforts" basis, which means that there is no minimum threshold of sales that must be met before the offering can close. There is no escrow or trust account in which subscriber funds will be held for any period of time. The proceeds from the sale of the Shares will become immediately available for use by the Company. The offering will be presented by the Company primarily through mail, telephone, electronic transmission and direct meetings in those states in which it has registered the Shares.

As of the date of this prospectus, the Company has not entered into any arrangements with any underwriter for the sale of the Shares. The Company intends to attempt to locate an underwriter or broker-dealer or selling agent to sell the Shares. The Shares will be sold by the President or certain other officers and directors of the Company, none of whom will receive any commission or compensation for the sale of the Shares. The Company has no arrangements nor has entered into any agreement with any underwriters, broker-dealer or selling agents for the sale of the Shares.

The Company intends to maintain the currency and accuracy of this prospectus and to sell the Shares for a period of up to two years, unless earlier completely sold, pursuant to Rule 415 of the General Rules and Regulations of the Securities and Exchange Commission.

Pursuant to the provisions of Rule 3a4-1 of the Securities Exchange Act of 1934, none of the officers offering the Shares is considered to be a broker of such securities as (i) no officer is subject to any statutory disqualification, (ii) no officer is nor will be compensated by commissions for sales of the securities (iii) no officer is associated with a broker or dealer (iv) all officers are primarily employed on behalf of the Company in substantial duties and (v) no officer participates in offering and selling securities more than once every 12 months.

The offering will terminate 24 months following the date of this prospectus unless earlier closed.

Supplemental Sales Material

In addition to this prospectus, the Company may utilize additional sales materials in connection with the offering of the Shares, although only when accompanied by or preceded by the delivery of this prospectus. These supplemental sales materials may include information relating to this offering, brochures and articles and publications concerning cellular and molecular diagnostic risk assessment products and medical diagnostic testing or related matters.

The Company is offering the Shares only by means of this prospectus. Although the information contained in the supplemental sales materials will not materially conflict with any of the information contained in this prospectus, the supplemental materials do not purport to be complete and should not be considered a part of or as incorporated by reference in this prospectus or the registration statement of which this prospectus is a part.

Sales and Resales of the Shares under State Securities Laws

The Company is required to register the Shares in each state in which the Shares will be offered and sold. States provide for registration by coordination under which the Company will file the registration statement, of which this prospectus is a part, with those states. Although this will be a filing with those states by coordination and not by qualification or otherwise, those states may comment on suggested changes to the registration statement. Those states, assuming suggested changes, if any, are adequately addressed, will declare the registration statement effective on the date it is declared effective by the Securities and Exchange Commission.

The National Securities Market Improvement Act of 1996 (“NSMIA”) limits the authority of states to impose restrictions upon resales of securities made pursuant to Sections 4(1) and 4(3) of the Securities Act of companies which file reports under Sections 13 or 15(d) of the Securities Exchange Act. Following the effective date of the registration statement of which this prospectus is a part resales of the Shares and the Selling Shareholders’ Shares may be made pursuant to Section 4(1) of the Securities Act.

Selling Shareholders

The Selling Shareholder Shares are offering up to 2,340,000 shares at an offering price of $3.00 per share until such time as the Company’s common stock is quoted on the OTC Bulletin Board or other national securities exchange after which time such selling shareholders may sell their shares at prevailing market or privately negotiated prices and may be offered from time to time through underwriters, brokers, dealers, agents or other intermediaries.

The distribution of the Selling Shareholder Shares may be effected in one or more transactions that may take place through customary brokerage channels, in privately-negotiated sales, by a combination of these methods or by other means. Transactions occurring after the stock is listed on a national exchange, if at all, will be made at market prices prevailing at the time of sale. Usual and customary or specifically negotiated brokerage fees or commissions may be paid by the selling shareholders in connection with sales of the Shares.

The Company will not receive any portion or percentage of any of the proceeds from the sale of the Selling Shareholders’ Shares. Of the 2,340,000 Selling Shareholder Shares included in the registration statement of which this prospectus is a part, 120,000 shares are held by affiliates of officers and directors.

THE BUSINESS

Overview

The Company is a development-stage healthcare company focused on (i) the development and marketing of cellular and molecular diagnostic risk assessment products for breast cancer and (ii) the establishment of a cytology and molecular diagnostics laboratory focused exclusively on breast cancer. The Company has licensed the rights to develop, exploit, and market the FDA-approved Mammary Aspirate Cytology Specimen Test (MASCT) System. The MASCT System is a patented, FDA-approved medical device and patient sample collection kit. Using the MASCT System a sample of Nipple Aspirate Fluid (NAF), which contains cells and molecular diagnostic biomarkers that are useful in finding cancers and pre-cancerous changes, is taken from a patient and sent to a laboratory for testing. The Company intends to establish its own laboratory for this purpose. The FDA has determined, based on clinical trials performed with the MASCT System, that “the collected fluid

can be used in the determination and/or differentiation of normal versus premalignant versus malignant cells." Cytology changes in NAF have been shown to occur up to eight years before changes can be picked up by mammography.

The Company intends to market the MASCT System to physicians and clinics that specialize in women's health, through a proprietary marketing and sales force that it will develop. There are over 8,700 mammography clinics, as well as dedicated breast health clinics, and obstetrics/gynecology medical practices that the Company believes can utilize the MASCT System.

The collected NAF samples need to be tested and analyzed at a laboratory with the equipment and specialized expertise to process and read the tests and results. The Company intends to establish a high complexity CLIA-certified laboratory specializing in processing the NAF samples. Because NAF samples are among the smallest medical samples handled by clinical laboratories, specialized procedures, protocols, and equipment will be used to maximize the diagnostic value of each sample. The Company anticipates that it will utilize both conventional cytology and advanced molecular diagnostic technologies in its laboratory and engage a staff of professional medical personnel to deliver accurate and comprehensive diagnostic reports. The Company intends to focus on sample-handling efficiency and intends to provide swift report turn-around times providing physicians with the ability to provide high quality patient care.

The MASCT System Manufacturing

The design and development of the MASCT System has been performed by HLB, Chicago, Illinois, an acclaimed medical device design company. The MASCT System is constructed from injection molded plastic components with standard material gaskets and parts. The membrane filter material that makes contact with the nipple is available from at least three domestic suppliers. The Company has received a proposal for completion of the Computer Aided Design (CAD) files that will permit high volume, low cost manufacturing of the MASCT System. Based on current materials and design, two established medical device manufactures have provided a proposal for the first high volume batch of collection devices and patient sample kits. The cost of goods and batch size volume in these initial proposals are consistent with expectations of the Company.

The Company believes the reusable MASCT pump and individual NAF kits can be sold to clinics at industry standard gross margins after cost of goods while still permitting the clinics to price the procedure at an attractive cost to the patient or insurance carriers.

MASCT System Development and Ownership History

Atossa Healthcare, Inc. was incorporated in 1998 by Dr. Steven Quay to conduct research on breast cancer diagnostic tests, from which the MASCT System was invented.

Nastech Pharmaceutical Company, Inc., ("Nastech"), a company developing nasal drug delivery products, acquired Atossa Healthcare, Inc. in August 2000 and Dr. Quay became chairman, CEO, and president of Nastech. At the time of the acquisition, the device had not been tested in humans and there were no issued patents. From 2000 to 2003 clinical trials were performed by Nastech and the product received FDA approval May 9, 2003.

Cytyc, Inc., a company marketing kits for cervical Pap smears, entered a five year development and marketing license agreement with Nastech for the MASCT System in July 2003. Hologic, Inc., a company specializing in digital mammography and breast biopsy equipment, acquired Cytyc in 2007 and the MASCT System was returned to Nastech (renamed as MDRNA, Inc.). Neither Cytyc nor Hologic marketed the MASCT System.

MDRNA, Inc. is a pre-clinical research company in RNAi therapeutics and a medical device was not a strategic fit for the company. In January, 2009, the patents and all product rights, including the FDA approval, were acquired by Ensisheim Partners LLC ("Ensisheim"). Neither MDRNA nor Hologic have any residual rights nor receive any further consideration from the product.

Atossa Genetics, Inc. and Ensisheim entered into an Exclusive License Agreement on July 27, 2009, whereby Ensisheim licensed the five United States patents as well as foreign counterparts that cover the manufacture, use, and selling of the MASCT System, as well as the FDA marketing authorization for the MASCT System exclusively to the Company with the right for the Company to exploit, market, sell, develop, and sublicense the patents and the MASCT System. The license obliges The Company to pay Ensisheim a 2% royalty

on net sales made in any country or territory where a valid patent claim has been issued to Ensisheim or is pending with a minimum royalty of $50,000 per year before the first commercial sale of the MASCT System and $100,000 per year after the first commercial sale. Dr. Quay, the president and director of the Company, and his wife are the sole owners of Ensisheim Partners, LLC.

Breast Anatomy and Nipple Aspirate Fluid (NAF) Collection

The female breast has two main components; glandular tissue (lobes and ducts) and connective/fatty tissue. The breast is divided into 15 to 20 lobes that radiate outwards from the nipple and contain clusters of milk-producing glands. The lobes are further divided into smaller compartments called lobules. Each cluster drains into a duct, which connects the lobules and the nipple. The breast is held together by fatty connective tissue, which provides support and contains nerves as well as blood and lymphatic vessels.

Adenocarcinoma is a general term that refers to a cancer that starts in glandular tissues anywhere in the body. Over 85% of breast cancers start in glandular tissue and therefore are classified as adenocarcinomas. Those that originate in lobules are known as lobular carcinoma and those that begin in ducts are ductal carcinomas. The term “noninvasive breast cancer” refers to adenocarcinomas that are confined to lobules or ducts. Another term used to describe these cancers is *in situ*. Invasive breast cancer refers to a carcinoma that has spread from lobules or ducts to fatty connective tissue or beyond the breast (metastatic)..

Since the early studies in the 1950’s by Dr. George Papanicolaou, the inventor of the “Pap smear” for cervical cancer, it has been understood that adult non-pregnant, non-lactating women continuously secrete fluid into the milk ducts of the breast. This fluid does not normally escape because the nipple orifices are occluded by smooth muscle contraction, dried secretions, and keratinized epithelium. This fluid contains several cell types, including exfoliated breast epithelial cells, both normal as well as atypical cells and even malignant cells. The fluid also contains molecular diagnostic biomarkers, including associated proteins, complex lipids, RNA, and DNA.

A number of medical devices have been designed over the years that apply negative pressure to the nipple to induce the expression of Nipple Aspirate Fluid (NAF) which is then collected by carefully touching a capillary tube to any apparent drops of NAF. In general these devices are successful in obtaining NAF from 20% to 65% of patients. The Company believes it is this sample collection variability that has prevented routine adoption of NAF cytology for screening.

The MASCT System was designed to overcome this shortcoming by placing a hydrophilic (“water seeking”) membrane in contact with the nipple during the cycles of negative pressure to “wick” fluid from the orifice of the ducts by capillary action, thereby increasing the frequency of obtaining NAF in women.

MASCT System Clinical Testing

A clinical trial of the MASCT System was performed at the State University of New York, Stony Brook, New York, to test the efficiency of NAF collection in normal women. Thirty-one healthy, non-pregnant, pre-menopausal female volunteer subjects were tested with the MASCT System device for the ability to collect NAF samples for cytological examination, using the NAF cytology classification system of the College of American Pathologists. Of the 31 subjects, 30 (97%) had measurable NAF; 24 bilaterally and 6 unilaterally. NAF samples ranged from 1 to 37 microliters with an average of 7 microliters and all samples collected were deemed to be clinically useful. Fifty-eight of 60 NAF samples were reported as cytology Class I, and 2 of 60 were reported as cytology Class IIa. No adverse events were reported. The FDA, based on a 510(k) filing that included this clinical data and other data, provided a Premarket notification that this class II device “is intended for use in the collection of nipple aspirate fluid for cytological testing. The collected fluid can be used in the determination and/or differentiation of normal versus premalignant versus malignant cells.”

The Role of NAF Cytology in the Diagnosis and Treatment of Atypical Ductal Hyperplasia

Atypical ductal hyperplasia (ADH) is a condition in which the cells lining the breast duct grow excessively and abnormally. Without other risk factors, it produces a five-fold increased risk of breast cancer. With a family history of breast cancer, a diagnosis of ADH increases the risk of breast cancer 22-fold and in one study fully one-third of women with a biopsy of ADH have an occult cancer growing nearby. In fact, another study looked at changes in chromosome markers in ADH that are typical for invasive ductal cancer to determine if ADH was

monoclonal for these changes, as expected of cancer, or polyclonal, as expected of hyperplasia. This study concluded that 50% of ADH was monoclonal and had the hallmarks of a cancerous growth. The analysis of NAF for these chromosomal changes could help determine the malignant or non-malignant properties of ADH in a particular patient and thus provide information allowing a personalized medicine therapeutic approach.

The incidence of ADH in otherwise normal women was determined in a study of women with normal mammograms who were undergoing breast reduction surgery and was found to be 4.4%. This would suggest that upwards of 4 million women have undiagnosed ADH.

ADH can only be diagnosed definitively by NAF analysis or a breast biopsy. In a study of 2.5 million women having screening mammography, the incidence of biopsy-proven ADH was less than 0.1%, suggesting that mammography misses over 97% of patients with ADH. On the other hand, in a study of 1134 women undergoing NAF sample collection, 6.3% had ductal hyperplasia or atypia, suggesting that this method is able to detect the true incidence of ADH. In addition, a Dutch study reported in December, 2009, that low dose radiation from mammograms can increase cancer incidence 1.5 to 2.5 fold in high risk women increasing the complexity of managing the high risk patient.

The MASCT System involves no radiation and the Company believes this aspect will increase the acceptance of NAF testing with the MASCT System.

The most comprehensive study of the predictive value of NAF cytology for identifying women at high risk for breast cancer was conducted at the University of California at San Francisco over a 19 year period. NAF was collected from 7673 women in two groups, the groups were stratified into women with acellular, normal, hyperplasia, or atypical NAF cytology and the incidence of breast cancer determined in the two groups over an average of 21 and 9 years follow-up, respectively. The incidence of hyperplasia by NAF cytology was 13.6% and the incidence of ADH was 1.6%. Breast cancer occurred in 3.7% of the women with acellular cytology and in 8.2% and 11.0% of the women with hyperplasia and atypia, respectively.

Drug therapy clinical trials for preventing breast cancer in high risk women are called chemoprevention trials. In a five year chemoprevention study of 19,700 women with ADH or other factors that made them at a high risk for invasive breast cancer, the use of either tamoxifen or raloxifene, drugs that block or interfere with the actions of estrogen receptors, reduced the incidence of breast cancer about 50%. Side effects were higher with tamoxifen compared to raloxifene. A separate study of raloxifene vs. placebo showed a 76% reduction in cancer incidence at 4 years and a 66% reduction at 8 years.

Other classes of drugs, including inhibitors of aromatase, an enzyme involved in making estrogen, are being tested or considered for testing in breast cancer chemoprevention trials. In a study of NAF specimens in 33 women at the start and 6 months after taking either tamoxifen or raloxifene, NAF cytology was unchanged in 85% and improved in 11% while the biomarker PSA, which has been shown to be controlled by sex hormones and inversely associated with breast cancer, increased from 37 ng/L to 112 ng/L due to treatment. United States patent 7,128,877, licensed exclusively to the Company, covers testing NAF for the biomarker PSA. The Company believes that increased use of pharmaceutical treatments with chemopreventive agents in high risk women will lead to more NAF cytology studies to both diagnosis ADH and follow the effects of treatment.

Finally, changes in diet and/or the use of dietary supplements are considered to possibly have an impact on breast cancer occurrence and can potentially change the cytology or the presence of biomarkers in NAF. A study of the affect of dietary intervention in 71 women over a one year period was conducted. The probability of obtaining a cellular NAF cytology increased with dietary fat intake, reaching over 7-fold increase for the highest to lowest quartile of fat intake. Furthermore, cellular NAF decreased with increasing plasma levels of dietary supplement antioxidants, lutein and alpha-carotene. Additional studies are ongoing in collaboration with the National Cancer Institute to look at the effect of other interventions, using NAF sample collection and analysis of cytology and molecular biomarkers as study end points. The Company believes the successful outcome of one or more of these studies could increase the use of NAF analysis.

The Role of NAF Cytology and Molecular Diagnostic Biomarkers in Screening for Breast Cancer

The sensitivity of a test for detecting an abnormality is an important measure in screening populations for the presence of occult disease. With mammography as the well accepted standard for breast cancer screening, a

comparison of the sensitivity of NAF cytology and molecular diagnostic biomarkers for detecting cancer shows the role for the MASCT System as a screening tool.

The following Table shows the sensitivity of mammography and NAF cytology and biomarkers for detecting cancers, confirmed by needle biopsy.

Test	Sensitivity
Mammography: 40-54 years of age	78%
NAF biomarkers: DNA Methylation PCR	71-84%
Mammography: dense breasts	68%
NAF biomarker: SELDI-TOF Proteomics	63%
Mammography: under 40 years of age	54%
NAF cytology	41%

While NAF cytology seems well suited to identifying atypical ductal hyperplasia, the sensitivity of NAF cytology alone for detecting cancer is not ideal. However, the use of cytology and other biomarkers, especially the recently developed technologies of PCR detection of DNA-methylation of oncogene promoters and protein biomarker detection by Surface-enhanced laser desorption/ionization time-of-flight ("SELDI-TOF") mass spectrometry of the proteome has the potential to make NAF analysis comparable to mammography.

The Market

United States laboratory testing market

According to Laboratory Economics, the total U.S. laboratory testing market, consisting of clinical and anatomic pathology as well as molecular diagnostics, was estimated to be $50 billion in 2006.

Clinical Pathology. The clinical pathology market generally involves chemical testing and analysis of body fluids using standardized laboratory tests. These tests typically do not require the interpretive expertise of a pathologist and are frequently routine, automated, and performed by large national or regional clinical laboratory companies and hospital laboratories. Medicare reimbursement rates for clinical pathology services are generally between $7 and $23 per test.

Anatomic Pathology. Anatomic pathology involves the diagnosis of cancer and other medical conditions through the examination of tissues (biopsies) and the analysis of cells (cytology) taken from patients. Generally, the anatomic pathology process involves the preparation of slides by trained histo-technologists or cytologists and the review of those slides by anatomic pathologists. Although anatomic pathologists do not treat patients, they establish a definitive diagnosis and may also consult with the referring physician. As a result of the greater degree of complexity and sophistication in anatomic pathology services, 2009 Medicare reimbursement rates for the anatomic pathology services of the type that the Company will perform are between $100 and $400 per patient.

Molecular Diagnostics. Molecular diagnostics typically involve unique and complex genetic and molecular tests performed by skilled personnel using sophisticated instruments. As a result, molecular diagnostics are typically offered by a limited number of commercial laboratories. According to PriceWaterhouseCoopers, molecular diagnostics represents one of the fastest growing segments of the $37 billion market for *in vitro* diagnostics, which includes test tube diagnostics such as glucose monitoring for diabetes care but excludes diagnostics for research use. This market segment is expected to grow 14% annually between 2007 and 2012, from $2.6 billion to $5.0 billion.

The Company intends to develop and provide a range of molecular diagnostics to aid in the management of breast health, premalignant conditions, and cancer. The Company anticipates that it will operate in the outpatient segment of the U.S. anatomic pathology market, which represents approximately $6.2 billion, or 55%, of the $11.3 billion total U.S. anatomic pathology market, as estimated by Laboratory Economics.

United States Market Size for MASCT System procedures and laboratory tests

Testing in Normal Risk Women. Depending on the assumptions made, if the MASCT System were adopted as an additional test during screening mammograms and/or cervical cancer (Pap smear) screening tests, the potential annual market size would be between 31.6 and 48.2 million women. This conclusion is reached from the following assumptions and scenarios:

MASCT in conjunction with cervical cancer screening (Pap smear), all ages. There were 29.8 million Pap smear examinations in 2006.

MASCT in conjunction with mammography, all ages. According to the MQSA National Statistics, there were 37.5 million mammograms performed in the US in 2009.

MASCT in conjunction with mammography in women age 40-49. According to the U.S. Census Bureau, as of July 1, 2009 there were 22.5 million women age 40-49. Current screening guidelines recommend annual mammograms for women in this age group. According to the Centers for Disease Control, 63.5% of women 40-49 follow the guidelines. If the MASCT System were used in conjunction with mammograms in this age group there would be 14.3 million studies per year.

MASCT in conjunction with mammography in women age 50-59. According to the U.S. Census Bureau, as of July 1, 2009 there were 20.7 million women age 50-59. Current screening guidelines recommend annual mammograms for women in this age group. According to the Centers for Disease Control, 71.8% of women 40-49 follow the guidelines. If the MASCT System were used in conjunction with mammograms in this age group there would be 14.9 million studies per year.

MASCT in conjunction with mammography in women age 60-69. According to the U.S. Census Bureau, as of July 1, 2009 there were 14.0 million women age 60-69. Current screening guidelines recommend annual mammograms for women in this age group. According to the Centers for Disease Control, 63.8% of women 60-69 follow the guidelines. If the MASCT System were used in conjunction with mammograms in this age group there would be 8.9 million studies per year.

MASCT in conjunction with cervical screening in women age 30-39. According to the U.S. Census Bureau, as of July 1, 2009 there were 20.2 million women age 30-39. Current screening guidelines do not recommend mammograms for women in this age group. Cervical cancer screening should be done every year with the regular Pap test or every two years using the newer liquid-based Pap test until achieving three successive normal studies at which time screening frequency can lengthen to every 2 to 3 years. One survey indicated 55% of women have Pap smears annually, exceeding the guidelines. If the MASCT System were used in conjunction with Pap smear testing in this age group there would be 10.1 million studies per year.

The above assumptions lead to the conclusion that 48.2 million MASCT System studies could be done annually in conjunction with mammography under current American Cancer Society recommendations for screening mammography.

MASCT in conjunction with mammography under the newly released U.S. Preventive Services Task Force Recommendation (USTFR). On November 19, 2009, the USTFR announced that, for normal risk women, screening mammography should begin at age 50 and be biennial until age 75. The American Cancer Society and other national groups strongly and publicly objected to the lack of recommendations for women under the age of 50 and the biennial interval for women over 50. If the USTRF guidelines were adopted uniformly and the MASCT system were used in conjunction with mammography, 21.5 million studies would be performed annually, 10.1 million would be performed in 30-39 year old women in conjunction with cervical Pap smears, or 31.6 million studies total.

It is possible that adoption of the USTRF mammography screening criteria could increase the utilization of the MASCT System but the Company has not performed studies to try to estimate this potential.

Testing in Women at High Risk for Breast Cancer

Breast Cancer Survivors. Women who have had breast cancer are at a higher risk for recurrence of cancer or for a new malignancy. In 2008, there were 2.5 million breast cancer survivors in the United States. The Company believes these women would be candidates for regular MASCT System screening.

