

UNITED STATES BANKRUPTCY COURT

In re: ProRhythm, Inc.
Debtor

Case No. 07-11861 (KJC)
(if known)

STATEMENT OF FINANCIAL AFFAIRS

This statement is to be completed by every debtor. Spouses filing a joint petition may file a single statement on which the information for both spouses is combined. If the case is filed under chapter 12 or chapter 13, a married debtor must furnish information for both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed. An individual debtor engaged in business as a sole proprietor, partner, family farmer, or self-employed professional, should provide the information requested on this statement concerning all such activities as well as the individual's personal affairs. To indicate payments, transfers and the like to minor children, state the child's initials and the name and address of the child's parent or guardian, such as "A.B., a minor child, by John Doe, guardian." Do not disclose the child's name. See, 11 U.S.C. § 112 and Fed. R. Bankr. P. 1007(m).

Questions 1 - 18 are to be completed by all debtors. Debtors that are or have been in business, as defined below, also must complete Questions 19 - 25. **If the answer to an applicable question is "None," mark the box labeled "None."** If additional space is needed for the answer to any question, use and attach a separate sheet properly identified with the case name, case number (if known), and the number of the question.

DEFINITIONS

"In business." A debtor is "in business" for the purpose of this form if the debtor is a corporation or partnership. An individual debtor is "in business" for the purpose of this