Post Menopausal Breast Cancer. There is overwhelming evidence that post menopausal breast cancer is determined principally by estrogen, which induces cancer related biomarkers such as Cathepsin D. Since the serum levels of estrogen drops significantly when the ovary stops making it at menopause, the source of the hormone in breast cancer was not understood. In 2006, investigators at Northwestern University demonstrated that NAF contains estrogen and related sex hormones, that there is no correlation between serum and NAF concentrations of these hormones, preventing serum tests from finding these high risk patients, and that the likely

source is synthesis within the breast itself. The authors concluded that measuring female sex hormone biomarkers like Cathepsin D in NAF may be useful in identifying post menopausal women at high risk for breast cancer and in monitoring chemoprevention trials, since the mechanism of action of the current therapies is interference with female sex hormone actions. U.S. patent 7,128,877, licensed exclusively to the Company, covers testing NAF for the biomarker Cathepsin D. There are approximately 32 million post menopausal women and the Company believes NAF sex hormone screening could help identify women who have high levels and are thus at high risk.

High Risk Women. The Breast Cancer Risk Assessment Tool (based on the Gail model) has been established by the National Cancer Institute (NCI) and the National Surgical Adjuvant Breast and Bowel Project (NSABP) to identify women with an increased risk of breast cancer. The risk factors included in the test are: personal history of breast abnormalities, age, age at first menarche, age at first live birth, breast cancer among first-degree relatives (sisters, mother, or daughters), breast biopsies, obesity, and race. A study of 6904 women for an average follow up of 14.6 years demonstrated that clinically NAF may be most useful for women at highest absolute risk by the Risk Assessment Tool because modest differences in relative risk are amplified. In this group, the incidence of breast cancer by NAF cytology ranged from 5.3 to 10.3 per 1,000 women years (non-yielder to hyperplasia/atypia).

International market for MASCT System procedures and laboratory tests

The Company has used mammography data to estimate the market size for the MASCT System procedures and NAF laboratory testing outside the United States. In 2008, there were 49.8 million mammograms in Europe, 17.1 million in Japan, and 20.1 million in the remaining world (excluding North America) for a total market potential of 87 million studies per year. In China and Greater Asia, where mammography is underutilized, there are 366 million women 30-74 years of age and the annual number of new cases of breast cancer in China, once much lower than in the Western countries, is now about 190,000, the same as in the United States. The Company believes there is a substantial market for its products and services outside the United States but has not further quantified the opportunity. The Company anticipates that if it is able to develop the MASCT System and laboratory procedures in the United States, it will then market the MASCT System and the laboratory procedures to China and other markets outside the United States.

Government Regulation

CLIA and State Regulation

As a provider of cytology and molecular diagnostic services, the Company is required to hold certain federal, state and local licenses, certifications, and permits. Under CLIA, it is required to hold a certificate applicable to the type of work it performs and to comply with certain CLIA-imposed standards. CLIA regulates all laboratories by requiring they be certified by the federal government and comply with various operational, personnel, facilities administration, quality, and proficiency requirements intended to ensure that laboratory testing services are accurate, reliable, and timely. CLIA does not preempt state laws that are more stringent than federal law.

To obtain and renew its CLIA certificates, which it is required to renew every two years, the Company will be regularly subject to survey and inspection to assess compliance with program standards and may be subject to additional random inspections. Standards for testing under CLIA are based on the level of complexity of the tests performed by the laboratory. Laboratories performing high complexity testing are required to meet more stringent requirements than laboratories performing less complex tests where a CLIA certificate is required. Both NAF cytology and molecular diagnostic testing are high complexity tests. CLIA certification is a prerequisite to be eligible for reimbursement under Medicare and Medicaid.

The Clinical Laboratory Improvement Amendments of 1988 (CLIA ’88) was passed to improve quality control at cytology laboratories performing gynecological diagnoses (Pap smears for cervical cancer). Under CLIA `88, the number of slides a cytotechnologist may screen each day is regulated (no more than 100 slides in any 24 hour period, and must have at least 8 hours to complete the examination of 100 slides, which results in an average of 12.5 slides per hour) and quality control procedures require rescreening of a minimum of 10% randomly selected within-normal-limits (WNL) slides per day. In addition, specialized proficiency testing requirements apply not just to the laboratory, but to the individuals performing the test, specialized personnel standards, and quality control procedures. The Company will not be seeking certification to perform cervical Pap smears and therefore does not believe these provisions of CLIA ’88 apply to it.

In addition to CLIA requirements, the Company will be subject to various state laws. CLIA provides that a state may adopt laboratory regulations that are more stringent than those under federal law, and a number of states, including Washington, where the Company is located, have done so. The Washington state Medical Test Site (MTS) Licensure law (Chapter 70.42 RCW) was passed in May 1989 to allow the state to regulate clinical laboratory testing. In October 1993, Washington became the first state to have its clinical laboratory licensure program judged by the Federal Health and Human Services Centers for Medicare and Medicaid Services (CMS) as equivalent to CLIA and was granted an exemption. In addition, New York, Maryland, Pennsylvania, Rhode Island, and California, have implemented their own laboratory regulatory schemes. State laws may require that laboratory personnel meet certain qualifications, specify certain quality controls, or prescribe record maintenance requirements.

Privacy and Security of Health Information and Personal Information; Standard Transactions

The Company will be subject to state and federal laws and implementing regulations relating to the privacy and security of the medical information of the patients it treats. The principal federal legislation is part of HIPAA. Pursuant to HIPAA, the Secretary of the Department of Health and Human Services, or HHS, has issued final regulations designed to improve the efficiency and effectiveness of the health care system by facilitating the electronic exchange of information in certain financial and administrative transactions, while protecting the privacy and security of the patient information exchanged. These regulations also confer certain rights on patients regarding their access to and control of their medical records in the hands of health care providers such as the Company.

Four principal regulations have been issued in final form: privacy regulations, security regulations, standards for electronic transactions, and the National Provider Identifier regulations. The HIPAA privacy regulations, which fully came into effect in April, 2003, establish comprehensive federal standards with respect to the uses and disclosures of an individual's personal health information, referred to in the privacy regulations as "protected health information," by health plans, health care providers, and health care clearinghouses. The Company is a health care provider within the meaning of HIPAA. The regulations establish a complex regulatory framework on a variety of subjects, including:

- the circumstances under which uses and disclosures of protected health information are permitted or required without a specific authorization by the patient, including but not limited to treatment purposes, activities to obtain payment for services, and health care operations activities;
- a patient's rights to access, amend, and receive an accounting of certain disclosures of protected health information;
- the content of notices of privacy practices for protected health information; and
- administrative, technical and physical safeguards required of entities that use or receive protected health information.

The federal privacy regulations, among other things, restrict the Company's ability to use or disclose protected health information in the form of patient-identifiable laboratory data, without written patient authorization, for purposes other than payment, treatment, or health care operations (as defined by HIPAA) except for disclosures for various public policy purposes and other permitted purposes outlined in the privacy regulations. The privacy regulations provide for significant fines and other penalties for wrongful use or disclosure of protected health information, including potential civil and criminal fines and penalties. Although the HIPAA statute and regulations do not expressly provide for a private right of damages, the Company could incur damages under state laws to private parties for the wrongful use or disclosure of confidential health information or other private personal information.

The Company will implement policies and practices that it believes brings it into substantial compliance with the privacy regulations. However, the documentation and process requirements of the privacy regulations are complex and subject to interpretation. Failure to comply with the privacy regulations could subject the Company to sanctions or penalties, loss of business, and negative publicity.

The HIPAA privacy regulations establish a "floor" of minimum protection for patients as to their medical information and do not supersede state laws that are more stringent. Therefore, the Company is required to

comply with both HIPAA privacy regulations and various state privacy laws. The failure to do so could subject it to regulatory actions, including significant fines or penalties, and to private actions by patients, as well as to adverse publicity and possible loss of business. In addition, federal and state laws and judicial decisions provide individuals with various rights for violation of the privacy of their medical information by health care providers such as the Company.

The final HIPAA security regulations, which establish detailed requirements for physical, administrative, and technical measures for safeguarding protected health information in electronic form, became effective on April 21, 2003. The Company intends to employ what it considers to be a reasonable and appropriate level of physical, administrative and technical safeguards for patient information. Failure to comply with the security regulations could subject the Company to sanctions or penalties and negative publicity.

The final HIPAA regulations for electronic transactions, referred to as the transaction standards, establish uniform standards for certain specific electronic transactions and code sets and mandatory requirements as to data form and data content to be used in connection with common electronic transactions, such as billing claims, remittance advices, enrollment, and eligibility. The Company intends to outsource to a third-party vendor the handling of its billing and collection transactions, to which the transaction standards apply. Failure of the vendor to properly conform to the requirements of the transaction standards could, in addition to possible sanctions and penalties, result in payors not processing transactions submitted on our behalf, including claims for payment.

The HIPAA regulations on adoption of national provider identifiers, or NPI, required health care providers to adopt new, unique identifiers for reporting on claims transactions submitted after May 23, 2007. The Company will obtain NPIs for its laboratory facilities and pathologists so that it can report NPIs to Medicare, Medicaid, and other health plans.

The health care information of the Company's future patients will includes social security numbers and other personal information that are not of an exclusively medical nature. The consumer protection laws of a majority of states now require organizations that maintain such personal information to notify each individual if their personal information is accessed by unauthorized persons or organizations, so that the individuals can, among other things, take steps to protect themselves from identity theft. The costs of notification and the adverse publicity can both be significant. Failure to comply with these state consumer protection laws can subject a company to penalties that vary from state to state, but may include significant civil monetary penalties, as well as to private litigation and adverse publicity. California recently enacted legislation that expanded its version of a notification law to cover improper access to medical information generally, and other states may follow suit.

Federal and State Fraud and Abuse Laws

The federal health care Anti-Kickback Statute prohibits, among other things, knowingly and willfully offering, paying, soliciting, or receiving remuneration to induce referrals or in return for purchasing, leasing, ordering, or arranging for the purchase, lease, or order of any health care item or service reimbursable under a governmental payor program. The definition of "remuneration" has been broadly interpreted to include anything of value, including gifts, discounts, the furnishing of supplies or equipment, credit arrangements, payments of cash, waivers of payments, ownership interests, opportunity to earn income, and providing anything at less than its fair market value. The Anti-Kickback Statute is broad, and it prohibits many arrangements and practices that are lawful in businesses outside of the health care industry. Recognizing that the Anti-Kickback Statute is broad and may technically prohibit many innocuous or beneficial arrangements within the health care industry, HHS has issued a series of regulatory "safe harbors." These safe harbor regulations set forth certain provisions that, if met, will assure health care providers and other parties that they will not be prosecuted under the federal Anti-Kickback Statute. Although full compliance with these provisions ensures against prosecution under the federal Anti-Kickback Statute, the failure of a transaction or arrangement to fit within a specific safe harbor does not necessarily mean that the transaction or arrangement is illegal or that prosecution under the federal Anti-Kickback Statute will be pursued.

From time to time, the Office of Inspector General, or OIG, issues alerts and other guidance on certain practices in the health care industry. In October 1994, the OIG issued a Special Fraud Alert on arrangements for the provision of clinical laboratory services. The Fraud Alert set forth a number of practices allegedly engaged in by some clinical laboratories and health care providers that raise issues under the "fraud and abuse" laws, including the Anti-Kickback Statute. These practices include: (i) laboratories providing employees to furnish

valuable services for physicians (other than collecting patient specimens for testing for the laboratory) that are typically the responsibility of the physicians' staff; (ii) providing free testing to a physician's managed care patients in situations where the referring physicians benefit from such reduced laboratory utilization; (iii) providing free pick-up and disposal of bio-hazardous waste for physicians for items unrelated to a laboratory's testing services; (iv) providing general-use facsimile machines or computers to physicians that are not exclusively used in connection with the laboratory services; and (v) providing free testing for health care providers, their families, and their employees (professional courtesy testing).

The OIG emphasized in the Special Fraud Alert that when one purpose of an arrangement is to induce referrals of program-reimbursed laboratory testing, both the clinical laboratory and the health care provider, or physician, may be liable under the Anti-Kickback Statute, and may be subject to criminal prosecution and exclusion from participation in the Medicare and Medicaid programs.

Another issue about which the OIG has expressed concern involves the provision of discounts on laboratory services billed to customers in return for the referral of more lucrative federal health care program business. In a 1999 Advisory Opinion, the OIG concluded that a proposed arrangement whereby a laboratory would offer physicians significant discounts on non-federal health care program laboratory tests might violate the Anti-Kickback Statute. The OIG reasoned that the laboratory could be viewed as providing such discounts to the physician in exchange for referrals by the physician of business to be billed by the laboratory to Medicare at non-discounted rates. The OIG indicated that the arrangement would not qualify for protection under the discount safe harbor because Medicare and Medicaid would not get the benefit of the discount. Subsequently, in a year 2000 correspondence, the OIG stated that the Anti-Kickback Statute may be violated if there were linkage between the discount offered to the physician and the physician's referrals of tests covered under a federal health care program that would be billed by the laboratory directly. Where there was evidence of such linkage, the arrangement would be considered "suspect" if the charge to the physician was below the laboratory's "average fully loaded costs" of the test.

Generally, arrangements that would be considered suspect, and possible violations under the Anti-Kickback Statute, include arrangements between a clinical laboratory and a physician (or related organizations or individuals) in which the laboratory would (1) provide items or services to the physician or other referral source without charge, or for amounts that are less than their fair market value; (2) pay the physician or other referral source amounts that are in excess of the fair market value of items or services that were provided; or (3) enter into an arrangement with a physician or other entity because it is a current or potential referral source. HIPAA also applies to fraud and false statements. HIPAA created two new federal crimes: health care fraud and false statements relating to health care matters. The health care fraud statute prohibits knowingly and willfully executing a scheme to defraud any health care benefit program, including private payors. A violation of this statute is a felony and may result in fines, imprisonment, or exclusion from governmental payor programs such as the Medicare and Medicaid programs. The false statements statute prohibits knowingly and willfully falsifying, concealing, or covering up a material fact or making any materially false, fictitious, or fraudulent statement in connection with the delivery of or payment for health care benefits, items, or services. A violation of this statute is a felony and may result in fines or imprisonment or exclusion from governmental payor programs.

Physician Referral Prohibitions

Under a federal law directed at "self-referral," commonly known as the Stark Law, prohibitions exist, with certain exceptions, on Medicare and Medicaid payments for laboratory tests referred by physicians who personally, or through a family member, have an investment interest in, or a compensation arrangement with, the laboratory performing the tests. A person who engages in a scheme to circumvent the Stark Law's referral prohibition may be fined up to $100,000 for each such arrangement or scheme. In addition, any person who presents or causes to be presented a claim to the Medicare or Medicaid programs in violation of the Stark Law is subject to civil monetary penalties of up to $15,000 per bill submission, an assessment of up to three times the amount claimed, and possible exclusion from participation in federal governmental payor programs. Bills submitted in violation of the Stark Law may not be paid by Medicare or Medicaid, and any person collecting any amounts with respect to any such prohibited bill is obligated to refund such amounts.

Any arrangement between a laboratory and a physician or physicians' practice that involves remuneration will prohibit the laboratory from obtaining payment for services resulting from the physicians' referrals, unless

the arrangement is protected by an exception to the self-referral prohibition or a provision stating that the particular arrangement would not result in remuneration. Among other things, a laboratory's provision of any item, device, or supply to a physician would result in a Stark Law violation unless it was used only to collect, transport, process, or store specimens for the laboratory, or was used only to order tests or procedures or communicate related results. This may preclude a laboratory's provision of fax machines and computers that may be used for unrelated purposes. Most arrangements involving physicians that would violate the Anti-Kickback Statute would also violate the Stark Law. Many states also have "self-referral" and other laws that are not limited to Medicare and Medicaid referrals. These laws may prohibit arrangements which are not prohibited by the Stark Law, such as a laboratory's placement of a phlebotomist in a physician's office to collect specimens for the laboratory.

Discriminatory Billing Prohibition

In response to competitive pressures, the Company will be increasingly required to offer discounted pricing arrangements to managed care payers and physicians and other referral services. Discounts to referral sources raise issues under the Anti-Kickback Statute. Any discounted charge below the amount that Medicare or Medicaid would pay for a service also raises issues under Medicare's discriminatory billing prohibition. The Medicare statute permits the government to exclude a laboratory from participation in federal health care programs if it charges Medicare or Medicaid "substantially in excess" of its usual charges in the absence of "good cause." In 2000, the OIG stated in informal correspondence that the prohibition was violated only if the laboratory's charge to Medicare was substantially more than the "median non-Medicare/–Medicaid charge." On September 15, 2003, the OIG issued a notice of proposed rulemaking addressing the statutory prohibition. Under the proposed rule, a provider's charge to Medicare or Medicaid would be considered "substantially in excess of [its] usual charges" if it was more than 120 percent of the provider's mean or median charge for the service. The proposed rule was withdrawn in June 2007. At that time, the OIG stated that it would continue to evaluate billing patterns of individuals and entities on a case-by-case basis.

Corporate Practice of Medicine

The Company's contractual relationships with the licensed health care providers are subject to regulatory oversight, mainly by state licensing authorities. In certain states, for example, limitations may apply to the relationship with the pathologists that the Company intends to employ or engage, particularly in terms of the degree of control that the Company exercises or has the power to exercise over the practice of medicine by those pathologists. A number of states, including New York, Texas, and California, have enacted laws prohibiting business corporations, such as the Company, from practicing medicine and employing or engaging physicians to practice medicine. These requirements are generally imposed by state law in the states in which the Company operates, vary from state to state, and are not always consistent among states. In addition, these requirements are subject to broad powers of interpretation and enforcement by state regulators. Some of these requirements may apply to the Company even if it does not have a physical presence in the state, based solely on the employment of a health care provider licensed in the state or the provision of services to a resident of the state. The Company believes that it operates in material compliance with these requirements. However, failure to comply can lead to action against the Company and the licensed health care professionals that it employs, fines or penalties, receipt of cease and desist orders from state regulators, loss of health care professionals' licenses or permits, the need to make changes to the terms of engagement of those professionals that interfere with the Company's business, and other material adverse consequences.

State Laboratory Licensure

The Company intends that its laboratory will be certified by CLIA and be licensed in the state of Washington. However, many state licensure laws require a laboratory that solicits or tests specimens from individuals within that state to hold a license from that state, even if the testing occurs in another state. The Company intends to accept testing from California, New York, Pennsylvania, Maryland, New Jersey, and Rhode Island, which require out-of-state laboratories to hold state licenses. The Company intends to apply for licenses in these states. Similarly, many of the states from which it will solicit specimens require that a physician interpreting specimens from that state be licensed by that particular state, irrespective of where the services are to be provided. In the absence of such a state license, the physician may be considered to be engaged in the unlicensed practice of medicine.

The Company may become aware from time to time of other states that require out of state laboratories or physicians to obtain licensure in order to accept specimens from the state, and it is possible that other states do have such requirements or will have such requirements in the future. The Company intends to follow instructions from the state regulators as how to comply with such requirements.

Referrals After Becoming a Public Company

Once the Company's stock is publicly traded, it will not be able to accept referrals from physicians who own, directly or indirectly, shares of its stock unless it complies with the Stark Law exception for publicly traded securities. This requires, among other things, $75 million in stockholders' equity (total assets minus total liabilities). The parallel safe harbor requires, among other things, $50 million in undepreciated net tangible assets, in order for any distributions to such stockholders to be protected under the Anti-Kickback Statute.

Other Regulatory Requirements

The Company's laboratory will be subject to federal, state, and local regulations relating to the handling and disposal of regulated medical waste, hazardous waste, and biohazardous waste, including chemical, biological agents and compounds, and human tissue. The Company intends to use outside vendors who are contractually obligated to comply with applicable laws and regulations to dispose of such waste. These vendors will be licensed or otherwise qualified to handle and dispose of such waste.

The Occupational Safety and Health Administration, or OSHA, has established extensive requirements relating to workplace safety for health care employers, including requirements mandating work practice controls, protective clothing and equipment, training, medical follow-up, vaccinations, and other measures designed to minimize exposure to, and transmission of, blood-borne pathogens. Pursuant to its authority under the FDCA, the FDA has regulatory responsibility over instruments, test kits, reagents, and other devices used to perform diagnostic testing by laboratories such as ours. Specifically, the manufacturers and suppliers of analyte specific reagents, or ASRs, which we will obtain for use in diagnostic tests, are subject to regulation by the FDA and are required to register their establishments with the FDA, to conform manufacturing operations to the FDA's Quality System Regulation and to comply with certain reporting and other record keeping requirements. The FDA also regulates the sale or distribution, in interstate commerce, of products classified as medical devices under the FDCA, including *in vitro* diagnostic test kits. Such devices must undergo premarket review by the FDA prior to commercialization unless the device is of a type exempted from such review by statute or pursuant to the FDA's exercise of enforcement discretion.

For instance, diagnostic tests that are developed and validated exclusively by a laboratory are called Laboratory Developed Tests or "home brew" tests. The FDA maintains that it has authority to regulate the development and use of "home brews" as medical devices, but to date has not exercised its authority with respect to "home brew" tests as a matter of enforcement discretion. The FDA regularly considers the application of additional regulatory controls over the sale of ASRs and the development and use of "home brews" by laboratories such as the Company's.

Compliance Program

Compliance with government rules and regulations is a significant concern throughout the industry, in part due to evolving interpretations of these rules and regulations. The Company will seek to conduct its business in compliance with all statutes and regulations applicable to its operations. To this end, it has determined that it will establish an informal compliance program that reviews for regulatory compliance procedures, policies, and facilities throughout its business. To better focus compliance efforts, the Company intends to hire an experienced compliance officer when appropriate and develop a formal compliance program. The Company will make all suitable adjustments or modifications as become known or necessary in order to comply with these complex set of laws and regulations.

THE BUSINESS PLAN

Business Plan Overview

The Company's business model will be built on hiring well-trained pathologists and experienced specialty sales force personnel, and establishing a dedicated client service team. As a result, the Company hopes to develop client loyalty and long-term relationships with referring physicians not only through exceptional diagnostic services, but also by frequently communicating about diagnostic innovations, responding to the service needs of physician practices, and offering professional consultations with our pathologists.

The Company anticipates that it will develop two main revenue sources: (i) product sales-based revenue from the sale of the MASCT System to physicians, breast health clinics, and mammography clinics and (ii) service-based revenue for the preparation and interpretation of the NAF samples sent to the Company's laboratory. This will result in revenues from the sale as well as the use of the MASCT System.

In order to achieve its two-pronged revenue base, the Company will need to manufacture, through medical device suppliers, the MASCT System components, i.e., the collection device and patient NAF specimen kits and will need to establish a direct sales force to call on physicians and breast health and mammography clinics to market and sell the MASCT System.

The Company will need to have the MASCT Systems produced and to hire and train personnel to market the systems. The Company intends to use funds raised from this offering to produce the System and to develop its marketing sales force.

The Company's product- and service-based income plan provides revenue from multiple, different sources with different timing in the procedure cycle. Product revenue from the sale of kits in bulk to the clinics and physicians comes before patients receive the test; laboratory revenue comes after the diagnosis is rendered.

The Company's business model will be built on hiring well-trained pathologists and experienced specialty sales personnel. As a result, the Company hopes to develop client loyalty and long-term relationships with referring physicians not only through reliable diagnostic services, but also by frequently communicating about diagnostic innovations, responding to the service needs of physician practices, and offering professional consultations with the Company's staff pathologists.

The Company's specialized product and service business model was developed by founder and Chief Executive Officer, Dr. Steven Quay, MD, PhD, a board certified anatomic pathologist, with training at The Massachusetts General Hospital, Harvard Medical School and a former facility member of the Department of Pathology, Stanford University School of Medicine. Steven Quay invented the MASCT System and has been awarded 14 US and International patents for its innovation. He oversaw the clinical testing and regulatory filing of the MASCT device with the FDA that lead to its ultimate approval.

Dr. Quay also discovered that administration of a synthetic version of a natural hormone, oxytocin, increases the production of NAF. The Company anticipates that it will develop a second generation product, Oxy-MASCT^{TM}, based on this research. This work was granted U.S. and foreign patents and are some of the patents that have been licensed by the Company. The Company anticipates that it will be able to market the Oxy-MASCT to the core of health care professionals utilizing the MASCT System.

The Business Model

The Company's business model focuses on providing support for the management of breast health, disease prevention, and cancer diagnosis and treatment to patients and physicians. The Company intends to provide physicians with fast, accurate diagnoses, allowing them to make informed and timely health management and treatment decisions with their patients. The Company will rely on the expertise of pathologists and advanced diagnostic technologies and processes, to provide comprehensive patient diagnoses to referring physicians, in industry-standard turn-around times. In addition, the Company intends to offer physicians specialized breast health and disease diagnostic technologies including NAF cytology and molecular diagnostic testing for cancer.

The Company believes that offering advanced technology, including molecular biomarker testing, gives it a competitive advantage by allowing it to more precisely diagnose health and disease, which provides referring physicians with better information with which to make patient management and treatment recommendations.

Through a laboratory information software system, the Company hopes to streamline the diagnostic and reporting process to provide physicians with comprehensive and timely patient assessments.

Specialty Sales Team

The Company will need to hire sales representatives with technical knowledge in, for example, mammography, obstetrics/gynecology office practices, and women's health clinics. As a result, the Company will expect its sales representatives to develop long-lasting, consultative relationships with the referring physicians they serve. Similarly, the Company anticipates that its client service associates will focus on a relatively small geographic area and will provide dedicated support services to its physician clients. These representatives will hopefully provide physician clients and their office staff with a knowledgeable and consistent point of contact thereby strengthening the Company's client relationships.

Once a member of the Company's sales team has developed a relationship with a referring physician, retaining that salesperson will be significant to the Company's ability to capitalize on the client relationship. The Company intends to offer its sales force the opportunity to earn higher compensation, primarily through commissions on revenues earned over the duration of a physician client's account. The Company hopes that this structure will provide the sales force with incentives to not only establish new clients but to maintain and enhance relationships with existing clients.

The Company's Anticipated Services

By focusing on NAF samples and the cytology and molecular diagnostic technologies utilizing NAF, the entire process from MASCT specimen collection to delivery of the comprehensive patient diagnoses will be tailored to the specific needs of the Company's referring physicians. When a physician uses the MASCT System to take a NAF specimen from a patient for diagnostic testing, he or she will complete a requisition form (either by hand or electronically, via electronic medical records, or EMR, technology or via an EMR web interface), attach a bar-coded label to each NAF specimen from the requisition, and package the specimen for shipment to the Company.

The Company will supply physicians with pre-addressed packaging for added convenience. The Company intends to schedule daily specimen collections from its referring physicians, which creates reliability and convenience and relieves referring physicians of the administrative burden and cost of handling logistical details. Once the specimen arrives in the Company's laboratory, the Company will scan the bar coded label on the requisition and enter all pertinent information about the specimen, including patient billing information, into a work-flow software system. A cytotechnologist will then prepare the specimen for interpretation. It is preferable to prepare NAF slides with liquid-based cytology technique, using cellular concentration and monolayer slide method. This approach aids interpretation, because it optimizes cellularity. The prepared specimen will be delivered to one of the Company's pathologists. After diagnosis, the pathologist will use a software system to prepare a comprehensive report, which might include any relevant images from the NAF. The diagnostic report will then be delivered to the physician via secure Internet software, remote printer, fax or mail. Should the physician have questions, the Company's pathologists will be available for consultations.

Experienced Specialized Pathologists

The practice of anatomic pathology requires a pathologist to make a specific diagnosis, which referring physicians rely on to determine appropriate treatment plans and monitor the effectiveness of treatment. In addition to Dr. Quay, the Company intends to hire other board-certified pathologists to assist in the interpretation of the NAF samples.

Specialty Sales Teams

Experienced and specialized sales and client service teams will be integral to the Company's business and success. The Company anticipates that each member of the sales force will specializes in one of the anatomic pathology markets. By focusing on a single anatomic pathology field, the sales representatives will gain technical knowledge and a better understanding of physician practices within their area of expertise. As a result, the Company expects that the sales representatives will develop long-lasting, consultative relationships with the referring physicians in the specialties they serve, which improves client service and creates a competitive advantage.

The specialization and focus of the sales team, including client service associates, on breast health, disease prevention, and the diagnosis and treatment of cancer allows them to develop significant expertise and hopefully will lead to strong consultative relationships with referring physicians and their office staff thereby giving the Company a competitive edge. The breast health and disease specialization of the marketing team allows them to follow market trends within this field and to translate that information into improved sales and marketing processes.

The Company will focus its marketing and sales efforts on urging physicians and breast health and mammography clinics to use the MASCT System in conjunction with other health screening examinations, including annual physical examinations and regularly scheduled cervical Pap smears and mammograms. The sales representatives will concentrate on a geographic area based on the number of physician clients and prospects, which will be identified using several national physician databases that provide address information, patient demographic information, and other data. The Company will also use the FDA website containing contact information on the approximately 8800 Mammography Quality Standards Act (MQSA)-certified clinics.

At the beginning of a new client relationship, a sales representative will visit a targeted physician's office or clinic and will describe in detail the MASCT System for NAF collection and the kind and use of the information that can be obtained and the value of this information in the management of breast health, disease prevention, and cancer diagnosis and management for their patients. The sales representatives' focus on breast health and disease research and issues allows them not only to discuss the Company's specialized cytology and molecular diagnostic services, but also to describe pending diagnostic developments and new products and technologies in the field.

If a client relationship is established, the Company intends the sales representative to provide frequent follow-up sales and service calls to ensure that the Company meets the physician and office staff needs and expectations and to explore other opportunities for the physician to use the specialized diagnostic services. The Company believes that the frequency of these sales calls will allow the sales representatives to build and enhance strong relationships with clients, helping to better understand their needs and develop new service offerings. Periodically, the Company anticipates that its medical directors will accompany members of the sales team to physicians' offices to provide additional consultation and to further establish professional relationships with referring physicians. In addition to the sales representatives, the Company intends to have its clients and, in particular, their office staff, be supported by dedicated client service teams. These service teams will provide clients with a personal, knowledgeable, and consistent point of contact within the Company. Client service associates will coordinate the provision of services, ensure MASCT System testing supplies are replenished, answer administrative and billing questions, and resolve service issues. The Company believes these additional client contacts will enhance client satisfaction and strengthen overall client relationships.

Billing and Reimbursement

Depending on the billing arrangement and applicable law, the party that reimburses the Company for its services will be (1) a third party who provides coverage to the patient, such as an insurance company, managed care organization, or a governmental payor program; (2) the physician or other authorized party (such as another laboratory) who ordered the test or otherwise referred the test to us; or (3) the patient. A large percentage of revenues are likely to be derived from Medicare, so Medicare coverage and reimbursement rules will be significant to operations. Reimbursement for services under the Medicare program is based principally on two sets of fee schedules. Generally, anatomic pathology services, including most of the services the Company will provide, are paid based on the Medicare physician fee schedule. The physician fee schedule is designed to set compensation rates for those medical services provided to Medicare beneficiaries that require a degree of physician supervision. Clinical laboratory tests that are not physician pathology services, such as most blood and urine tests, are paid by Medicare based on the clinical laboratory fee schedule. Outpatient diagnostic laboratory tests are typically paid according to the laboratory fee schedule.

For the anatomic pathology services to be provided by the Company, it will be reimbursed under the Medicare physician fee schedule, and beneficiaries are responsible for applicable coinsurance and deductible amounts. The physician fee schedule is based on assigned relative value units for each procedure or service, and an annually determined conversion factor is applied to the relative value units to calculate the reimbursement. The formula used to calculate the fee schedule conversion factor has resulted in significant decreases in payment levels in recent years, and for 2008, CMS generally provided for a 10.1 percent decrease in physician fee

schedule payments. Future decreases in the Medicare physician fee schedule are expected unless Congress acts to change the fee schedule methodology or mandates freezes or increases each year. Because the vast majority of the Company's laboratory services will be reimbursed based on the physician fee schedule, changes to the physician fee schedule could result in a greater impact on revenues than changes to the Medicare laboratory fee schedule.

The Company expects to bill the Medicare program directly. Generally, it will be permitted to directly bill the Medicare beneficiary for clinical laboratory tests only when the service is considered not medically necessary and the patient has signed an Advanced Beneficiary Notice, or ABN, reflecting acknowledgment that Medicare is likely to deny payment for the service. In most situations, the Company is required to rely on physicians to obtain an ABN from the patient. When the Company is not provided an ABN, it will generally be unable to recover payment for a service for which Medicare has denied payment for lack of medical necessity. In billing Medicare, the Company will be required to accept the lowest of its actual charge, the fee schedule amount for the state or local geographical area, or a national limitation amount, as payment in full for covered tests performed on behalf of Medicare beneficiaries. Payment under the laboratory fee schedule has been limited by Congressional action such as freezes on the otherwise applicable annual Consumer Price Index, or CPI, update to the fee schedule amount. The CPI update of the laboratory fee schedule for 2004 through 2008 was frozen by the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

The Medicare statute permits CMS to adjust statutorily prescribed fees for some medical services, including clinical laboratory services, if the fees are "grossly excessive." Medicare regulations provide that if CMS or a carrier determines that an overall payment adjustment of less than 15 percent is needed to produce a realistic and equitable payment amount, then the payment amount is not considered "grossly excessive or deficient." However, if a determination is made that a payment adjustment of 15 percent or more is justified, CMS could provide an adjustment of 15 percent or less, but not more than 15 percent, in any given year. We cannot provide any assurance that fees payable by Medicare for clinical laboratory services could not be reduced as a result of the application of this rule or that the government might not assert claims for recoupment of previously paid amounts by retroactively applying these principles.

The payment amounts under the Medicare fee schedules are important not only for reimbursement under Medicare, but also because the schedule is often used as a reference for the payment amounts set by other third-party payors. For example, state Medicaid programs are prohibited from paying more than the Medicare fee schedule limit for laboratory services furnished to Medicaid recipients, and insurance companies and managed care organizations typically reimburse at a percentage of the Medicare fee schedule. The Company's reimbursement rates will also vary depending on whether it is considered an "in-network," or participating, provider. If the Company enters into a contract with an insurance company, our reimbursement will be governed by our contractual relationship, and it will typically be reimbursed on a fee-for-service basis at a discount from its patient fee schedule. If it does not have a contract with an insurance company, the Company will be classified as "out-of-network," or as a non-participating provider. In such instances, it would have no contractual right to reimbursement for services. If the Company were to receive reimbursement, it would generally be at a rate higher than reimbursement rates for participating providers.

Growth Strategy

The Company intends to launch the MASCT System near its headquarters in Seattle and initially focus its sales and development in Washington, Oregon, and Idaho. This will allow the Company to test different market approaches and to better understand the marketing process before committing the significant financial and human resources to a national launch. These three states have 285 mammography clinics that perform approximately 1,140,000 mammograms per year and would represent a total potential market of over $100 million annually.

The Company plans to market the MASCT System nationally after its local marketing and selling effort and after it has established the operation of its clinical laboratory. This will provide it with experience and knowledge of the issues and problems that may arise as it markets the System and the facilities to provide the testing and reading of the samples.

Because the Company has an exclusive license, with the right to sub-license, to patents for the MASCT System and the laboratory testing in Europe, Japan, Canada, and Australia, it believes that it can find local partners for marketing the MASCT System and for performing the clinical laboratory testing in those countries. It also believes that it may be able to license the System and laboratory technology to local physicians, health

care professionals and sales representatives in those countries and will be able to enter into licensing agreements for sales- and service-based royalties. The Company has pending patent applications in emerging markets such as China and India and believes these will also represent a growth opportunity.

Develop and obtain FDA approval for the Oxy-MASCT System

The Company believes NAF is a unique source of breast health and disease biomarkers and that a method to increase the amount of NAF that can be obtained in a single test will permit development of additional tests. The administration of the brain hormone oxytocin by injection or nasal spray immediately before NAF collection significantly increases the quantity of fluid obtained. We have an exclusive license to issued patents directed to the use of oxytocin in NAF collection in the U.S., Europe, Japan, Canada, and Australia. The Oxy-MASCT will require additional clinical trials and a filing with the FDA for market approval.

Develop additional molecular diagnostic tests

The addition of DNA, RNA, protein, lipid, and/or carbohydrate biomarker tests on NAF to increase the sensitivity and/or specificity or to assist with cancer therapy will be a focus of the Company's research and development efforts. The Company believes that the performance of these tests in a high complexity CLIA-certified laboratory meets the FDA definition of a "home brew test" and therefore does not require pre-approval by the FDA in order to begin to offer these tests to patients and physicians. Immunohistochemistry protein, lipid, or carbohydrate biomarker tests are currently reimbursed by Medicare at $196 per patient while Fluorescence In Situ Hybridization (FISH) testing of DNA and RNA are currently reimbursed at $308 per patient.

Research and Development Strategy

The utility of NAF samples in the study of breast cancer prevention, etiology, progression, diagnosis, epidemiology, and therapy monitoring has been demonstrated through studies involving over 20,000 women and the publication of more than 140 peer reviewed papers and studies from multiple laboratories in countries all over the world. The Company intends to use this collected knowledge and its own research studies to develop molecular diagnostic biomarkers for breast health and disease. It is hoped that some of these tests will address the growing interest in Personalized Medicine, which PriceWaterHouse has estimated at about $232 billion currently and projects to grow 11% annually, nearly doubling in size by 2015 to over $450 billion.

The Company's licensed patents provide the basis for the Company's research efforts. Specifically, licensed NAF biomarker patents are directed to the general classes of biomarkers, that is, proteins, peptides, glycoproteins, lipids, glycolipids, DNA polynucleotides, or RNA polynucleotides. The patents are also directed to the following specific biomarkers in NAF: BRCA1 and BRCA2, CA-125, CEA,: Ki67 Growth Factor, Cyclin B1, Cyclin D1, Proliferating Cell Nuclear Antigen, Transforming Growth Factor alpha, Tissue Plasminogen Activator, Insulin Growth Factor Receptors, Collagenase Type IV, Laminins, Laminin Receptor, Integrins, p53, rb, nm23, ras, c-myc, c-myb, Heat Shock Proteins, Prolactin, Neuron-Specific Enolase, IR-14, KA 1, KA 14, Alpha-Lactalbumin, Actin, CEA, HIVIFG, MCA, PSA, Vasopressin, Cathepsin D, PGE2, pS2; IL-10, S-100 protein; Vimentin; Epithelial Membrane Antigen, bcl-2, CA15-3, CA 19-9, Tn Antigen, Alpha-lactalbumin, LASA, Gal-GalNAC, GCDFP-15, Le(y)-Related Carbohydrate Antigen, uPA, uPA related antigens and complexes, uPA Receptor, PAl-1 and PAl-2, Beta-glucuronidase, CD31, CD44 splice variants, blood group antigens including ABH, Lewis, and MN, and genetic lesions or altered expression levels of CCND1, EMS1, and combinations of these markers.

The Company believes that each of the stages of breast cancer, from normal growth, to hyperplasia, to Atypical Ductal Hyperplasia, to carcinoma in situ, and finally to invasive cancer is associated with specific biomarker patterns. The Company also believes that conducting genetic sequencing of DNA and RNA from NAF, such as the study of NAF and blood samples from cancer patients where the entire mitochondrial genome was sequenced from both samples and cancer-related mutations in the NAF but not the blood samples was identified, will become routine. Finally, obtaining epigenetic information, for example, by identifying DNA methylation patterns through methylation-specific DNA sequencing, will become the tools for the design of Personalized Medicine therapeutics, including RNAi therapeutics and cancer vaccines. The Company intends to use equity and/or debt capital as well as revenue-based earnings to support the internal development or licensing of its molecular diagnostic products to address these important un-served medical needs.

The Patents

The Company has the exclusive license to five issued U.S. patents and corresponding issued patents in Australia, Canada, Europe, Hong Kong, and Japan as well as pending patent applications in the U.S., Europe, and Japan.

The patent and application numbers, by country, are:

United States	Expiration
Patent 5,798,266	August 28, 2016
Patent 6,287,521	August 28, 2016
Patent 6,689,073	November 14, 2020
Patent 6,887,210	November 14, 2020
Patent 7,128,877	August 28, 2016
Patent Application 20060030787	
Australia:	
AU Patent 740,160	
AU Patent 781,187	
AU Patent 227,163	
Canada:	
CA Patent 2,264,277 and	
CA Patent 2,427,967	
Europe:	
EU 97938551.1	
One pending EU application.	
Hong Kong:	
HK Patent 00100654.7 and	
HK application 03105927.4	
Japan:	
JP Patent 4,050,612	
One pending JP divisional application	
PCT Application:	
PCT/US97/14863 Expired but National Phase entered	
EU 01993422.3 – Published	

The Company has applied with the United States Patent and Trademark Office for registration of the use of the marks Atossa (and design), MASCT, and Oxy-MASCT. Each of the other trademarks, trade names, or service marks of other companies appearing in this prospectus is the property of its respective owner.

Development and Usage of Licensed Patents

The licensed patents provide the Company with the exclusive unlimited right to develop, market, exploit, sublicense and otherwise use the technology and products covered by the patents as it determines in exchange for a royalty fee of 2% payable to Ensisheim Partners, LLC. The Company anticipates that it will develop the technology and products provided by the patents. The technologies and products covered by these patents can be summarized as:

MASCT System collection device for nipple aspirate fluid;

The method of making a diagnosis from NAF, using “whole cells, cell fragments, cell membranes, a protein, a peptide, a glycoprotein, a lipid, a glycolipid, a DNA polynucleotide, an RNA polynucleotide, or a combination thereof;” and

The use of the drug oxytocin to increase the amount of NAF produced.

The Company believes that these patents will allow the Company to develop the MASCT System and the specialty laboratory ahead of any competition and will give it a competitive edge in the market. The patents also provide the Company protection against other uses for the MASCT System and technology. Specifically, the MASCT System collection kits to be provided by the Company (which are protected under U.S. patent 6,887,210 (the "`210 patent")) will be sold under a limited "collection only" patent license, which permits the physician to collect the sample but does not allow for other uses of the vial, including transporting the sample or preparing cytology slides or conducting biomarker studies with the NAF sample. In addition, the Company's licensed U.S. patent 6,689,073, protects its processes of transferring and processing samples to detect or quantify breast disease markers and the detection of these biomarkers. The foreign patent counterparts contain similar claims. However, the Company's licensed patents permit it to license to third party laboratories to transfer, process, and make diagnoses from NAF samples.

The Company's licensed patents provide the basis for the Company's research efforts. Specifically, licensed NAF biomarker patents are directed to the general classes of biomarkers, that is, proteins, peptides, glycoproteins, lipids, glycolipids, DNA polynucleotides, or RNA polynucleotides. The patents are also directed to the following specific biomarkers in NAF: BRCA1 and BRCA2, CA-125, CEA,: Ki67 Growth Factor, Cyclin B1, Cyclin D1, Proliferating Cell Nuclear Antigen, Transforming Growth Factor alpha, Tissue Plasminogen Activator, Insulin Growth Factor Receptors, Collagenase Type IV, Laminins, Laminin Receptor, Integrins, p53, rb, nm23, ras, c-myc, c-myb, Heat Shock Proteins, Prolactin, Neuron-Specific Enolase, IR-14, KA 1, KA 14, Alpha-Lactalbumin, Actin, CEA, HIVIFG, MCA, PSA, Vasopressin, Cathepsin D, PGE2, pS2; IL-10, S-100 protein; Vimentin; Epithelial Membrane Antigen, bcl-2, CA15-3, CA 19-9, Tn Antigen, Alpha-lactalbumin, LASA, Gal-GalNAC, GCDFP-15, Le(y)-Related Carbohydrate Antigen, uPA, uPA related antigens and complexes, uPA Receptor, PAl-1 and PAl-2, Beta-glucuronidase, CD31, CD44 splice variants, blood group antigens including ABH, Lewis, and MN, and genetic lesions or altered expression levels of CCND1, EMS1, and combinations of these markers.

Competition

The Company believes that the MASCT System for NAF collection will compete in the medical device product industry with Neomatrix, a private company located in Irvine, California and with academic scientists and physicians who use "homemade" NAF fluid collection systems for research purposes. The Neomatrix device is automated and provides warmth and nipple aspiration simultaneously. It is believed to be significantly more expensive than the MASCT System collection device. Because the company is private, cost, market share, or utilization information is not available.

The Company believes it will compete in the anatomic pathology laboratory industry based on the significant patent estate for the MASCT System, the technical expertise provided by the Company's focus on diagnoses utilizing NAF, service-focused relationships with referring physicians, and its advanced technology. The Company does not believe that its competitors can transport or process NAF samples collected with the MASCT System without infringing the Company's patent estate. The Company's competitors would therefore have to obtain NAF samples from patients by a means other than the MASCT System, for example, the Neomatrix device. On the other hand, the Company believes that its laboratory would be ideal for the processing of NAF samples from the use of the Neomatrix device because of its unique focus on NAF sample processing, protocols, and expertise. The Company does not believe that Neomatrix operates a NAF clinical laboratory.

Laboratories that could process NAF samples not collected with the MASCT System include thousands of local and regional pathology groups, national laboratories, hospital pathologists, and academic laboratories. The largest such competitors include Laboratory Corporation of America and Quest Diagnostics Incorporated.

The Company could face competition from other sources such as:

Local and Regional Pathology Groups. Local and regional pathology groups focus on servicing hospitals, often maintaining a staff of pathologists on site that can provide support in the interpretation of certain results. The business models of these laboratories tend to be focused on the efficient delivery of individual tests for a multitude of diseases rather than the comprehensive assessment of only NAF samples, and their target groups tend to be hospital pathologists as opposed to community physicians.

National Laboratories. National laboratories typically offer a full suite of tests for a variety of medical professionals, including general practitioners, hospitals, and pathologists. Their emphasis on providing a broad product portfolio of commoditized tests at the lowest possible price often limits such laboratories' ability to handle difficult or complex specimens requiring special attention, such as NAF samples. In addition, national laboratories typically do not provide ready access to a specialized pathologist for interpretation of test results.

Hospital Pathologists. Pathologists working in a hospital traditionally provide most of the diagnostic services required for hospital patients and sometimes also serve non-hospital patients. Hospital pathologists typically have close interaction with treating physicians, including face-to-face contact. However, hospital pathologists often do not have the depth of experience, specialization, and expertise necessary to perform the specialized services needed for NAF samples.

Academic Laboratories. Academic laboratories generally offer advanced technology and know-how. In fact, the vast majority of NAF sample processing over the last years has been in academic laboratories primarily for research purposes. These laboratories typically pursue multiple activities and goals, such as research and education, or are generally committed to their own hospitals. Turn-around time for specimen results reporting from academic laboratories is often slow. This limits the attractiveness of academic laboratories to outside physicians who tend to have focused specialized needs and require results-reporting in a timely manner.

Quality Assurance

The Company considers the quality of the diagnostic services it will provide to be of critical importance, and it intends to establish a comprehensive quality assurance program for its laboratories designed to drive accurate and timely test results and to ensure the consistent high quality of its testing services. In addition to the compulsory proficiency programs and external inspections required by CMS and other regulatory agencies, the Company intends to develop a variety of internal systems and procedures to emphasize, monitor, and continuously improve the quality of its operations.

The Company intends to maintain internal quality controls by routinely processing and diagnosing specimens with known diagnoses in parallel with patient specimens. It also intends to have an extensive, internally administered program of blind specimen proficiency testing, in which, for example, the testing laboratory and the pathologists do not know the specimen being tested is a quality control specimen.

The Company intends to participate in externally-administered quality surveillance programs, and, where required, its laboratories will be accredited by the College of Anatomic Pathology (CAP). The CAP accreditation program involves both unannounced on-site inspections of laboratories and participation in CAP's ongoing proficiency testing program. CAP is an independent, non-governmental organization of board-certified pathologists that accredits laboratories nationwide on a voluntary basis and that has been accredited by CMS to inspect laboratories to determine adherence to the CLIA standards. A laboratory's receipt of accreditation by CAP satisfies the Medicare requirement for participation in proficiency testing programs administered by an external source, one of Medicare's primary requirements for reimbursement eligibility.

Information Systems

The Company intends to develop and implement management information systems that support our operations, physician service, and position the Company for long term growth. Its information systems, to the extent such systems hold or transmit patient medical information, must be capable of being operated in compliance with state and federal laws and regulations relating to the privacy and security of patient medical information, including a comprehensive federal law and regulations referred to as HIPAA. While we intend to establish our information systems to be compliant with such laws, including HIPAA, such laws are complex and subject to interpretation.

Billing and Reimbursement

Billing for the MASCT System medical device and patient kits and the NAF collection procedure.

Currently Medicare and certain insurance carriers do not cover the cost of collecting the NAF sample. The Company intends to work with physicians and other interest groups to obtain coverage for the procedures but this process can be lengthy, costly, and might not be successful. Failure to receive reimbursement could limit the

adoption and utilization of the MASCT System. Because the process can be done by a nurse or physician's assistant, takes less than 10 minutes, and the MASCT System supplies will contain everything to obtain, label, and ship the NAF samples, the charge for collecting NAF samples should be below the average cost of a mammogram.

Billing for diagnostic services

Billing for diagnostic services is generally complex. As a result, the Company intends to rely on a third-party billing company to perform most of its billing and collection services. Laboratories must bill various payors, such as private insurance companies, managed care companies, governmental payors such as Medicare and Medicaid, physicians, hospitals, and employer groups, each of whom may have different billing requirements. The Company expects to be obligated to bill in the specific manner prescribed by the various payors. Additionally, the audit requirements that must be met to ensure compliance with applicable laws and regulations, as well as internal compliance policies and procedures, add further complexity to the billing process. Other factors that complicate billing include:

- additional billing procedures required by government payor programs;
- variability in coverage and information requirements among various payors;
- missing, incomplete or inaccurate billing information provided by referring physicians;
- billings to payors with whom the Company does not have contracts;
- disputes with payors as to who is responsible for payment;
- disputes with payors as to the appropriate level of reimbursement;
- training and education of employees and clients;
- compliance and legal costs; and
- cost related to, among other factors, medical necessity denials and the absence of advance beneficiaries notices.

In general, the Company expects to perform the requested tests and report test results regardless of whether the billing information is incorrect or missing. The Company will subsequently attempt to obtain any missing information and correct incomplete or erroneous billing information received from the health care provider. Missing or incorrect information on requisitions adds complexity to and slows the billing process, creates backlogs of unbilled requisitions, and generally increases the aging of accounts receivable. When all issues relating to the missing or incorrect information are not resolved in a timely manner, the related receivables will be written off to the allowance for doubtful accounts.

Reimbursement

Depending on the billing arrangement and applicable law, the party that reimburses the Company for its services will be (1) a third party who provides coverage to the patient, such as an insurance company, managed care organization, or a governmental payor program; (2) the physician or other authorized party (such as another laboratory) who ordered the test or otherwise referred the test to us; or (3) the patient. A large percentage of revenues are likely to be derived from Medicare, so Medicare coverage and reimbursement rules will be significant to the Company's operations.

Reimbursement for services under the Medicare program is based principally on two sets of fee schedules. Generally, anatomic pathology services, including most of the services the Company provides, are paid based on the Medicare physician fee schedule. The physician fee schedule is designed to set compensation rates for those medical services provided to Medicare beneficiaries that require a degree of physician supervision. Clinical laboratory tests that are not physician pathology services, such as most blood and urine tests, are paid by Medicare based on the clinical laboratory fee schedule. Outpatient diagnostic laboratory tests are typically paid according to the laboratory fee schedule.

For the anatomic pathology services that the Company will provide, it will be reimbursed under the Medicare physician fee schedule, and beneficiaries are responsible for applicable coinsurance and deductible amounts. The physician fee schedule is based on assigned relative value units for each procedure or service, and

an annually determined conversion factor is applied to the relative value units to calculate the reimbursement. The formula used to calculate the fee schedule conversion factor has resulted in significant decreases in payment levels in recent years, and for 2008, CMS generally provided for a 10.1 percent decrease in physician fee schedule payments.

Future decreases in the Medicare physician fee schedule are expected unless Congress acts to change the fee schedule methodology or mandates freezes or increases each year. Because the vast majority of the Company's laboratory services will be reimbursed based on the physician fee schedule, changes to the physician fee schedule could result in a greater impact on the Company's revenues than changes to the Medicare laboratory fee schedule.

The Company expects to bill the Medicare program directly. Generally, it will be permitted to directly bill the Medicare beneficiary for clinical laboratory tests only when the service is considered not medically necessary and the patient has signed an Advanced Beneficiary Notice, or ABN, reflecting acknowledgment that Medicare is likely to deny payment for the service. In most situations, the Company is required to rely on physicians to obtain an ABN from the patient. When the Company is not provided an ABN, it is generally unable to recover payment for a service for which Medicare has denied payment for lack of medical necessity.

In billing Medicare, the Company is required to accept the lowest of: its actual charge, the fee schedule amount for the state or local geographical area, or a national limitation amount, as payment in full for covered tests performed on behalf of Medicare beneficiaries. Payment under the laboratory fee schedule has been limited by Congressional action such as freezes on the otherwise applicable annual Consumer Price Index, or CPI, update to the fee schedule amount. The CPI update of the laboratory fee schedule for 2004 through 2008 was frozen by the Medicare Prescription Drug, Improvement and Modernization Act of 2003.

The Medicare statute permits CMS to adjust statutorily prescribed fees for some medical services, including clinical laboratory services, if the fees are "grossly excessive." Medicare regulations provide that if CMS or a carrier determines that an overall payment adjustment of less than 15 percent is needed to produce a realistic and equitable payment amount, then the payment amount is not considered "grossly excessive or deficient." However, if a determination is made that a payment adjustment of 15 percent or more is justified, CMS could provide an adjustment of 15 percent or less, but not more than 15 percent, in any given year. The Company cannot provide any assurance that fees payable by Medicare for clinical laboratory services could not be reduced as a result of the application of this rule or that the government might not assert claims for recoupment of previously paid amounts by retroactively applying these principles.

The payment amounts under the Medicare fee schedules are important not only for reimbursement under Medicare, but also because the schedule is often used as a reference for the payment amounts set by other third-party payors. For example, state Medicaid programs are prohibited from paying more than the Medicare fee schedule limit for laboratory services furnished to Medicaid recipients, and insurance companies and managed care organizations typically reimburse at a percentage of the Medicare fee schedule.

The Company's reimbursement rates will also vary depending on whether it is considered an "in-network," or participating, provider. If it enters into a contract with an insurance company, the Company's reimbursement will be governed by its contractual relationship, and it will typically be reimbursed on a fee-for-service basis at a discount from the patient fee schedule. If the Company does not have a contract with an insurance company, it will be classified as "out-of-network," or as a non-participating provider. In such instances, it would have no contractual right to reimbursement for services. If it were to receive reimbursement, it would generally be at a rate higher than reimbursement rates for participating providers.

Competitive Bidding

The Medicare Modernization Act of 2003 required CMS to conduct a demonstration program on using competitive bidding for clinical lab tests that are furnished without a face-to-face encounter between the individual and the entity performing the test, to determine whether competitive bidding could be used to provide lab services at reduced cost to Medicare, while continuing to maintain quality and access to care. On July 15, 2008, the United States Congress passed H.R. 6331, the Medicare Improvements for Patients and Providers Act of 2008. This legislation repealed the Medicare Competitive Bidding Demonstration Project for Clinical Laboratory Services. Reintroduction by statute and widespread use of competitive bidding, if implemented for clinical lab services, could have a significant effect on the clinical laboratory industry and on us. The Company

could be precluded from furnishing certain clinical laboratory services to Medicare beneficiaries if it is not the successful bidder or, as part of the competitive bidding process, it could be required to offer reduced payment amounts in order to participate in the arrangement. In addition, states could initiate efforts to establish competitive bidding processes for the provision of clinical laboratory services under the state Medicaid program.

THE COMPANY

Employees

As of February 28, 2010, the Company had two executive officers and no other employees. The Company expects that it will hire more employees as it expands.

Property

The Company's corporate headquarters are located at 4105 East Madison Street, Suite 320, Seattle, Washington 98112 where the Company leases approximately 330 square feet at an annual rent of $13,200 from Ensisheim Partners LLC, a limited liability company owned by Drs. Quay and Chen, who are husband and wife. The lease expires December 31, 2010 and can be renewed by the Company.

Insurance

The Company currently maintain office premises liability insurance only. At the time the Company establishes its laboratory and launches the MASCT System it expects to obtain liability insurance for its products and services. As a general matter, providers of diagnostic services may be subject to lawsuits alleging medical malpractice or other similar legal claims. Some of these suits involve claims for substantial damages. The Company believes that it will be able to obtain adequate insurance coverage in the future at acceptable costs, but cannot assure that it will be able to do so.

Legal Proceedings

The Company is not a party to any material legal proceedings.

Corporate History

The Company was incorporated April 30, 2009 as a Delaware C Corporation.

Reports to Security Holders

The Company intends to post its annual report to its security holders on its website and will send a copy of the annual report, including audited financial statements, to any shareholder who requests it. The Company will not be a reporting issuer with the Securities and Exchange Commission until its registration statement is declared effective. The Company maintains a website at www.AtossaGenetics.com.

The Company has filed a registration statement with the Securities and Exchange Commission pursuant to the Securities Act of 1933 with respect to the shares of its common stock offered through this prospectus. This prospectus is filed as a part of that registration statement, but does not contain all of the information contained in the registration statement and exhibits. Statements made in the registration statement are summaries of the material terms of the referenced contracts, agreements or documents of the Company. Reference is made to its registration statement and each exhibit attached to it for a more detailed description of matters involving the Company. The statements made in this prospectus are qualified in their entirety by reference to these additional materials. A potential investor may inspect the registration statement, exhibits and schedules filed with the Securities and Exchange Commission at the Commission's principal office in Washington, D.C. Copies of all or any part of the registration statement may be obtained from the Public Reference Section of the Securities and Exchange Commission, 100 F Street N.E., Washington, D.C. 20002. Please call the Commission at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The Securities and Exchange Commission also maintains a web site at http://www.sec.gov that contains reports, proxy statements and information regarding registrants that file electronically with the Commission. The Company's registration statement and the referenced exhibits can also be found at the web site address.

Upon effectiveness of the Company's registration statement, it will be subject to the informational requirements of the Securities Exchange Act of 1934, as amended, that require it to file reports, proxy statements and

other information with the Securities and Exchange Commission. Such reports, proxy statements and other information may be inspected at the public reference room facilities of the Securities and Exchange Commission at the address set forth above, and copies of such material may be obtained from the Public Reference Section of the Securities and Exchange Commission at prescribed rates. Because the Company will file documents electronically with the Securities and Exchange Commission, this information may be obtained by visiting the web site of the Securities and Exchange Commission at http://www.sec.gov.

Conflicts of Interest

Dr. Steven Quay is the chief executive and financial officer and president, and a director of the Company. Dr. Chen is the chief scientific officer and a director of the Company. Drs. Quay and Chen are husband and wife. They are the Company's majority shareholders. As the majority shareholders, they can control the outcome of any future elections of the board of directors. As the majority shareholders and officers of the Company, they may not be subject to the cross-checks and balances for corporate action which would be the case if there were additional executive officers. This means that they have control over actions to be taken by the Company. Such control could result in actions being taken by the Company which would be detrimental to its investors including such possible actions as unduly large compensation packages, overly-liberal expense reimbursement or self dealing transactions.

Drs. Quay and Chen are the sole members of Ensisheim Partners, LLC, the limited liability company from which the Company has licensed the MASCT-related patents. Ensisheim Partners, LLC is also the holder of other patents not related to the MASCT System and specialized "MASCT-related"laboratory and NAF samples and testing.

Drs. Quay and Chen are also the owners of the property from whom the Company leases its offices. As such they have the ability to increase the monthly lease rate beginning January 1, 2011, which would increase income to their company and increase expenses to the Company.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND PLAN OF OPERATIONS

The Company is a development-stage healthcare company focused on the development and marketing of cellular and molecular diagnostic risk assessment products for breast cancer and (ii) the establishment of a cytology and molecular diagnostics laboratory focused exclusively on breast cancer. Using the licensed patented, FDA-approved Mammary Aspirate Cytology Specimen Test (MASCT) System, a nurse or physician's assistant, can collect a sample of Nipple Aspirate Fluid (NAF), which contains cells (cytology) and molecular diagnostic biomarkers that are useful in finding cancers and pre-cancerous changes. The FDA has determined, based on clinical trials performed with the MASCT System, that "the collected fluid can be used in the determination and/or differentiation of normal versus premalignant versus malignant cells." Cytology changes in NAF have been shown to occur up to eight years before changes can be picked up by mammography.

The Company intends to manufacture and market the MASCT System to health care professionals initially primarily in Washington, Oregon and Idaho. The Company also intends to establish a speciality laboratory, staffed by specially trained physicians and health care professionals, to analyze and read the MASCT System tests and report those results to the subscribing health care professional.

Purpose of the Offering

The primary purpose of the offering described in this prospectus is to provide the Company with a source of financing for the development and launch of its current product, the MASCT System, and services and products to be developed. Current economic conditions have cast an uncertainty over the availability of private equity, venture capital, or commercial loans for medical device and/or molecular diagnostic laboratory companies. By raising investment capital through this offering, The Company will have access to development funds independent of banks or other financing sources.

Current Operations

The Company has no current operations and has no revenues.

The Company incurred no capital expenses but has incurred expenses for research, development and organization of the Company.

The Company anticipates that it will utilize the proceeds of this offering for the development of its business plan and does not expect to incur any debt.

The Company leases approximately 330 square feet of office space for its corporate headquarters at an annual rent of $13,200 from Ensisheim Partners LLC, a limited liability company owned by Drs. Quay and Chen, husband and wife, the majority shareholders, directors and executive officers of the Company. The lease expires December 31, 2010 and can be renewed by the Company.

The Company has entered into a perpetual, exclusive and irrevocable license agreement with Ensisheim Partners LLC for the use and marketing of certain patents and patent applications as well as the FDA marketing authorization for the MASCT System with the right for the Company to develop, market and/or sublicense any of the rights under the patents and market authorization. Pursuant to the license agreement the Company will pay Ensisheim a 2% royalty on net sales in any country or territory where a valid patent claim has been issued or is pending. The Company is required to pay minimum royalties of $50,000 per year before the first commercial sale and $100,000 per year after the first sale. There is no termination date for the license agreement.

The Company anticipates developing revenues from two sources: (i) product sales-based revenue from the sale of the MASCT System to physicians, breast health clinics, and mammography clinics and (ii) service-based revenue for the preparation and interpretation of the NAF samples sent to the Company's laboratory. The Company believes that there is a large market of health care professionals to whom the MASCT System can be marketed. The Company plans to develop a specialty trained sales force to market the product on a localized territorial basis thereby developing personal relationships with the health care professionals to whom such sales force can provide service and support.

The Company intends to develop a specialized laboratory for the processing and analysis of the MASCT System tests submitted by client health care professionals. The Company anticipates that it will need to develop a staff of anatomic pathologists to read the test results. In addition to Dr. Quay, the Company intends to hire other board-certified pathologists to assist in the interpretation of the NAF samples.

Discussion of Fiscal Year Ended December 31, 2009. For the year ending December 31, 2009, the Company had total expenses of $122,857 consisting of $21,250 in expenses for Research and Development and $101,607 in expenses for general and administrative costs.

The Research and Development expenses were incurred by HLB, Inc. Chicago, Illinois, a medical device design company, for development work related to the MASCT System. The General and Administrative expenses consisted of $88,522 for legal and professional fees, related to company incorporation, set up, patent prosecution and maintenance fees and financial accounting and auditing fees.

MANAGEMENT

The following table sets forth information regarding the members of the Company's board of directors and its executive officers:

Name	Age	Position	Date Directorship Commenced
Steven C Quay, MD, PhD	59	Director, President Chief Executive Officer, Chief Financial Officer	April 30, 2009
Shu-Chih Chen, PhD	48	Director Chief Scientific Officer	April 30, 2009
John Barnhart	53	Director	July 28, 2009

Dr. Steven Quay is the chief executive and financial officer and president, and a director of the Company. Dr. Chen is the Chief Scientific Officer. Drs. Quay and Chen are husband and wife, respectively. They are the Company's majority shareholders. As the majority shareholders, they can control the outcome of any future elections of the board of directors. As such they are not subject to the cross-checks and balances for corporate action which would be the case if there were additional directors or executive officers. This means that they have control over actions to be taken by the Company. Such control could result in actions being taken by the Company which would be detrimental to its investors including such possible actions as unduly large compensation packages, overly-liberal expense reimbursement or self dealing transactions.

Directors do not receive any compensation. Directors may be shareholders of the Company.

Directors will serve until the annual meeting of the shareholders and until their respective successors have been elected and qualified or until death, resignation, removal or disqualification.

The Company's by-laws provide that the number of directors to serve on the Board of Directors may be established, from time to time, by action of the Board of Directors. Vacancies in the existing Board are filled by a majority vote of the remaining directors on the Board. The Company's executive officers are appointed by and serve at the discretion of the Board.

Committees and Terms

The Board of Directors has not established any committees.

The Company anticipates that the annual meeting of shareholders will be held in June. The Company will notify its shareholders that they may present proposals for inclusion in the Company's proxy statement to be mailed in connection with any such annual meeting; such proposals must be received by the Company at least 45 days prior to the meeting. No other specific policy has been adopted in regard to the inclusion of shareholder nominations to the Board of Directors.

Steven C. Quay, M.D., Ph.D. Dr. Quay has served as a director, President, Chief Executive Officer, and Chief Financial Officer since the Company was incorporated April 30, 2009. Dr. Quay received his medical degree in 1977 and his Ph.D. in 1975 from the University of Michigan. Dr. Quay is a board certified anatomic pathologist, with training at The Massachusetts General Hospital, Harvard Medical School, and a former facility member of the Department of Pathology, Stanford University School of Medicine. Steven Quay invented the MASCT System and has been awarded 14 US and International patents for its innovation. He oversaw the clinical testing and regulatory filing of the MASCT device with the FDA that lead to its ultimate approval. He also discovered that administration of a synthetic version of a natural hormone, oxytocin, increases the production of NAF and was awarded both United States and international patents for its use. Including the patents for the MASCT System, Dr. Quay has a total of 69 U.S. patents, 92 pending patent applications, and has invented five pharmaceuticals that have been approved by the FDA and have generated substantial revenue for the companies utilizing such patents. Prior to his position with the Company, Dr. Quay served as Chairman of the Board, President, and Chief Executive Officer of MDRNA, Inc. (NASDAQ: MRNA) from August 2000 to June 2008, and as its Chief Scientific Officer until November 31, 2008.

Shu-Chih Chen, Ph.D. Dr. Chen has served as a director and the Chief Scientific Officer of the Company since the Company was incorporated April 30, 2009. Dr. Chen received her Ph.D. degree in Molecular and Cell Biology from Michigan State University in 1992 and has published extensively on Molecular Oncology. She was

an Associate Professor at National Yang-Ming University, Taipei, Taiwan, before working in the research department at Nastech Pharmaceutical Company. She has four patent applications related to cancer therapeutics.

John Barnhart. Mr. Barnhart has been a director of the Company since July 20, 2009. He is the founder and Managing Director of the Visconti Group, a management consulting group in Seattle, Washington since November 2003. He held prior executive positions at The Walt Disney Company, Sony Pictures Entertainment, and Walt Disney Imagineering. He received a Bachelor of Science in engineering from California State University-Long Beach in 1974.

EXECUTIVE COMPENSATION

Remuneration of Officers

The Company has not yet paid or accrued any remuneration to any officers, directors, or employees.

Compensation Table

Name/Position	Year	Annual Salary	Stock and Bonus	Options	Compensation Plans	All Other Compensation	Compensation Total
Steven Quay/CEO President, Director	2009	0	(1)	0	0	0	0
Shu-Chih Chen Director, Chief Scientific Officer	2009	0	(2)	0	0	0	0
John Barnhart Director	2009	0	(3)	0	0	0	0

(1) Steven Quay is the direct owner of 2,000,000 shares of the Company’s common stock and the beneficial owner of the 6,000,000 shares held by Ensisheim Partners, LLC and 3,000,000 shares owned by Manistee Ventures, Inc., a Wyoming corporation. None of such shares were issued as compensation and consideration was paid for all such shares.

(2) Shu-Chih Chen is the beneficial owner of the 6,000,000 shares held by Ensisheim Partners, LLC and 3,000,000 shares owned by Manistee Ventures, Inc., a Wyoming corporation. None of such shares were issued as compensation and consideration was paid for all such shares.

(3) John Barnhart is the beneficial owner of 90,000 shares of the Company’s common stock. None of such shares were issued as compensation and consideration was paid for all such shares.

Employment Agreements

The Company has not entered into any employment agreements with the officers and key personnel.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of the date of this prospectus regarding the beneficial ownership of the Company's common stock by each of its executive officers and directors, individually and as a group and by each person who beneficially owns in excess of five percent of the common stock after giving effect to any exercise of warrants or options held by that person.

	Position	Number of Shares of Common Stock	Percent of Class[1]
Steven C. Quay, MD, PhD[2] 4105 E Madison St. Suite 320 Seattle Washington 989112	President, CEO, Director Chief Financial Officer	11,000,000	81.2%
Shu-Chih Chen[3] 4105 E Madison St. Suite 320 Seattle Washington 989112	Director Chief Scientific Officer	9,000,000	66.4%
John Barnhart 4105 E Madison St. Suite 320 Seattle Washington 989112	Director	90,000	*

* Less than 1%.

(1) The total number of outstanding shares of common stock as of the date of this prospectus is 13,550,000. There are no issued preferred shares, warrants or options.

(2) Steven Quay directly owns 2,000,000 shares of the Company's outstanding shares and may be deemed the beneficial owner of the 6,000,000 shares owned by Ensisheim Partners, LLC and the 3,000,000 shares owned by Manistee Ventures, Inc.

(3) Ensisheim Partners LLC and Manistee Ventures, Inc. are solely owned and controlled by Steven C. Quay the president and a director of the Company and Shu-Chih Chen, his wife and Chief Scientific Officer of the Company.

Lock-Up Agreements

The Company has entered into lock-up agreements restricting the sale of certain of its issued shares including 2,000,000 shares owned directly by Steven C. Quay, M.D., PhD., 6,000,000 shares owned by Ensisheim Partners, LLC, 3,000,000 shares owned by Manistee Ventures, Inc. and 90,000 shares owned by John Barnhart. The lock-up agreements restrict the sale of such shares from the date of the Company's filing its first registration statement (of which this prospectus is a part) with the Securities and Exchange Commission until 180 days following the date of the declaration of effectiveness of such registration statement. After which time the provisions of the lock-up agreement expire, but such shares could not be sold publicly unless registered under the Securities Act or sold pursuant to provisions of Rule 144. The 300,000 shares issued to Tiber Creek Corporation are subject to lock-up agreement restricting their sale for the earlier of (i) one year from the date of the agreement (December, 2009) or (ii) the Company shall have raised at least $20,000,000 from the sale of its securities.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Dr. Steven Quay is the chief executive, chief financial officer, president, and a director of the Company. Dr. Chen is the chief scientific officer and a director of the Company. Drs. Quay and Chen are husband and wife. Drs. Quay and Chen are the Company's majority shareholders. Ensisheim Partners LLC and Manistee Ventures, Inc. are wholly owned by Drs. Quay and Chen and they are the beneficial owners of the shares of the Company's stock owned by those entities.

Ensisheim Partners is the owner of the patents which the Company has licensed pursuant to the License Agreement. The Company has licensed from Ensisheim the right to market, exploit, develop and sublease certain patents and patent applications as well as the FDA marketing authorization for the MASCT System. Pursuant to the license agreement, the Company will pay Ensisheim Partners a royalty of 2% of net sales in any country or territory where a valid patent claim has been issued or is pending with minimum royalties of $50,000 per year before the first commercial sale and $100,000 per year after the first sale.

The Company leases approximately 330 square feet of office space from Ensisheim Partners in Seattle, Washington, to use as its company headquarters for $1100 per month. The lease expires December 31, 2010.

Drs. Quay and Chen are the majority shareholders of the Company. As the majority shareholders, they can control the outcome of any future elections of the board of directors. As the majority of directors and officers of the Company, they are not subject to the cross-checks and balances for corporate action which would be the case if there were additional directors or executive officers. This means that they have control over actions to be taken by the Company.

SELLING SHAREHOLDERS

The Company is registering for offer and sale by 46 holders thereof 2,340,000 shares of common stock held by such shareholders.

The Company will not receive any proceeds from the sale of the Selling Shareholder Shares. The selling shareholders have no agreement with any underwriters with respect to the sale of the Selling Shareholder Shares. The selling shareholders will offer their shares for sale at an offering price of $3.00 per share until such time as the Company's common stock is quoted on the OTC Bulletin Board or other national securities exchange after which time such selling shareholders may sell their shares at prevailing market or privately negotiated prices. The selling shareholders may from time to time offer the Selling Shareholder Shares through underwriters, dealers or agents, which may receive compensation in the form of underwriting discounts, concessions or commissions from them and/or the purchasers of the Selling Shareholder Shares for whom they may act as agents. Any agents, dealers or underwriters that participate in the distribution of the Selling Shareholder Shares may be deemed to be "underwriters" under the Securities Act and any discounts, commissions or concessions received by any such underwriters, dealers or agents might be deemed to be underwriting discounts and commissions under the Securities Act.

The following table sets forth ownership of shares held by each person who is a selling shareholder.

	Owned Before the Offering		Offered Herein	After the Offering[2]	
Name and Address	Number of Shares	Percentage of Class[1]	Number of Shares	Shares Owned	Percentage of Class[3]
Chris Appel 14232 20th Place W Lynnwood, WA 98087	10,000	*	10,000	0	*
Rebbecca Appel 14232 20th Place W Lynnwood, WA 98087	10,000	*	10,000	0	*
John Martin Barnhart 1615 40th Avenue Seattle, WA 98122	20,000	*	20,000	0	*
Marie-Francoise Barnhart 1615 40th Avenue Seattle, WA 98122	20,000	*	20,000	0	*
Helen M. Betts Trust c/o Shipman & Goodwin LLP One Constitution Plaza Hartford, CT 06103-1919	100,000	*	100,000	0	*
James T. Betts c/o Shipman & Goodwin LLP One Constitution Plaza Hartford, CT 06103-1919	100,000	*	100,000	0	*
Murray F. Brown PO Box 696 East Hampton, NY 11937	100,000	*	100,000	0	*
Chung-Hui Chang 19F #41 Lane 73 Ling-Sang St Sijih City, Taipei County Taiwan Republic of China	10,000	*	10,000	0	*
Hui-Hui Chen 5F No 9 Lane 136, Sec 1 Tong-her E St Taipei, Taiwan Republic of China	10,000	*	10,000	0	*

Name and Address	Owned Before the Offering		Offered Herein	After the Offering[2]	
	Number of Shares	Percentage of Class[1]	Number of Shares	Shares Owned	Percentage of Class[3]
Hsiao-Feng Chen Tsai 2F No 219 Fu-Kong St Taipei, Taiwan, Republic of China	10,000	*	10,000	0	*
Yue-Shin Chen 2F No 219 Fu-Kong St Taipei, Taiwan, Republic of China	10,000	*	10,000	0	*
Alexander D. Cross Family Trust c/o Alexander Cross PhD 286 Park Lane Atherton, CA 94029	200,000	1.48%	200,000	0	*
Kalman A. Cseuz, MD and Judy Cseuz 16353 Aztec Ridge Drive Los Gatos, CA 95030	100,000	*	100,000	0	*
Taryn Frazier 17819 80th Ave NE A8 Kenmore, WA 98028	10,000	*	10,000	0	*
Stephen J. Galli, MD 2 Acorn St Portola Valley, CA 94028	40,000	*	40,000	0	*
Douglas & Janet C Garrett JT 2729 Ptarmigan #2 Walnut Creek, CA 94595	40,000	*	40,000	0	*
Matthew Haines 402 E 90th St, Apt 2G New York, New York 10128	30,000	*	30,000	0	*
Isaiah R. Hempe 2240 Queen Anne St Merritt Island, FL 32952	100,000	*	100,000	0	*
Scott H. Hempe 8206 Clemson Drive Tyles, TX 75703-5102	10,000	*	10,000	0	*
Steven G. Hempe 8206 Clemson Drive Tyles, TX 75703-5102	60,000	*	60,000	0	*
Francine Kane 402 E 90th St, Apt 2G New York, New York 10128	10,000	*	10,000	0	*
B Matthew Knapp 10936 167th Ave NE Redmond, WA 98052	10,000	*	10,000	0	*
Gretchen Knapp 10936 167th Ave NE Redmond, WA 98052	10,000	*	10,000	0	*
Lawrence Kobren 6624 NW 23rd Terrace Boca Raton, FL 33496	40,000	*	40,000	0	*
Virginia M.Y. Lee, PhD 2005 Pine St Philadelphia, PA 19103	10,000	*	10,000	0	*

Name and Address	Owned Before the Offering		Offered Herein	After the Offering[2]	
	Number of Shares	Percentage of Class[1]	Number of Shares	Shares Owned	Percentage of Class[3]
Sherry Marcy 920 S 7th St Ann Arbor, MI 48103	20,000	*	20,000	0	*
James Craig Nelson, MD 156 Toyon Lane Sausalito, CA 94965	100,000	*	100,000	0	*
William Nichol 17819 80th Ave NE A8 Kenmore, WA 98028	10,000	*	10,000	0	*
Carl D. Novina, MD, PhD 319 Ward St Newton, MA 02459	300,000	2.21%	300,000	0	*
Cathy S. O'Hern 1436 N 50th St Fort Smith, AR 72904	80,000	*	80,000	0	*
Yueh-Hsing Ou PhD #155, Sec 2, LiNong St, Beitu District Taipei, Taiwan, Republic of China	10,000	*	10,000	0	*
Claudia S Parks PO Box 696 East Hampton, NY 11937	20,000	*	20,000	0	*
Nancy Quay 920 S 7th St Ann Arbor, MI 48103	20,000	*	20,000	0	*
Esme Quay 2786 A Sacramento St San Francisco, CA 94115	10,000	*	10,000	0	*
Roberta Quay Box 281 Sparta, MI 49345	10,000	*	10,000	0	*
Stephanie Quay 2786 A Sacramento St San Francisco, CA 94115	10,000	*	10,000	0	*
Andrew Riley 342 Pomfret Street Pomfret Center, CT 06259	80,000	*	80,000	0	*
Gerald T. Stanewick 4 Partridge Hill Road Richmond, VA 23238	50,000	*	50,000	0	*
Jonathan Stanewick 750 Walker Sq-Apt 3C Charlottesville, VA 22903	25,000	*	25,000	0	*
Susan S. Stanewick 4 Partridge Hill Road Richmond, VA 23238	25,000	*	25,000	0	*
Tiber Creek 9454 Wilshire Boulevard Suite 612 Beverly Hills, CA 90212	300,000	2.21%	300,000	0	*

Name and Address	Owned Before the Offering		Offered Herein	After the Offering[2]	
	Number of Shares	Percentage of Class[1]	Number of Shares	Shares Owned	Percentage of Class[3]
John Q. Trojanowski, MD 2005 Pine St Philadelphia, PA 19103	10,000	*	10,000	0	*
Gregory J. Velicer, PhD 3516 E Old Myers Rd Bloomington, IN 47408	20,000	*	20,000	0	*
Isabelle Wheeler 430 E 86th St, 14H New York, New York 10028	10,000	*	10,000	0	*
Mark Wheeler, MD 430 E 86th St, 14H New York, New York 10028	100,000	*	100,000	0	*
Yuen-Tsu Yu, PhD 3516 E Old Myers Rd Bloomington, IN 47408	60,000	*	60,000	0	*

* Less than 1%.

(1) Based on 13,550,000 shares of common stock outstanding.

(2) Assumes sale of all 5,000,000 shares of common stock for an aggregate of 13,3000,000 shares outstanding.

(3) Assumes sale of all shares offered by the named shareholder.

SHARES ELIGIBLE FOR FUTURE SALE

As of the date of this prospectus, there are 13,550,000 shares of common stock outstanding. Of such shares, 11,090,000 are owned directly and beneficially by affiliates of the Company, are not being registered in this prospectus, are subject to the limitations of Rule 144 under the Securities Act and may not be sold publicly unless they are registered under the Securities Act or are sold pursuant to Rule 144. These 11,090,000 shares are also subject to a lock-up agreement restricting the sale of such shares from the date of filing its first registration statement with the Securities and Exchange Commission until 180 days following the date of the declaration of effectiveness of such registration statement. In the event shares not currently salable become salable by means of registration or eligibility for sale under Rule 144 and the holders of such shares elect to sell such shares in the public market, there is likely to be a negative effect on the market price of the Company’s securities.

DESCRIPTION OF SECURITIES

Capitalization

The Company is authorized to issue 50,000,000 shares of common stock, $0.0001 par value per share, of which 13,550,000 shares were outstanding as of the date of this registration statement of which this prospectus is a part and 10,000,000 shares of undesignated preferred stock none of which have been designated nor issued.

Common Stock

Holders of shares of common stock are entitled to one vote for each share on all matters to be voted on by the shareholders. Holders of common stock do not have cumulative voting rights. Holders of common stock are entitled to share ratably in dividends, if any, as may be declared from time to time by the board of directors in its discretion from funds legally available therefore. In the event of a liquidation, dissolution or winding up, the holders of common stock are entitled to share pro rata all assets remaining after payment in full of all liabilities.

Holders of common stock have no preemptive rights to purchase the Company’s common stock. There are no conversion or redemption rights or sinking fund provisions with respect to the common stock. The Company may issue additional shares of common stock which could dilute its current shareholder’s share value.

Preferred Stock

The Board of Directors is authorized to provide for the issuance of any or all of the shares of preferred stock in series and, by filing a certificate pursuant to the applicable law of the State of Delaware, to establish from time to time the number of shares to be included in each such series, and to fix the designation, powers, preferences and rights of the shares of each such series and the qualifications, limitations or restrictions thereof.

The authority of the Board of Directors with respect to each series of preferred stock includes determination of the following characteristics:

A. The number of shares constituting that series and the distinctive designation of that series;

B. The dividend rate on the shares of that series, whether dividends shall be cumulative, and, if so, from which date or dates, and the relative rights of priority, if any, of payment of dividends on shares of that series;

C. Whether that series shall have voting rights, in addition to the voting rights provided by law, and, if so, the terms of such voting rights;

D. Whether that series shall have conversion privileges, and, if so, the terms and conditions of such conversion, including provision for adjustment of the conversion rate in such events as the Board of Directors shall determine;

E. Whether or not the shares of that series shall be redeemable, and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

F. Whether that series shall have a sinking fund for the redemption or purchase of shares of that series, and, if so, the terms and amount of such sinking fund;

G. The rights of the shares of that series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and

H. Any other relative rights, preferences and limitations of that series.

No trading Market

There is currently no established public trading market for the Company’s securities. A trading market in the securities may never develop. The Company intends to apply for admission to quotation of its securities on the OTC Bulletin Board. If for any reason the Company’s common stock is not listed on the OTC Bulletin Board or a public trading market does not develop, purchasers of the shares may have difficulty selling their common stock.

Admission to Quotation on the OTC Bulletin Board

If the Company meets the qualifications, it intends to apply for quotation of its securities on the OTC Bulletin Board. The OTC Bulletin Board differs from national and regional stock exchanges in that it (1) is not situated in a single location but operates through communication of bids, offers and confirmations between broker-dealers and (2) securities admitted to quotation are offered by one or more broker-dealers rather than the “specialist” common to stock exchanges. To qualify for quotation on the OTC Bulletin Board, an equity security must have one registered broker-dealer, known as the market maker, willing to list bid or sell quotations and to sponsor a company’s listing. If it meets the qualifications for trading securities on the OTC Bulletin Board, including locating a broker-dealer, the Company’s securities will trade on the OTC Bulletin Board. As of the date of this prospectus, the Company has not located a broker-dealer who will list its securities.

If the Company is not successful in its application for quotation on the OTC Bulletin Board, it will apply to have its securities quoted by the Pink OTC Market, Inc., an Internet-based, real-time quotation service for over-the-counter securities.

Penny Stock Regulations

Penny stocks generally are equity securities with a price of less than $5.00 per share other than securities registered on national securities exchanges or listed on the Nasdaq Stock Market, provided that current price and volume information with respect to transactions in such securities are provided by the exchange or system. The penny stock rules impose additional sales practice requirements on broker-dealers who sell such securities to persons other than established customers and accredited investors (generally those with assets in excess of $1,000,000 or annual income exceeding $200,000, or $300,000 together with their spouse). For transactions covered by these rules, the broker-dealer must make a special suitability determination for the purchase of such securities and have received the purchaser's written consent to the transaction prior to the purchase. Additionally, for any transaction involving a penny stock, unless exempt, the rules require the delivery, prior to the transaction, of a disclosure schedule prescribed by the SEC relating to the penny stock market. The broker-dealer also must disclose the commissions payable to both the broker-dealer and the registered representative and current quotations for the securities. Finally, monthly statements must be sent disclosing recent price information on the limited market in penny stocks. Because of these penny stock rules, broker-dealers may be restricted in their ability to sell the Company's common stock. The foregoing required penny stock restrictions will not apply to the Company's common stock if such stock reaches and maintains a market price of $5.00 per share or greater.

Dividends

The Company does not anticipate declaring dividends but anticipates that it will use any funds for further development and growth of the Company.

LEGAL MATERS

Cassidy & Associates has given its opinion as attorneys-at-law regarding the validity of the issuance of the shares of common stock offered by the Company. A member of the law firm of Cassidy & Associates is the sole officer and director of Tiber Creek Corporation and may be considered the beneficial owner of the 300,000 shares of common stock of the Company owned by Tiber Creek Corporation.

EXPERTS

KCCW Accountancy Corp., an independent PCAOB registered public accounting firm, has audited the Company's balance sheets as of December 31, 2009 and the related statements of operations, stockholders' equity and cash flows, which are included in this prospectus. The financial statements are included in reliance on the report of KCCW Accountancy Corp., given their authority as experts in accounting and auditing.

DISCLOSURE OF COMMISSION POSITION ON INDEMNIFICATION FOR SECURITIES ACT LIABILITIES

The Company's Certificate of Incorporation includes an indemnification provision that provides that the Company shall indemnify directors against monetary damages to the Company or any of its shareholders by reason of a breach of the director's fiduciary except (i) for any breach of the director's duty of loyalty to the Company or its shareholders or (ii) for acts or omissions not in good faith or which involve intentional misconduct of (iii) for unlawful payment of dividend or unlawful stock purchase or redemption or (iv) for any transaction from which the director derived an improper personal benefit.

The Certificate of Incorporation does not specifically indemnify the officers or directors or controlling persons against liability under the Securities Act.

The Securities and Exchange Commission's position on indemnification of officers, directors and control persons under the Securities Act is as follows:

INSOFAR AS INDEMNIFICATION FOR LIABILITIES ARISING UNDER THE SECURITIES ACT OF 1933 MAY BE PERMITTED TO DIRECTORS, OFFICERS AND CONTROLLING PERSONS OF THE SMALL BUSINESS ISSUER PURSUANT TO THE RULES OF THE COMMISSION, OR OTHERWISE, THE SMALL BUSINESS ISSUER HAS BEEN ADVISED THAT IN THE OPINION OF THE SECURITIES AND EXCHANGE COMMISSION SUCH INDEMNIFICATION IS AGAINST PUBLIC POLICY AS EXPRESSED IN THE ACT AND IS, THEREFORE, UNENFORCEABLE.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Atossa Genetics, Inc.:

We have audited the accompanying balance sheet of Atossa Genetics, Inc. (a development stage company) (the "Company") as of December 31, 2009, and the related statement of operations, changes in stockholders' equity, and cash flows for the period from April 30, 2009 (inception) through December 31, 2009. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Atossa Genetics, Inc. (a development stage company) as of December 31, 2009 and the results of their operations and their cash flows for the period from April 30, 2009 (inception) through December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 of the financial statements, the Company has been in the development stage since its inception (April 30, 2009) and continues to incur expenses. The Company's viability is dependent upon its ability to obtain future financing and the success of its future operations. These matters raise substantial doubt about the Company's ability to continue as a going concern. Management's plan in regard to these matters is also described in Note 2 to the financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ KCCW Accountancy Corp.

Diamond Bar, California
February 20, 2010

KCCW Accountancy Corp.
22632 Golden Springs Dr. #230, Diamond Bar, CA 91765, USA
Tel: +1 909 348 7228 • Fax: +1 626 529 1580 • info@kccwcpa.com

ATOSSA GENETICS, INC.
(A Development Stage Company)

BALANCE SHEET
December 31, 2009

ASSETS	
Current Assets	
Cash and cash equivalents	$ 84,364
Total Current Assets	84,364
Other Assets	
Security deposit – related parties	1,100
Total Other Assets	1,100
Total Assets	$ 85,464
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current Liabilities	
Accrued expenses	$ 36,281
Accrued expenses – related parties	12,500
Loan from officer	5,000
Total Current Liabilities	53,781
Stockholders' Equity	
Preferred stock – $.001 par value; 10,000,000 shares authorized, 0 shares issued and outstanding	—
Common stock – $.001 par value; 50,000,000 shares authorized, 11,090,000 shares issued and outstanding	11,090
Additional paid-in capital	143,450
Accumulated deficit	(122,857)
Total Stockholders' Equity	31,683
Total Liabilities and Stockholders' Equity	$ 85,464

The accompanying notes are an integral part of financial statements.

ATOSSA GENETICS, INC.
(A Development Stage Company)

STATEMENT OF OPERATIONS
From April 30, 2009 (Inception) through December 31, 2009

Net Revenue	$ —
General and Administrative Expenses	
Legal and professional expenses	88,522
Other general and administrative expenses	13,085
Total general, selling and administrative expenses	101,607
Research and Development Expenses	21,250
Net Loss before Income Taxes	(122,857)
Income Tax Expense	—
Net Loss	$ (122,857)
Loss per common share – basic and diluted	$ (0.01)
Weighted average shares outstanding, basic and diluted	9,138,939

The accompanying notes are an integral part of financial statements.

ATOSSA GENETICS, INC.
(A Development Stage Company)

STATEMENT OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in Capital	Accumulated Deficit	Total Stockholders' Equity
	Shares	Amount			
Balance at April 30, 2009, Founders' shares	9,000,000	$ 9,000	$ 45,000	$ —	$ 54,000
Issuance of shares for cash, July 28, 2009	90,000	90	450	—	540
Issuance of shares for cash, December 28, 2009	2,000,000	2,000	98,000	—	100,000
Net loss for the period ended December 31, 2009	—	—	—	(122,857)	(122,857)
Balance at December 31, 2009	11,090,000	$ 11,090	$ 143,450	$ (122,857)	$ 31,683

The accompanying notes are an integral part of financial statements.

ATOSSA GENETICS, INC.
(A Development Stage Company)

STATEMENT OF CASH FLOWS
From April 30, 2009 (Inception) through December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES	
Net loss	$ (122,857)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Increase in security deposits	(1,100)
Increase in accrued expenses	48,781
Net cash used in operating activities	(75,176)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of common stocks	154,540
Proceeds from loans from related parties	5,000
Net cash provided by financing activities	159,540
NET DECREASE IN CASH & CASH EQUIVALENTS	84,364
CASH & CASH EQUIVALENTS, BEGINNING BALANCE	—
CASH & CASH EQUIVALENTS, ENDING BALANCE	$ 84,364
SUPPLEMENTAL DISCLOSURES:	
Interest paid	$ —
Income taxes paid	$ —

The accompanying notes are an integral part of financial statements.

ATOSSA GENETICS, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Note 1: Nature of Operations

Atossa Genetics, Inc., (the "Company") was incorporated on April 30, 2009 in the State of Delaware. The Company specializes in the molecular diagnostic industry to develop and market a patented, FDA-approved cellular and molecular diagnostic risk assessment product for breast cancer, the Mammary Aspirate Cytology Specimen Test (MASCT) system. The Company's fiscal year ends on December 31st.

Development Stage Risk

The Company has not earned revenues from operations. Accordingly, the Company's activities have been accounted for as those of a "Development Stage Enterprise" as set forth in Accounting Standards Codification ("ASC") 915 "Development Stage Entities", which was previously Statement of Financial Accounting Standards No. 7 ("SFAS 7"). Among the disclosures required by ASC 915 are that the Company's financial statements be identified as those of a development stage company, and that the statements of operations, stockholders' equity and cash flows disclose activity since the date of the Company's inception.

Since its inception, the Company has been dependent upon the receipt of capital investment to fund its continuing activities. In addition to the normal risks associated with a new business venture, there can be no assurance that the Company's business plan will be successfully executed. Our ability to execute our business plan will depend on our ability to obtain additional financing and achieve a profitable level of operations. There can be no assurance that sufficient financing will be obtained. Further, we cannot give any assurance that we will generate substantial revenues or that our business operations will prove to be profitable.

Note 2: Going Concern

The Company's financial statements are prepared using generally accepted accounting principles in the United States of America applicable to a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The Company has not yet established an ongoing source of revenues sufficient to cover its operating costs and allow it to continue as a going concern. The ability of the Company to continue as a going concern is dependent on the Company obtaining adequate capital to fund operating losses until it becomes profitable. If the Company is unable to obtain adequate capital, it could be forced to cease operations. The accompanying financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

Management's Plan to Continue as a Going Concern

In order to continue as a going concern, the Company will need, among other things, additional capital resources. Management's plans to obtain such resources for the Company include (1) obtaining capital from the sale of its securities, (2) the sale of the MASCT Systems, and (3) short-term borrowings from shareholders or related party when needed. However, management cannot provide any assurance that the Company will be successful in accomplishing any of its plans.

The ability of the Company to continue as a going concern is dependent upon its ability to successfully accomplish the plans described in the preceding paragraph and eventually secure other sources of financing and attain profitable operations.

Note 3: Summary of Accounting Policies

Basis of Presentation:

The accompanying financial statements have been prepared by the Company. The Company's financial statements are prepared in accordance with generally accepted accounting principles in the United States of America ("US GAAP").

Cash and Cash Equivalents:

Cash and cash equivalents include cash and all highly liquid instruments with original maturities of three months or less.

ATOSSA GENETICS, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Note 3: Summary of Accounting Policies – (continued)

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles in the Unites States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Research and Development Expenses:

Research and Development costs are generally expensed as incurred. The Company's Research and Development expenses consist of costs incurred for internal and external research and development.

Share Based Payments:

In December, 2004, the FASB issued SFAS No. 123(R), "Share-Based Payment", which replaces SFAS No. 123 and supersedes APB Opinion No. 25. SFAS No. 123(R) is now included in ASC 718 "Compensation — Stock Compensation". Under SFAS No. 123(R), companies are required to measure the compensation costs of share-based compensation arrangements based on the grant-date fair value and recognize the costs in the financial statements over the period during which employees or independent contractors are required to provide services. Share-based compensation arrangements include stock options and warrants, restricted share plans, performance-based awards, share appreciation rights and employee share purchase plans. In March, 2005, the SEC issued Staff Accounting Bulletin No. 107 ("SAB 107") which expresses views of the staff regarding the interaction between SFAS No. 123(R) and certain SEC rules and regulations and provides the staff's views regarding the valuation of share-based payment arrangements for public companies. SFAS No. 123(R) permits public companies to adopt its requirements using one of two methods. On April 14, 2005, the SEC adopted a new rule amending the compliance dates for SFAS No. 123(R). Companies may elect to apply this statement either prospectively, or on a modified version of retrospective application under which financial statements for prior periods are adjusted on a basis consistent with the pro forma disclosures required for those periods under SFAS No. 123.

The Company has fully adopted the provisions of SFAS No. 123(R) and related interpretations as provided by SAB 107. As such, compensation cost is measured on the date of grant as the fair value of the share-based payments. Such compensation amounts, if any, are amortized over the respective vesting periods of the option grant.

Recently Issued Accounting Pronouncements:

The Company has adopted all recently issued accounting pronouncements. The adoption of the accounting pronouncements, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

Note 4: Stockholders' Equity

The Company is authorized to issue a total of 60,000,000 shares of stock consisting of 50,000,000 shares of Common Stock with par value of $.001 per share and 10,000,000 shares of Preferred Stock, par value of $.001.

On April 30, 2009 (inception), the Company issued 4,000,000 shares to Ensisheim Partners LLC, a related party to the Company through common ownership, for cash in the amount of $24,000, or $.006 per share; 3,000,000 shares to Manistee Ventures LLC, a related party to the Company through common ownership, for cash in the amount of $18,000, or $.006 per share; and 2,000,000 shares to the Chairman, CEO and President of the Company for cash in the amount of $12,000, or $.006 per share.

On July 28, 2009, the Company issued 90,000 shares to a director of the Company for cash in the amount of $540, or $.006 per share.

ATOSSA GENETICS, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Note 4: Stockholders' Equity – (continued)

On December 28, 2009, the Company issued 2,000,000 shares to Ensisheim Partners LLC for cash in the amount of $100,000, or $.05 per share.

Note 5: Income Taxes

The Company accounts for income taxes as outlined in ASC 740, "Income Taxes", which was previously Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). Under the asset and liability method of SFAS 109, deferred income tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial reporting and tax bases of assets and liabilities and are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. A valuation allowance is provided for the amount of deferred tax assets that, based on available evidence, are not expected to be realized.

The provision for income taxes differs from the amounts which would be provided by applying the statutory federal income tax rate of 34% to the net loss before provision for income taxes for the following reasons:

	December 31, 2009
Income tax benefit at statutory rate (34%)	$ (46,871)
Valuation allowance	46,871
Net income tax benefit	$ —

The tax effect of temporary difference that gave rise to the Company's deferred tax asset as of December 31, 2009 is as follows:

	December 31, 2009
NOL carryover	$ 46,871
Valuation allowance	(46,871)
Net deferred tax asset	$ —

Note 6: Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. At December 31, 2009, the Company had no amounts in excess of FDIC insured limit.

Note 7: Related Party Transactions

The parties primarily refer to the shareholders and officers of the Company and corporate entities related to the Company through common ownership.

Loan from Officer

Loan from officer amounted to $5,000 as of December 31, 2009. The loan was borrowed from the CEO and President of the Company on May 26, 2009 for short-term with verbal agreement, unsecured, and bearing no interest.

Exclusive License Agreement

On July 27, 2009, the Company entered into an exclusive license agreement with Ensisheim Partners LLC ("Ensisheim"), solely owned by the CEO and President of the Company and the COO of the Company, the Company's CEO's wife. Pursuant to the agreement, Ensisheim grants to the Company an exclusive, worldwide, perpetual, irrevocable, royalty-bearing, license, with the right to grant and authorize sublicenses. The Company will pay Ensisheim a royalty equal to two percent (2%) of net sales revenues derived from such licensing, with a minimum royalty of $12,500 per fiscal quarter during the term of this agreement, which will increase to a

ATOSSA GENETICS, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS

Note 7: Related Party Transactions – (continued)

minimum royalty of $25,000 per fiscal quarter beginning in the quarter in which the first commercial sale of a licensed product takes place. This agreement will continue in effect, on a country-by-country basis, until the date on which no further licensing royalty would be due in such country, unless terminated earlier in accordance with the terms of this agreement. From inception through December 31, 2009, the Company incurred $16,250 of patent royalty with Ensisheim. As of December 31, 2009, $12,500 of patent royalty payable to Ensisheim was recorded as accrued expense.

Commercial Lease Agreement

On December 24, 2009, the Company entered into a commercial lease agreement with Ensisheim for an office space located in Seattle, Washington. The term of the lease shall terminate on December 31, 2010, with annual rent of $13,200 plus applicable sales tax. From inception through December 31, 2009, the Company incurred $248 of rent expense for the lease. As of December 31, 2009, security deposit for the lease amounted to $1,100.

Note 8: Subsequent Events

On January 21, 2010, the Company issued 1,960,000 shares to forty-four (44) investors for cash in the amount of $98,000, or $.05 per share.

On January 21, 2010, the Company issued 300,000 shares to a servicer for effecting transactions intended to cause the Company to become a public company and to have its securities traded in the United States. The shares were issued at a value of $15,000, or $.05 per share, the same price as the issuance of the 1,960,000 shares for cash on the same date.

On January 21, 2010, the Company issued an additional 120,000 shares to a shareholder who acquired 30,000 shares for cash on the same date as one of the forty-four (44) investors. The additional 120,000 shares were issued for services to be performed by the shareholder, including investor relations, media relations, and corporate communications. The 120,000 shares were issued at a value of $6,000, or $.05 per share, the same price as the issuance of the 1,960,000 shares for cash on the same date.

On January 23, 2010, the Company issued 80,000 shares to an investor for cash in the amount of $4,000, or $.05 per share.

PART II

Item 13. Other Expenses of Issuance and Distribution

The following table sets forth the Company's expenses in connection with this registration statement. All of the listed expenses are estimates, other than the filing fees payable to the Securities and Exchange Commission.

Registration Fees	$
State filing fees	$
Edgarizing fees	$
Transfer agent fees	$
Accounting fee	$
Legal fees	$
Printing	$

Item 14. Indemnification of Directors and Officers

The Company's articles of incorporation includes an indemnification provision that provides that a director shall not be liable to the Company or any shareholder for monetary damages for breach of fiduciary duty as a director except (i) for any breach of the director's duty of loyalty to the Company or its shareholders or (ii) for acts or omissions not in good faith or which involve intentional misconduct of (iii) for unlawful payment of dividend or unlawful stock purchase or redemption or (iv) for any transaction from which the director derived an improper personal benefit.

The Company does not believe that such indemnification affects the capacity of such person acting as officer, director or control person of the Company.

Item 15. Recent Sales of Unregistered Securities

The Company has sold the following securities within the past three years which were not registered under the Securities Act of 1933:

		Date	Consideration
Steven Quay	2,000,000 shares	April 30, 2009	$ 24,000
Ensisheim Partners LLC	4,000,000 shares	April 30, 2009	$ 100,000
Ensisheim Partners LLC	2,000,000 shares	December 28, 2009	$ 18,000
Manistee Ventures, Inc.,	3,000,000 shares	April 30, 2009	$ 18,000
John Barnhart	90,000 shares	July 28, 2009	$ 540

Pursuant to an exemption from registration under Rule 504 of Section 3(b) of the Securities Act of 1933, as an offering of less than $1,000,000, the Company issued:

On January 21, 2010, 2,040,000 shares to forty-five (45) investors for cash in the amount of $102,000, or $.05 per share;

On January 21, 2010, 300,000 shares to Tiber Creek Corporation for effecting transactions intended to cause the Company to become a public company and to have its securities traded in the United States, issued at a value of $15,000, or $.05 per share;

On January 21, 2010, an additional 120,000 shares to a shareholder for services to be performed by the shareholder, including investor relations, media relations, and corporate communications, issued at a value of $6,000, or $.05 per share;

On January 23, 2010, 80,000 shares to an investor for cash in the amount of $4,000, or $.05 per share.

Item 16. Exhibits and Financial Statement Schedules.

EXHIBITS

3.1	Certificate of Incorporation
3.2	By-laws
3.3	Specimen stock certificate
10.1	License Agreement with Ensisheim Partners, LLC
5.0**	Opinion of Counsel on legality of securities being registered
23.1	Consent of Accountants
23.2**	Consent of Attorney (as part of Exhibit 5.0)

** To be filed

Item 17. Undertakings

Undertaking Pursuant to Rule 415 Under the Securities Act of 1933

The undersigned registrant hereby undertakes:

(1). To file, during any period in which it offers or sales securities, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events which, individually or together, represent a fundamental change in the information in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the “Calculation of Registration Fee” table in the effective registration statement; and

(iii) To include any additional material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2). That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of the securities at that time to be the initial bona fide offering thereof.

(3). To remove from registration by means of a post-effective amendment any of the securities that remain unsold at the termination of the offering.

(4). That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser in the initial distribution of securities:

Each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to this offering, other than registration statements relying on Rule 403B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5). That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser in the initial distribution of securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser.:

i Any preliminary prospectus or prospectus of the undersigned registrant relating to this offering required to be filed pursuant to Rule 424;

ii. Any free writing prospectus relating to this offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

iii. The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

iv. Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

Undertaking Request for acceleration of effective date or filing of registration statement becoming effective upon filing.

The undersigned registrant hereby undertakes:

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

SIGNATURES

In accordance with the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements of filing on Form S-1 and authorized this registration statement to be signed on its behalf by the undersigned, in the City of Seattle, State of Washington on March 27, 2010.

Date: 3/27/2010

/s/ Steven C. Quay

Steven C. Quay
Title: Chief Executive Officer
(principal executive officer)

Date: 3/27/2010

/s/ Steven C. Quay

Steven C. Quay
Title: Corporate Secretary, Treasurer
(Principal financial and accounting officer)

Pursuant to the requirements of the Securities Act of 1933, as amended, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Steven C. Quay Steven C. Quay, MD, PhD	Director	3/27/2010
/s/ Shu-Chih Chen Shu-Chih Chen	Director	3/27/2010
/s/ John Barnhart John Barnhart	Director	3/27/2010

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION OF

ATOSSA GENETICS INC.

Atossa Genetics Inc., a corporation organized and existing under the laws of the State of Delaware (the "**Company**"), certifies that:

A. The name of the Company is Atossa Genetics Inc. The Company's original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on April 30, 2009.

B. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware, and has been duly approved by the written consent of the stockholders of the Corporation in accordance with Section 228 of the General Corporation Law of the State of Delaware.

C. The text of the Certificate of Incorporation is amended and restated to read as set forth in EXHIBIT A attached hereto.

IN WITNESS WHEREOF, the Company has caused this Amended and Restated Certificate of Incorporation to be signed by Steven C. Quay, a duly authorized officer of the Corporation, on June __, 2009.

Steven C. Quay, President

EXHIBIT A

CERTIFICATE OF INCORPORATION OF

ATOSSA GENETICS INC.

ARTICLE I

The name of the corporation is Atossa Genetics Inc. (the "**Company**").

ARTICLE II

The address of the Company's registered office in the State of Delaware is 2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle. The name of the registered agent at such address is Corporation Service Company.

ARTICLE III

The purpose of the Company is to engage in any lawful act or activity for which corporations may be organized under the Delaware General Corporation Law, as the same exists or as may hereafter be amended from time to time.

ARTICLE IV

This Company is authorized to issue a total of 60,000,000 shares of stock consisting of 50,000,000 shares of Common Stock, par value of $0.001 per share and 10,000,000 shares of preferred stock, par value of $0.001.

ARTICLE V

In furtherance and not in limitation of the powers conferred by statute, the board of directors of the Company is expressly authorized to make, alter, amend or repeal the bylaws of the Company.

ARTICLE VI

Elections of directors need not be by written ballot unless otherwise provided in the bylaws of the Company.

ARTICLE VII

To the fullest extent permitted by the Delaware General Corporation Law, as the same exists or as may hereafter be amended from time to time, a director of the Company shall not be personally liable to the Company or its stockholders for monetary damages for breach of fiduciary duty as a director. If the Delaware General Corporation Law is amended to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Company shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

The Company shall indemnify, to the fullest extent permitted by applicable law, any director or officer of the Company who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") by reason of the fact that he or she is or was a director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding. The Company shall be required to indemnify a person in connection with a Proceeding initiated by such person only if the Proceeding was authorized by the Board.

The Company shall have the power to indemnify, to the extent permitted by the Delaware General Corporation Law, as it presently exists or may hereafter be amended from time to time, any employee or agent of the Company who was or is a party or is threatened to be made a party to any Proceeding by reason of the fact that he or she is or was a director, officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with any such Proceeding.

Neither any amendment nor repeal of this Article, nor the adoption of any provision of this Certificate of Incorporation inconsistent with this Article, shall eliminate or reduce the effect of this Article in respect of any matter occurring, or any cause of action, suit or claim accruing or arising or that, but for this Article, would accrue or arise, prior to such amendment, repeal or adoption of an inconsistent provision.

ARTICLE VIII

Except as provided in ARTICLE VII above, the Company reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

I, the undersigned, a duly authorized officer of the Company, have signed this Certificate of Incorporation on June ___, 2009.

Steven C. Quay, President

AMENDED AND RESTATED
BYLAWS OF

ATOSSA GENETICS INC.

Adopted June ___, 2009

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BYLAWS

ARTICLE I — MEETINGS OF STOCKHOLDERS

1.1 ***Place of Meetings***. Meetings of stockholders of Atossa Genetics Inc. (the "**Company**") shall be held at any place, within or outside the State of Delaware, determined by the Company's board of directors (the "**Board**"). The Board may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by Section 211(a)(2) of the Delaware General Corporation Law (the "**DGCL**"). In the absence of any such designation or determination, stockholders' meetings shall be held at the Company's principal executive office.

1.2 ***Annual Meeting***. An annual meeting of stockholders shall be held for the election of directors at such date and time as may be designated by resolution of the Board from time to time. Any other proper business may be transacted at the annual meeting. The Company shall not be required to hold an annual meeting of stockholders, *provided* that (i) the stockholders are permitted to act by written consent under the Company's certificate of incorporation and these bylaws, (ii) the stockholders take action by written consent to elect directors and (iii) the stockholders unanimously consent to such action or, if such consent is less than unanimous, all of the directorships to which directors could be elected at an annual meeting held at the effective time of such action are vacant and are filled by such action.

1.3 ***Special Meeting***. A special meeting of the stockholders may be called at any time by the Board, Chairperson of the Board, Chief Executive Officer or President (in the absence of a Chief Executive Officer) or by one or more stockholders holding shares in the aggregate entitled to cast not less than 10% of the votes at that meeting.

If any person(s) other than the Board calls a special meeting, the request shall:

(i) be in writing;

(ii) specify the time of such meeting and the general nature of the business proposed to be transacted; and

(iii) be delivered personally or sent by registered mail or by facsimile transmission to the Chairperson of the Board, the Chief Executive Officer, the President (in the absence of a Chief Executive Officer) or the Secretary of the Company.

The officer(s) receiving the request shall cause notice to be promptly given to the stockholders entitled to vote at such meeting, in accordance with these bylaws, that a meeting will be held at the time requested by the person or persons calling the meeting. No business may be transacted at such special meeting other than the business specified in such notice to stockholders. Nothing contained in this paragraph of this **section 1.3** shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the Board may be held.

1.4 ***Notice of Stockholders' Meetings***. Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, the means of remote communication, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called. Except as otherwise provided in the DGCL, the certificate of incorporation or these bylaws, the written notice of any meeting of stockholders shall be given not less than 10 nor more than 60 days before the date of the meeting to each stockholder entitled to vote at such meeting.

1.5 ***Quorum***. Except as otherwise provided by law, the certificate of incorporation or these bylaws, at each meeting of stockholders the presence in person or by proxy of the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote at the meeting shall be necessary and sufficient to constitute a quorum. Where a separate vote by a class or series or classes or series is required, a majority of the outstanding shares of such class or series or classes or series, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to that vote on that matter, except as otherwise provided by law, the certificate of incorporation or these bylaws.

If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairperson of the meeting, or (ii) the stockholders entitled to vote at the meeting, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, in the manner provided in **section 1.6**, until a quorum is present or represented.

1.6 ***Adjourned Meeting; Notice***. Any meeting of stockholders, annual or special, may adjourn from time to time to reconvene at the same or some other place, and notice need not be given of the adjourned meeting if the time, place, if any, thereof, and the means of remote communications, if any, by which stockholders and proxy holders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Company may transact any business which might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

1.7 ***Conduct of Business***. Meetings of stockholders shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in the absence of the foregoing persons by the Chief Executive Officer, or in the absence of the foregoing persons by the President, or in the absence of the foregoing persons by a Vice President, or in the absence of the foregoing persons by a chairperson designated by the Board, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting. The chairperson of any meeting of stockholders shall determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of business.

1.8 ***Voting***. The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of **section 1.10** of these bylaws, subject to Section 217 (relating to voting rights of fiduciaries, pledgors and joint owners of stock) and Section 218 (relating to voting trusts and other voting agreements) of the DGCL.

Except as may be otherwise provided in the certificate of incorporation, each stockholder entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of capital stock held by such stockholder which has voting power upon the matter in question. Voting at meetings of stockholders need not be by written ballot and, unless otherwise required by law, need not be conducted by inspectors of election unless so determined by the holders of shares of stock having a majority of the votes which could be cast by the holders of all outstanding shares of stock entitled to vote thereon which are present in person or by proxy at such meeting. If authorized by the Board, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission (as defined in **section 7.2** of these bylaws), *provided* that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the stockholder or proxy holder.

Except as otherwise required by law, the certificate of incorporation or these bylaws, in all matters other than the election of directors, the affirmative vote of a majority of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. Except as otherwise required by law, the certificate of incorporation or these bylaws, directors shall be elected by a plurality of the voting power of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors. Where a separate vote by a class or series or classes or series is required, in all matters other than the election of directors, the affirmative vote of the majority of shares of such class or series or classes or series present in person or represented by proxy at the meeting shall be the act of such class or series or classes or series, except as otherwise provided by law, the certificate of incorporation or these bylaws.

1.9 ***Stockholder Action by Written Consent Without a Meeting***. Unless otherwise provided in the certificate of incorporation, any action required by the DGCL to be taken at any annual or special meeting of stockholders of a corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

An electronic transmission (as defined in **section 7.2**) consenting to an action to be taken and transmitted by a stockholder or proxy holder, or by a person or persons authorized to act for a stockholder or proxy holder, shall be deemed to be written, signed and dated for purposes of this section, *provided* that any such electronic transmission sets forth or is delivered with information from which the Company can determine (i) that the electronic transmission was transmitted by the stockholder or proxy holder or by a person or persons authorized to act for the stockholder or proxy holder and (ii) the date on which such stockholder or proxy holder or authorized person or persons transmitted such electronic transmission.

In the event that the Board shall have instructed the officers of the Company to solicit the vote or written consent of the stockholders of the Company, an electronic transmission of a stockholder written consent given pursuant to such solicitation may be delivered to the Secretary or the President of the Company or to a person designated by the Secretary or the President. The Secretary or the President of the Company or a designee of the Secretary or the President shall cause any such written consent by electronic transmission to be reproduced in paper form and inserted into the corporate records.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Company as provided in Section 228 of the DGCL. In the event that the action which is consented to is such as would have required the filing of a certificate under any provision of the DGCL, if such action had been voted on by stockholders at a meeting thereof, the certificate filed under such provision shall state, in lieu of any statement required by such provision concerning any vote of stockholders, that written consent has been given in accordance with Section 228 of the DGCL.

1.10 ***Record Date for Stockholder Notice; Voting; Giving Consents***. In order that the Company may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board and which record date:

(i) in the case of determination of stockholders entitled to notice of or to vote at any meeting of stockholders or adjournment thereof, shall, unless otherwise required by law, not be more than sixty nor less than ten days before the date of such meeting;

(ii) in the case of determination of stockholders entitled to express consent to corporate action in writing without a meeting, shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board; and

(iii) in the case of determination of stockholders for any other action, shall not be more than 60 days prior to such other action.

If no record date is fixed by the Board:

(i) the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held;

(ii) the record date for determining stockholders entitled to express consent to corporate action in writing without a meeting when no prior action of the Board is required by law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Company in accordance with applicable law, or, if prior action by the Board is required by law, shall be at the close of business on the day on which the Board adopts the resolution taking such prior action; and

(iii) the record date for determining stockholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting, *provided* that the Board may fix a new record date for the adjourned meeting.

1.11 ***Proxies***. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder by proxy authorized by an instrument in writing or by a transmission permitted by law filed in accordance with the procedure established for the meeting, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212 of the DGCL.

1.12 ***List of Stockholders Entitled to Vote***. The officer who has charge of the stock ledger of the Company shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. The Company shall not be required to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting for a period of at least ten days prior to the meeting: (i) on a reasonably accessible electronic network, *provided* that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the Company's principal place of business. In the event that the Company determines to make the list available on an electronic network, the Company may take reasonable steps to ensure that such information is available only to stockholders of the Company. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

ARTICLE II — DIRECTORS

2.1 ***Powers***. The business and affairs of the Company shall be managed by or under the direction of the Board, except as may be otherwise provided in the DGCL or the certificate of incorporation.

2.2 ***Number of Directors***. The Board shall consist of one or more members, each of whom shall be a natural person. Unless the certificate of incorporation fixes the number of directors, the number of directors shall be determined from time to time by resolution of the Board. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

2.3 ***Election, Qualification and Term of Office of Directors***. Except as provided in **section 2.4** of these bylaws, and subject to **sections 1.2** and **1.9** of these bylaws, directors shall be elected at each annual meeting of stockholders. Directors need not be stockholders unless so required by the certificate of incorporation or these bylaws. The certificate of incorporation or these bylaws may prescribe other qualifications for directors. Each director shall hold office until such director's successor is elected and qualified or until such director's earlier death, resignation or removal.

2.4 ***Resignation and Vacancies***. Any director may resign at any time upon notice given in writing or by electronic transmission to the Company. A resignation is effective when the resignation is delivered unless the resignation specifies a later effective date or an effective date determined upon the happening of an event or events. A resignation which is conditioned upon the director failing to receive a specified vote for reelection as a director may provide that it is irrevocable. Unless otherwise provided in the certificate of incorporation or these bylaws, when one or more directors resign from the Board, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective.

Unless otherwise provided in the certificate of incorporation or these bylaws:

(i) Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

(ii) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the certificate of incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the Company should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may call a special meeting of stockholders in accordance with the provisions of the certificate of incorporation or these bylaws, or may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the DGCL.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole Board (as constituted immediately prior to any such increase), the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the voting stock at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the DGCL as far as applicable.

A director elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office and until such director's successor is elected and qualified, or until such director's earlier death, resignation or removal.

2.5 ***Place of Meetings; Meetings by Telephone***. The Board may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the certificate of incorporation or these bylaws, members of the Board, or any committee designated by the Board, may participate in a meeting of the Board, or any committee, by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

2.6 ***Conduct of Business***. Meetings of the Board shall be presided over by the Chairperson of the Board, if any, or in his or her absence by the Vice Chairperson of the Board, if any, or in the absence of the foregoing persons by a chairperson designated by the Board, or in the absence of such designation by a chairperson chosen at the meeting. The Secretary shall act as secretary of the meeting, but in his or her absence the chairperson of the meeting may appoint any person to act as secretary of the meeting.

2.7 ***Regular Meetings***. Regular meetings of the Board may be held without notice at such time and at such place as shall from time to time be determined by the Board.

2.8 ***Special Meetings; Notice***. Special meetings of the Board for any purpose or purposes may be called at any time by the Chairperson of the Board, the Chief Executive Officer, the President, the Secretary or any two directors.

Notice of the time and place of special meetings shall be:

(i) delivered personally by hand, by courier or by telephone;

(ii) sent by United States first-class mail, postage prepaid;

(iii) sent by facsimile; or

(iv) sent by electronic mail,

directed to each director at that director's address, telephone number, facsimile number or electronic mail address, as the case may be, as shown on the Company's records.

If the notice is (i) delivered personally by hand, by courier or by telephone, (ii) sent by facsimile or (iii) sent by electronic mail, it shall be delivered or sent at least 24 hours before the time of the holding of the meeting. If the notice is sent by United States mail, it shall be deposited in the United States mail at least four days before the time of the holding of the meeting. Any oral notice may be communicated to the director. The notice need not specify the place of the meeting (if the meeting is to be held at the Company's principal executive office) nor the purpose of the meeting.

2.9 ***Quorum; Voting***. At all meetings of the Board, a majority of the total authorized number of directors shall constitute a quorum for the transaction of business. If a quorum is not present at any meeting of the Board, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a majority of the required quorum for that meeting.

The vote of a majority of the directors present at any meeting at which a quorum is present shall be the act of the Board, except as may be otherwise specifically provided by statute, the certificate of incorporation or these bylaws.

If the certificate of incorporation provides that one or more directors shall have more or less than one vote per director on any matter, every reference in these bylaws to a majority or other proportion of directors shall refer to a majority or other proportion of the votes of the directors.

2.10 ***Board Action by Written Consent Without a Meeting***. Unless otherwise restricted by the certificate of incorporation or these bylaws, any action required or permitted to be taken at any meeting of the Board, or of any committee thereof, may be taken without a meeting if all members of the Board or committee, as the case may be, consent thereto in writing or by electronic transmission and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

2.11 ***Fees and Compensation of Directors***. Unless otherwise restricted by the certificate of incorporation or these bylaws, the Board shall have the authority to fix the compensation of directors.

2.12 ***Removal of Directors***. Unless otherwise restricted by statute, the certificate of incorporation or these bylaws, any director or the entire Board may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors.

No reduction of the authorized number of directors shall have the effect of removing any director prior to the expiration of such director's term of office.

ARTICLE III — COMMITTEES

3.1 ***Committees of Directors***. The Board may designate one or more committees, each committee to consist of one or more of the directors of the Company. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board or in these bylaws, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Company, and may authorize the seal of the Company to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) approve or adopt, or recommend to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for approval, or (ii) adopt, amend or repeal any bylaw of the Company.

3.2 ***Committee Minutes***. Each committee shall keep regular minutes of its meetings and report the same to the Board when required.

3.3 ***Meetings and Actions of Committees***. Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of:

(i) **section 2.5** (Place of Meetings; Meetings by Telephone);

(ii) **section 2.7** (Regular Meetings);

(iii) **section 2.8** (Special Meetings; Notice);

(iv) **section 2.9** (Quorum; Voting);

(v) **section 2.10** (Board Action by Written Consent Without a Meeting); and

(vi) **section 7.5** (Waiver of Notice)

with such changes in the context of those bylaws as are necessary to substitute the committee and its members for the Board and its members. *However*:

(i) the time of regular meetings of committees may be determined either by resolution of the Board or by resolution of the committee;

(ii) special meetings of committees may also be called by resolution of the Board; and

(iii) notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these bylaws.

Any provision in the certificate of incorporation providing that one or more directors shall have more or less than one vote per director on any matter shall apply to voting in any committee or subcommittee, unless otherwise provided in the certificate of incorporation or these bylaws.

3.4 ***Subcommittees***. Unless otherwise provided in the certificate of incorporation, these bylaws or the resolutions of the Board designating the committee, a committee may create one or more subcommittees, each subcommittee to consist of one or more members of the committee, and delegate to a subcommittee any or all of the powers and authority of the committee.

ARTICLE IV — OFFICERS

4.1 ***Officers***. The officers of the Company shall be a President and a Secretary. The Company may also have, at the discretion of the Board, a Chairperson of the Board, a Vice Chairperson of the Board, a Chief Executive Officer, one or more Vice Presidents, a Chief Financial Officer, a Treasurer, one or more Assistant Treasurers, one or more Assistant Secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

4.2 ***Appointment of Officers***. The Board shall appoint the officers of the Company, except such officers as may be appointed in accordance with the provisions of **section 4.3** of these bylaws.

4.3 ***Subordinate Officers***. The Board may appoint, or empower the Chief Executive Officer or, in the absence of a Chief Executive Officer, the President, to appoint, such other officers and agents as the business of the Company may require. Each of such officers and agents shall hold office for such period, have such authority, and perform such duties as are provided in these bylaws or as the Board may from time to time determine.

4.4 ***Removal and Resignation of Officers***. Any officer may be removed, either with or without cause, by an affirmative vote of the majority of the Board at any regular or special meeting of the Board or, except in the case of an officer chosen by the Board, by any officer upon whom such power of removal may be conferred by the Board.

Any officer may resign at any time by giving written notice to the Company. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice. Unless otherwise specified in the notice of resignation, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Company under any contract to which the officer is a party.

4.5 ***Vacancies in Offices***. Any vacancy occurring in any office of the Company shall be filled by the Board or as provided in **section 4.3**.

4.6 ***Representation of Shares of Other Corporations***. Unless otherwise directed by the Board, the President or any other person authorized by the Board or the President is authorized to vote, represent and exercise on behalf of the Company all rights incident to any and all shares of any other corporation or corporations standing in the name of the Company. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

4.7 ***Authority and Duties of Officers***. Except as otherwise provided in these bylaws, the officers of the Company shall have such powers and duties in the management of the Company as may be designated from time to time by the Board and, to the extent not so provided, as generally pertain to their respective offices, subject to the control of the Board.

ARTICLE V — INDEMNIFICATION

5.1 ***Indemnification of Directors and Officers in Third Party Proceedings***. Subject to the other provisions of this **Article V**, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (a "**Proceeding**") (other than an action by or in the right of the Company) by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such Proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any Proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

5.2 ***Indemnification of Directors and Officers in Actions by or in the Right of the Company***. Subject to the other provisions of this **Article V**, the Company shall indemnify, to the fullest extent permitted by the DGCL, as now or hereinafter in effect, any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Company to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Company, or is or was a director or officer of the Company serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Company; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Company unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

5.3 ***Successful Defense***. To the extent that a present or former director or officer of the Company has been successful on the merits or otherwise in defense of any action, suit or proceeding described in **section 5.1** or **section 5.2**, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith.

5.4 ***Indemnification of Others***. Subject to the other provisions of this **Article V**, the Company shall have power to indemnify its employees and agents to the extent not prohibited by the DGCL or other applicable law. The Board shall have the power to delegate to such person or persons the determination of whether employees or agents shall be indemnified.

5.5 ***Advanced Payment of Expenses***. Expenses (including attorneys' fees) incurred by an officer or director of the Company in defending any Proceeding shall be paid by the Company in advance of the final disposition of such Proceeding upon receipt of a written request therefor (together with documentation reasonably evidencing such expenses) and an undertaking by or on behalf of the person to repay such amounts if it shall ultimately be determined that the person is not entitled to be indemnified under this **Article V** or the DGCL. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Company deems appropriate. The right to advancement of expenses shall not apply to any Proceeding for which indemnity is excluded pursuant to these bylaws.

5.6 ***Limitation on Indemnification***. Subject to the requirements in **section 5.3** and the DGCL, the Company shall not be obligated to indemnify any person pursuant to this **Article V** in connection with any Proceeding (or any part of any Proceeding):

(i) for which payment has actually been made to or on behalf of such person under any statute, insurance policy, indemnity provision, vote or otherwise, except with respect to any excess beyond the amount paid;

(ii) for an accounting or disgorgement of profits pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended, or similar provisions of federal, state or local statutory law or common law, if such person is held liable therefor (including pursuant to any settlement arrangements);

(iii) for any reimbursement of the Company by such person of any bonus or other incentive-based or equity-based compensation or of any profits realized by such person from the sale of securities of the Company, as required in each case under the Securities Exchange Act of 1934, as amended (including any such reimbursements that arise from an accounting restatement of the Company pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "**Sarbanes-Oxley Act**"), or the payment to the Company of profits arising from the purchase and sale by such person of securities in violation of Section 306 of the Sarbanes-Oxley Act), if such person is held liable therefor (including pursuant to any settlement arrangements);

(iv) initiated by such person, including any Proceeding (or any part of any Proceeding) initiated by such person against the Company or its directors, officers, employees, agents or other indemnitees, unless (a) the Board authorized the Proceeding (or the relevant part of the Proceeding) prior to its initiation, (b) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law, (c) otherwise required to be made under **section 5.7** or (d) otherwise required by applicable law; or

(v) if prohibited by applicable law.

5.7 ***Determination; Claim***. If a claim for indemnification or advancement of expenses under this **Article V** is not paid by the Company or on its behalf within 90 days after receipt by the Company of a written request therefor, the claimant shall be entitled to an adjudication by a court of competent jurisdiction of his or her entitlement to such indemnification or advancement of expenses. To the extent not prohibited by law, the Company shall indemnify such person against all expenses actually and reasonably incurred by such person in connection with any action for indemnification or advancement of expenses from the Company under this **Article V**, to the extent such person is successful in such action. In any such suit, the Company shall, to the fullest extent not prohibited by law, have the burden of proving that the claimant is not entitled to the requested indemnification or advancement of expenses.

5.8 ***Non-Exclusivity of Rights***. The indemnification and advancement of expenses provided by, or granted pursuant to, this **Article V** shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the certificate of incorporation or any statute, bylaw, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office. The Company is specifically authorized to enter into individual contracts with any or all of its directors, officers, employees or agents respecting indemnification and advancement of expenses, to the fullest extent not prohibited by the DGCL or other applicable law.

5.9 ***Insurance***. The Company may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Company, or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Company would have the power to indemnify such person against such liability under the provisions of the DGCL.

5.10 ***Survival***. The rights to indemnification and advancement of expenses conferred by this **Article V** shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

5.11 ***Effect of Repeal or Modification***. Any amendment, alteration or repeal of this **Article V** shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to such amendment, alteration or repeal.

5.12 ***Certain Definitions***. For purposes of this **Article V**, references to the "**Company**" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this **Article V** with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. For purposes of this **Article V**, references to "**other enterprises**" shall include employee benefit plans; references to "**fines**" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "**serving at the request of the Company**" shall include any service as a director, officer, employee or agent of the Company which imposes duties on, or involves services by, such director, officer, employee or agent with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "**not opposed to the best interests of the Company**" as referred to in this **Article V**.

ARTICLE VI — STOCK

6.1 ***Stock Certificates; Partly Paid Shares***. The shares of the Company shall be represented by certificates, *provided* that the Board may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Company. Every holder of stock represented by certificates shall be entitled to have a certificate signed by, or in the name of the Company by the Chairperson of the Board or Vice-Chairperson of the Board, or the President or a Vice-President, and by the Treasurer or an Assistant Treasurer, or the Secretary or an Assistant Secretary of the Company representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Company with the same effect as if such person were such officer, transfer agent or registrar at the date of issue. The Company shall not have power to issue a certificate in bearer form.

The Company may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the Company in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Company shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

6.2 ***Special Designation on Certificates***. If the Company is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Company shall issue to represent such class or series of stock; *provided* that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Company shall issue to represent such class or series of stock, a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the Company shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certificates pursuant to this **section 6.2** or Sections 156, 202(a) or 218(a) of the DGCL or with respect to this **section 6.2** a statement that the Company will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

6.3 ***Lost Certificates***. Except as provided in this **section 6.3**, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Company and cancelled at the same time. The Company may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Company may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Company a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

6.4 ***Dividends***. The Board, subject to any restrictions contained in the certificate of incorporation or applicable law, may declare and pay dividends upon the shares of the Company's capital stock. Dividends may be paid in cash, in property, or in shares of the Company's capital stock, subject to the provisions of the certificate of incorporation.

The Board may set apart out of any of the funds of the Company available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve.

6.5 ***Stock Transfer Agreements***. The Company shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Company to restrict the transfer of shares of stock of the Company of any one or more classes owned by such stockholders in any manner not prohibited by the DGCL.

6.6 ***Registered Stockholders***. The Company:

(i) shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner;

(ii) shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares; and

(iii) shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

6.7 ***Transfers***. Transfers of record of shares of stock of the Company shall be made only upon its books by the holders thereof, in person or by an attorney duly authorized, and, if such stock is certificated, upon the surrender of a certificate or certificates for a like number of shares, properly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer.

ARTICLE VII — MANNER OF GIVING NOTICE AND WAIVER

7.1 ***Notice of Stockholder Meetings***. Notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at such stockholder's address as it appears on the Company's records. An affidavit of the Secretary or an Assistant Secretary of the Company or of the transfer agent or other agent of the Company that the notice has been given shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

7.2 ***Notice by Electronic Transmission***. Without limiting the manner by which notice otherwise may be given effectively to stockholders pursuant to the DGCL, the certificate of incorporation or these bylaws, any notice to stockholders given by the Company under any provision of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a form of electronic transmission consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any such consent shall be deemed revoked if:

(i) the Company is unable to deliver by electronic transmission two consecutive notices given by the Company in accordance with such consent; and

(ii) such inability becomes known to the Secretary or an Assistant Secretary of the Company or to the transfer agent, or other person responsible for the giving of notice.

However, the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action.

Any notice given pursuant to the preceding paragraph shall be deemed given:

(i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice;

(ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice;

(iii) if by a posting on an electronic network together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and

(iv) if by any other form of electronic transmission, when directed to the stockholder.

An affidavit of the Secretary or an Assistant Secretary or of the transfer agent or other agent of the Company that the notice has been given by a form of electronic transmission shall, in the absence of fraud, be *prima facie* evidence of the facts stated therein.

An "**electronic transmission**" means any form of communication, not directly involving the physical transmission of paper, that creates a record that may be retained, retrieved, and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process.

Notice by a form of electronic transmission shall not apply to Sections 164, 296, 311, 312 or 324 of the DGCL.

7.3 ***Notice to Stockholders Sharing an Address***. Except as otherwise prohibited under the DGCL, without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Company under the provisions of the DGCL, the certificate of incorporation or these bylaws shall be effective if given by a single written notice to stockholders who share an address if consented to by the stockholders at that address to whom such notice is given. Any such consent shall be revocable by the stockholder by written notice to the Company. Any stockholder who fails to object in writing to the Company, within 60 days of having been given written notice by the Company of its intention to send the single notice, shall be deemed to have consented to receiving such single written notice.

7.4 ***Notice to Person with Whom Communication is Unlawful***. Whenever notice is required to be given, under the DGCL, the certificate of incorporation or these bylaws, to any person with whom communication is unlawful, the giving of such notice to such person shall not be required and there shall be no duty to apply to any governmental authority or agency for a license or permit to give such notice to such person. Any action or meeting which shall be taken or held without notice to any such person with whom communication is unlawful shall have the same force and effect as if such notice had been duly given. In the event that the action taken by the Company is such as to require the filing of a certificate under the DGCL, the certificate shall state, if such is the fact and if notice is required, that notice was given to all persons entitled to receive notice except such persons with whom communication is unlawful.

7.5 ***Waiver of Notice***. Whenever notice is required to be given under any provision of the DGCL, the certificate of incorporation or these bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time of the event for which notice is to be given, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the certificate of incorporation or these bylaws.

ARTICLE VIII — GENERAL MATTERS

8.1 ***Fiscal Year***. The fiscal year of the Company shall be fixed by resolution of the Board and may be changed by the Board.

8.2 ***Seal***. The Company may adopt a corporate seal, which shall be in such form as may be approved from time to time by the Board. The Company may use the corporate seal by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

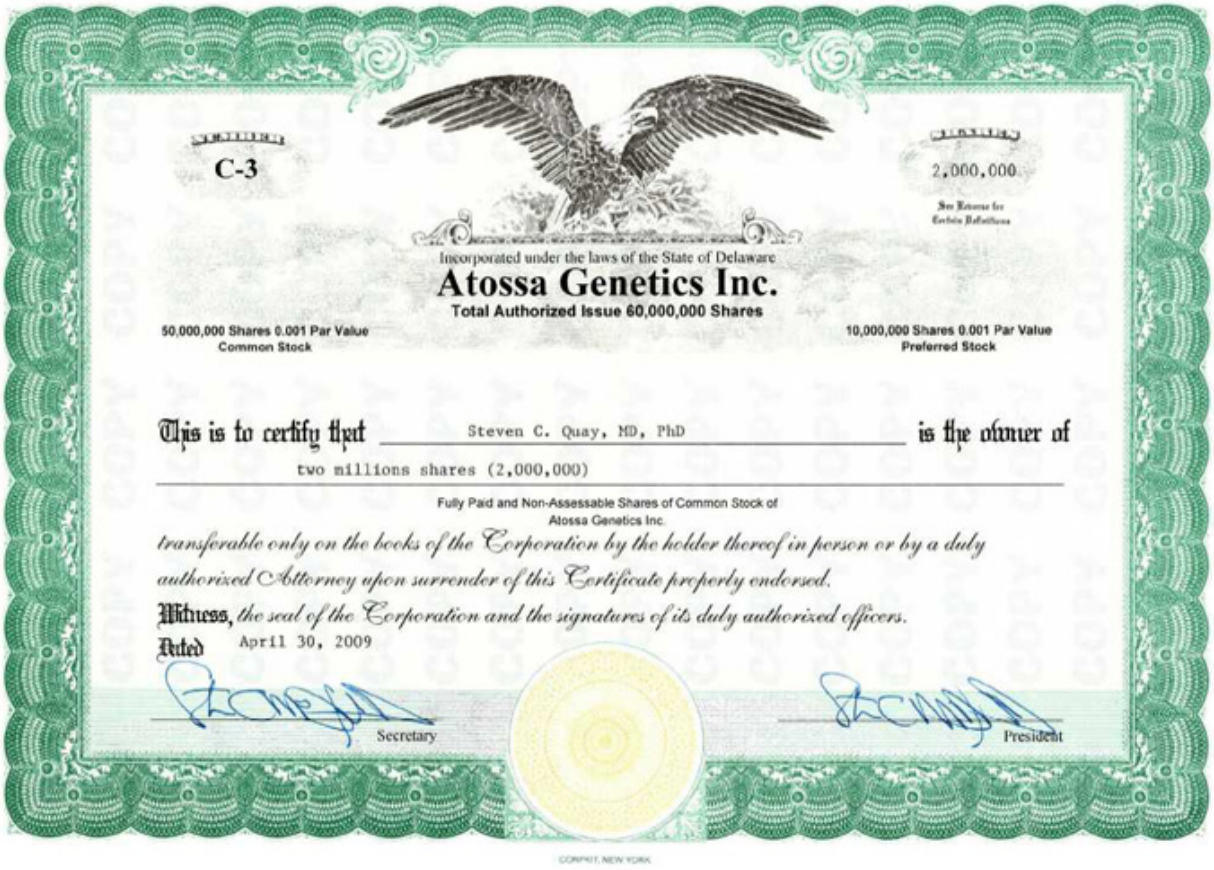
8.3 ***Annual Report***. The Company shall cause an annual report to be sent to the stockholders of the Company to the extent required by applicable law. If and so long as there are fewer than 100 holders of record of the Company's shares, the requirement of sending an annual report to the stockholders of the Company is expressly waived (to the extent permitted under applicable law).

8.4 ***Construction; Definitions***. Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the DGCL shall govern the construction of these bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a corporation and a natural person.

ARTICLE IX — AMENDMENTS

These bylaws may be adopted, amended or repealed by the stockholders entitled to vote. However, the Company may, in its certificate of incorporation, confer the power to adopt, amend or repeal bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal bylaws.

A bylaw amendment adopted by stockholders which specifies the votes that shall be necessary for the election of directors shall not be further amended or repealed by the Board.



C-3

2,000,000

Incorporated under the laws of the State of Delaware

Atossa Genetics Inc.

Total Authorized Issue 60,000,000 Shares

50,000,000 Shares 0.001 Par Value
Common Stock

10,000,000 Shares 0.001 Par Value
Preferred Stock

This is to certify that Steven C. Quay, MD, PhD is the owner of

two millions shares (2,000,000)

Fully Paid and Non-Assessable Shares of Common Stock of
Atossa Genetics Inc.

transferable only on the books of the Corporation by the holder thereof in person or by a duly authorized Attorney upon surrender of this Certificate properly endorsed.

Witness, *the seal of the Corporation and the signatures of its duly authorized officers.*

Dated April 30, 2009

Secretary

President

COMPLIT, NEW YORK

For Value Received _____ hereby sells, assigns, and transfers unto, _____, _____ shares represented by the within certificate and hereby irrevocably constitutes and appoints _____ as Attorney to transfer the said shares on the share register of the within named corporation with full power of substitution in the premises.

Dated _____

In presence of
Witness _____ *Stockholder* _____

NOTICE: THE SIGNATURE ON THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME AS WRITTEN UPON THE FACE OF THIS CERTIFICATE, IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT, OR ANY CHANGE WHATSOEVER.

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "ACT). SUCH SHARES MAY NOT BE SOLD OR TRANSFERRED OR PLEDGED IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY ACCEPTABLE TO IT STATING THAT SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT. COPIES OF THE AGREEMENT, IF ANY, COVERING THE PURCHASE OF THESE SHARES AND RESTRICTING THEIR TRANSFER MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE CORPORATION AT THE PRINCIPAL EXECUTIVE OFFICES OF THE CORPORATION.

EXCLUSIVE PATENT LICENSE AGREEMENT

This Exclusive Patent License Agreement is made as of July __, 2009 ("**Effective Date**") between Ensisheim Partners, LLC, a Washington limited liability company ("**Licensor**"), and Atossa Genetics, Inc., a Delaware corporation ("**Atossa**"). The parties agree as follows:

1. DEFINITIONS

1.1 "**First Commercial Sale**" means the initial transfer of a Licensed Product by Atossa, an affiliate or a sublicensee to a third party in exchange for cash or some equivalent to which value can be assigned in any country after all required marketing and pricing approvals have been granted, or otherwise permitted, by the authorities of such country, in each case for use or consumption of such Licensed Product in such country by the general public. Sales for test marketing, sampling and promotional uses, clinical trial purposes, or compassionate or similar use will not be considered a First Commercial Sale.

1.2 "**Licensed Patents**" means: (a) all patents and patent applications set forth in Exhibit A; (b) all divisions, substitutions, continuations, continuation-in-parts, reissues, reexaminations, and extensions of the patents and patent applications described in Section 1.1(a); (c) all foreign and international counterparts of the patents and patent applications described in Sections 1.1(a) and 1.1(b); and (d) all patents issuing from patent applications described in Sections 1.1(a), 1.1(b), and 1.1(c).

1.3 "**Licensed Product**" means any product the manufacture, use, or sale of which would, in the absence of the licenses granted in this Agreement, infringe a Valid Claim of a Licensed Patent in the country in which that product is made, used, or sold.

1.4 "**Net Sales Revenues**" means the gross amount collected by Atossa for the sale of a Licensed Product, less all: (a) normal and customary cash and trade discounts and rebates (including prompt payment and volume discounts); (b) duties and taxes (including excise, sales, use, and value added taxes); (c) insurance, freight, packaging, handling, shipment, and transportation expenses (including associated insurance costs); (d) amounts allowed or credited due to returns, rejections, recalls, rebates, charge backs, billing errors, or retroactive price reductions; and (e) sales commissions or fees paid. Net Sales Revenues excludes amounts collected by Atossa: (i) that are not directly related to sale of a Licensed Product, including amounts paid for support, maintenance, development, research, clinical trials, training, and products bundled with a Licensed Product; (ii) for transfers made to a third party for resale by the third party or to an affiliate; and (iii) for Licensed Products used for research and development or other non-commercial uses, supplied as commercial samples, or supplied as charitable donations.

1.5 "**Valid Claim**" means a pending or issued and unexpired claim of a Licensed Patent so long as that claim has not been: (a) irrevocably abandoned, withdrawn, or declared to be unpatentable, invalid, or unenforceable in an unappealable decision of a court or other authority of competent jurisdiction; or (b) found or admitted to be invalid or unenforceable through no fault or cause of Atossa, whether through reissue, re-examination, disclaimer or otherwise.

2. GRANT OF RIGHTS

2.1 Licensed Patents. Licensor hereby grants to Atossa and its affiliates an exclusive, worldwide, perpetual, irrevocable, royalty-bearing (as set forth in Section 3), license, with the right to grant and authorize sublicenses, under the Licensed Patents to do the following: (a) make, have made, use, sell, offer to sell, export, import, and otherwise distribute Licensed Products; (b) practice and perform any processes, methods, and procedures described in or that would infringe a Valid Claim of a Licensed Patent; and (c) otherwise exploit the Licensed Patents.

2.2 Exclusivity. The license granted in Section 2.1 is exclusive in that Licensor must not, directly or indirectly: (a) exercise or grant to any third party any license or other right under a Licensed Patent; or (b) develop or sell any products or services in the Exclusive Field that would infringe a Licensed Patent. Without limiting Atossa's rights or remedies at law, and without regard to whether Atossa has an adequate remedy at law, Atossa will have the right to seek equitable relief to prevent any breach or threatened breach of this Section 2.2.

2.3 Ownership of Licensed Patents. Licensor will at all times be the sole owner of all right, title, and interest (including intellectual property rights) in and to the Licensed Patents.

2.4 No Requirements. Atossa is not required to: (a) develop Licensed Products; (b) receive Licensor's or a third party's approval for any use of any Licensed Products; (c) attribute creation or development of any Licensed Product to Licensor; or (d) take action against any third party relating to the third party's use or exploitation of any Licensed Product.

2.5 Rights in Bankruptcy. All rights and licenses granted under or pursuant to this Agreement by Licensor to Atossa are, and will otherwise be deemed to be, for purposes of Section 365(n) of the United States Bankruptcy Code, licenses of rights to "intellectual property" as defined under Section 101(56) of the Bankruptcy Code. Atossa, as a licensee of the rights under this Agreement, will retain and may fully exercise all of its rights and elections under the Bankruptcy Code.

3. ROYALTY

3.1 Royalty Rate. Subject to Section 3.2, Atossa will pay Licensor a royalty equal to two percent (2%) of Net Sales Revenues ("**Licensing Royalty**"). No more than one royalty payment will be due under this Agreement with respect to a sale of a particular Licensed Product, even if that Licensed Product is covered by multiple Valid Claims.

3.2 Minimum Royalty. Atossa will pay Licensor, in accordance with this Section, a minimum royalty of $12,500 per fiscal quarter during the term of this Agreement, which will increase to a minimum royalty of $25,000 per fiscal quarter beginning in the quarter in which the First Commercial Sale of a Licensed Product takes place (each, a "**Minimum Royalty**"). Atossa will pay Licensor a pro-rata portion of the first Minimum Royalty within 30 days of the Effective Date, and the Minimum Royalty for each subsequent fiscal quarter will be due upon the first day of that fiscal quarter. The Minimum Royalty for any given fiscal quarter is creditable against any Licensing Royalties due in that fiscal quarter.

3.3 Reduction for Third Party Payments. If Atossa's manufacture, sale, use, importation, or other exploitation of a Licensed Product is subject to one or more patents owned, controlled, or licensable by a third party and Atossa pays the third party to license such patents, then the Licensing Royalty will be reduced by the amount paid to the third party for such license, except that the Licensing Royalty payable to Licensor will not fall below 1% of Net Sales Revenues during any fiscal quarter.

3.4 Reporting and Payment. No later than 60 days after the end of each fiscal quarter during the term of this Agreement, Atossa will deliver to Licensor a written report of the Net Sales Revenues collected during the fiscal quarter. With each report submitted by Atossa, Atossa will deliver payment of the Licensing Royalty due for the applicable fiscal quarter to the extent not covered by any other payments made by Atossa that are creditable against Licensing Royalty payments, e.g., the applicable Minimum Royalty payment.

4. PROSECUTION AND MAINTENANCE OF THE LICENSED PATENTS

4.1 Atossa's Rights. Licensor grants to Atossa: (a) the right to prepare, file, prosecute, and maintain, in its own name and at its own expense, the Licensed Patents in any country; and (b) an irrevocable power of attorney to act on Licensor's behalf and to execute and file documents on Licensor's behalf to prepare, file, prosecute, and maintain these rights.

4.2 Licensor's Obligations. Licensor will consult with Atossa regarding the preparation, filing, prosecution, and maintenance of the Licensed Patents. Licensor will not prepare, file, prosecute, or maintain the Licensed Patents without Atossa's prior written consent. Licensor will have the right to prepare, file, prosecute, and maintain, in its own name and at its own expense, the Licensed Patents in any country where Atossa fails or declines to prosecute or maintain those rights. Licensor may exercise this right only if it notifies Atossa of its intent in writing and Atossa does not proceed to prosecute or maintain those rights within 60 days after the notice. Licensor will keep Atossa reasonably informed regarding Licensor's prosecution and maintenance of the Licensed Patents in accordance with this Section (e.g., status of patent filings and registrations).

5. ENFORCEMENT OF LICENSED PATENTS

5.1 Atossa's Rights. Licensor grants to Atossa the right to bring and prosecute lawsuits against third parties, in Atossa's own name or jointly with Licensor if required by law, for infringement of a Licensed Patent. This right includes bringing any legal action for infringement, defending any counter claim of invalidity or action of a third party for declaratory judgment for non-infringement or non-interference, and settling a suit. Atossa will be entitled to all of the damages, profits, and awards of whatever nature recoverable from the suit. Licensor will fully cooperate with Atossa in the prosecution of any such lawsuit at Atossa's expense.

5.2 Licensor's Obligations. Licensor will not bring or prosecute a lawsuit against any third party for infringement of a Licensed Patent without Atossa's prior written consent. In addition, if Atossa does not institute a lawsuit (including, but not limited to, temporary and permanent injunctive actions) within a reasonable period, but no more than 60 days following Licensor's written request to do so, Licensor will have the right to institute and

prosecute the lawsuit in its own name or jointly with Atossa if required by law. Atossa will fully cooperate with Licensor in the prosecution of any such lawsuit at Licensor's expense.

6. TERM AND TERMINATION

6.1 Term. This Agreement will take effect on the Effective Date and will continue in effect, on a country-by-country basis, until the date on which no further Licensing Royalty would be due in such country, unless terminated earlier in accordance with the terms of this Agreement.

6.2 Termination by Atossa for Convenience. Atossa may terminate this Agreement, in whole or as to any particular Licensed Patent or Licensed Product, for any reason or for no reason by notifying Licensor in writing. Termination in accordance with this Section 6.2 will take effect five days after Licensor receives Atossa's written notice of termination.

6.3 Effects of Termination or Expiration

(a) Payment or Refund. Within 60 days after termination or expiration of the Agreement, Atossa will pay to Licensor all Licensing Royalties that it owes for sale of Licensed Products prior to the date of termination or expiration.

(b) Survival. All rights and duties of the parties under this Agreement will terminate upon termination or expiration of this Agreement for any reason except that: (i) all sublicenses granted by Atossa prior to termination or expiration will survive termination; and (ii) Sections 6.3 and 8 will survive termination or expiration of this Agreement.

7. REPRESENTATIONS AND WARRANTIES

7.1 Authorization. Licensor represents and warrants that: (a) it is duly organized, validly existing, and in good standing in the jurisdiction stated in the preamble to this Agreement; (b) the execution and delivery of this Agreement by Licensor has been duly and validly authorized; and (c) this Agreement constitutes a valid, binding, and enforceable obligation of Licensor.

7.2 No Conflict. Licensor represents and warrants that: (a) the execution of this Agreement and Licensor's performance under this Agreement does not and will not violate, conflict with, or result in a material default under any other agreement, indenture, decree, judgment, lien, or encumbrance to which Licensor is a party or by which any of the Licensed Patents are or may become subject or bound; (b) Licensor has not granted any other rights under the Licensed Patents; and (c) Licensor will not grant any rights under any future agreement, nor will it permit or suffer any lien, obligation, or encumbrances, that will conflict with the full enjoyment by Atossa of its rights under this Agreement.

7.3 Validity and Enforceability. Licensor represents and warrants that: (a) to Licensor's knowledge, Licensor's rights to the Licensed Patents are valid and enforceable; and (b) Licensor does not know of any facts or circumstances that could impair the validity or enforceability of any of its rights to the Licensed Patents.

7.4 Legal Proceedings. Licensor represents and warrants that: (a) Licensor is not involved in any legal proceeding (litigation, arbitration, mediation, or otherwise) relating to the Licensed Patents; (b) Licensor has not received notice of a claim relating to the Licensed Patents; and (c) Licensor is not aware of any facts or circumstances that might lead to a legal proceeding relating to the Licensed Patents.

8. GENERAL

8.1 Remedies

(a) No Consequential Damages. IN NO EVENT WILL EITHER PARTY HAVE LIABILITY TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, SPECIAL, OR CONSEQUENTIAL DAMAGES, EVEN IF ADVISED OF THE POSSIBILITY OF THESE DAMAGES. THESE LIMITATIONS WILL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY IN THIS AGREEMENT.

(b) Limitation to Damages. Licensor's sole remedy, if any, in the event of a breach will be an action for monetary damages. Licensor will not be entitled to injunctive or other equitable relief or to terminate or rescind this Agreement or the licenses granted in this Agreement.

8.2 Relationship. Nothing in this Agreement may be construed as creating an employer-employee relationship, agency relationship, joint venture, or partnership between the parties.

8.3 Assignability. Neither this Agreement nor any rights or obligations under this Agreement may be assigned or otherwise transferred by Licensor, in whole or in part, whether voluntarily or by operation of law, without the prior written consent of Atossa. Atossa may assign this Agreement or any rights and obligations under this Agreement freely. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the parties and their respective successors and assigns. Any assignment in violation of the foregoing will be null and void.

8.4 Further Assurances. Each party agrees that it will execute and deliver such documents as may be required to implement any of the provisions of this Agreement.

8.5 Governing Law. This Agreement is governed by the laws of the State of Washington, without giving effect to provisions related to choice of laws or conflict of laws.

8.6 Venue and Jurisdiction. Venue and jurisdiction of any lawsuit involving this Agreement exists exclusively in the state and federal courts in King County, Washington, unless Atossa seeks injunctive relief that, in Atossa's judgment, would not be effective unless obtained in some other venue.

8.7 Waiver. The waiver by either party of any breach of any provision of this Agreement does not waive any other breach. The failure of any party to insist on strict performance of any covenant or obligation under this Agreement will not be a waiver of such

party's right to demand strict compliance in the future, nor will the same be construed as a novation of this Agreement.

8.8 Severability. If any part of this Agreement is found to be unenforceable, the remaining portions of this Agreement will remain in full force and effect.

8.9 Drafting. The parties have had an equal opportunity to participate in the drafting of this Agreement and the attached exhibits. No ambiguity will be construed against any party based upon a claim that that party drafted the ambiguous language.

8.10 Headings. The headings appearing at the beginning of several sections contained in this Agreement have been inserted for identification and reference purposes only and must not be used to construe or interpret this Agreement.

8.11 Notices. Any notice required or permitted to be given under this Agreement will be effective if it is in writing and sent by certified or registered mail, or insured courier, return receipt requested, to the appropriate party at the address set forth below and with the appropriate postage affixed. Either party may change its address for receipt of notice by notice to the other party in accordance with this Section. Notices will be deemed given two business days following the date of mailing or one business day following delivery to a courier.

To Licensor:	To Atossa:
Shu-Chih Chen Quay Ensisheim Partners, LLC 4105 E Madison St, Suite 320 Seattle, WA 98112 With a copy to: Ms. Effie Toshav, Esq. Wilson Sonsini Goodrich & Rosati, PC 701 Fifth Ave., Suite 5100 Seatlle, WA 98104	Dr. Steven Quay

8.12 Counterparts. This Agreement may be executed in any number of identical counterparts, notwithstanding that the parties have not signed the same counterpart, with the same effect as if the parties had signed the same document. All counterparts will be construed as and constitute the same agreement.

8.13 Entire Agreement. This Agreement, including any exhibits, is the final and complete expression of all agreements between these parties and supersedes all previous oral and written agreements regarding these matters. It may be changed only by a written agreement signed by the party against whom enforcement is sought.

"Licensor"	**"Atossa"**
Ensisheim Partners, LLC	**Atossa Genetics, Inc.**
Name: Shu-Chih Chen Quay	Name: Dr. Steven Quay
Title: Principal	Title: President
Signature:	Signature:
Date:	Date:

EXHIBIT A

LICENSED PATENTS

WWKMN Ref. (TTC Ref. No.) Country	**Title**	**Inventor(s) Priority**	**Application Number Filing Date**	**Patent Number Issue Date Due:**
ATOS-0003 US (020424-000100US)	Methods and Kits for Obtaining and Assaying Mammary Fluid Samples for Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay	08/709,207 08/27/96	5,798,266 08/25/98 11.5 Yr MF-February 25, 2010
ATOS-0005 Australia (020424-000100AU)	Methods and Kits for Obtaining and Assaying Mammary Fluid Samples for Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (claims priority to ATOS-0004 and ATOS-00003)	40850/97 08/22/97	740,160 13th Yr MF-August 22, 2009
ATOS-0006 Canada (020424-000100CA)	Methods and Kits for Obtaining and Assaying Mammary Fluid Samples for Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (claims priority to ATOS-0004 and ATOS-00003)	2,264,277 08/22/97	2,264,277 04/15/2008 13th Yr MF-August 22, 2009

WWKMN Ref. (TTC Ref. No.) Country	**Title**	**Inventor(s) Priority**	**Application Number Filing Date**	**Patent Number Issue Date Due:**
PCT ATOS-0004?	Methods and Kits for Obtaining and Assaying Mammary Fluid Samples for Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (claims priority to ATOS-0004 and ATOS-00003) Foreign filing of ATOS-0003	PCT/US97/14863 filed 08/22/97 WO 98/08976 published 03/05/1998	NATIONAL
ATOS-0007 European (020424-000100EP)	Kits for Obtaining and Assaying Mammary Fluid Samples for Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (claims priority to ATOS-0004 and ATOS-00003)	97938551.5 08/22/97 Notice of Intent to Grant EU Validation-November 8, 2008	EP 0932699 - withdrawn January 8, 2009-2 Month Further Processing Request
ATOS-0025 Hong Kong (020424-000100HK)	Kits for Obtaining and Assaying Mammary Fluid Samples for Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (claims priority to ATOS-0004 and ATOS-00003)	00100654.7 08/22/97	13th Yr MF-August 22, 2009

WWKMN Ref. (TTC Ref. No.) Country	Title	Inventor(s) Priority	Application Number Filing Date	Patent Number Issue Date Due:
ATOS-0026 Japan (020424-000100JP)	Methods and Kits for Obtaining and Assaying Mammary Fluid Samples for Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (claims priority to ATOS-0004 and ATOS-00003)	10-511772 03/01/99 08/22/97	 Abandoned in Favor of CYTC-11-0407
ATOS-0027 US (020424-000110US)	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (CIP of ATOS-0003)	09/027,362 02/20/98	6,287,521 B1 09/11/01 7.5 Yr MF-March 11, 2009
ATOS-0028 US (020424-000120US)	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (Cont. of ATOS-0027 which is a CIP of ATOS-0003)	09/435,131 11/05/99	Abandoned

WWKMN Ref. (TTC Ref. No.) Country	Title	Inventor(s) Priority	Application Number Filing Date	Patent Number Issue Date Due:
ATOS-0040 US	Devices and Methods for Obtaining Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay (Utility filing of ATOS-0030 and ATOS-0033	10/002,540 11/13/01	6,887,210 05/03/2005
ATOS-0041 US	Methods and Devices for Collecting, Handling and Processing Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay (Utility filing of ATOS-0030 and ATOS-0033	10/001,041 11/13/01	6,689,073 02/10/2004
US	Methods and Devices for Collecting, Handling and Processing Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay	60/248,134 11/13/00	EXPIRED

WWKMN Ref. (TTC Ref. No.) Country	**Title**	**Inventor(s) Priority**	**Application Number Filing Date**	**Patent Number Issue Date Due:**
US	Methods and Devices for Collecting, Handling and Processing Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay	60/248,136 11/13/00	EXPIRED
ATOS-0042 PCT	Methods and Devices for Collecting, Handling and Processing Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay (foreign filing of ATOS-0030 and ATOS -0033 both filed 11/13/00)	PCT/US01/46032 11/13/01 Publication No. WO 02/38032 A2 on May 16, 2002	NATIONAL
ATOS-0043 Australia	Methods and Kits for Obtaining and Assaying Mammary Fluid Samples for Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (Divisional of ATOS-0005 which claims priority to ATOS-0004 and ATOS-0003)	14725/02 01/31/02	781,187 13th Yr MF- August 22, 2009

WWKMN Ref. (TTC Ref. No.) Country	**Title**	**Inventor(s) Priority**	**Application Number Filing Date**	**Patent Number Issue Date Due:**
ATOS-0070 U.S. Utility	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay Debra L. Quay (Cont. of ATOS-0028, which is a cont. of ATOS-0027, which is a CIP of ATOS-0003)	10/404,866 Filed 3/31/03	7,128,877 10/31/2006
US	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay	11/116,961 04/27/2005	Abandoned
JP	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay (claims priority to ATOS-0042, 60/248,134 & 60/248,136)	2003-343663 03/24/2004 11/13/2001	

WWKMN Ref. (TTC Ref. No.) Country	**Title**	**Inventor(s) Priority**	**Application Number Filing Date**	**Patent Number Issue Date Due:**
CA	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay (claims priority to ATOS-0042, 60/248,134 & 60/248,136)	2,427,967 08/22/1997 11/13/2001	2,427,967 8th Yr MF – November 13, 2008
EP	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay (claims priority to ATOS-0042, 60/248,134 & 60/248,136)	01993422.3 11/13/2001	
JP	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay (claims priority to ATOS-0042, 60/248,134 & 60/248,136)	11/13/2001 4,050,612	4,050,612 10th Yr MF – November 13, 2008

WWKMN Ref. (TTC Ref. No.) Country	Title	Inventor(s) Priority	Application Number Filing Date	Patent Number Issue Date Due:
AU	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay (claims priority to ATOS-0042, 60/248,134 & 60/248,136)	2002-227163 11/13/2001	8th Yr MF – November 13, 2008
HK	Methods and Devices for Obtaining and Assaying Mammary Fluid Samples for Evaluating Breast Diseases, Including Cancer	Steven C. Quay (claims priority to ATOS-0042, 60/248,134 & 60/248,136)	03105927.4 11/13/2001	9th Yr MF – August 19, 2009

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in this Registration Statement on Form S-1 of Atossa Genetics, Inc. (a development stage company) of our report dated February 20, 2010 relating to the financial statements as of December 31, 2009 and for period from April 30, 2009 (date of inception) to December 31, 2009 appearing in the Prospectus, which is part of this Registration Statement. We also consent to the reference to us under the heading "Experts" in such Prospectus.

KCCW Accountancy Corp.

Diamond Bar, California
March 29, 2010

KCCW Accountancy Corp.
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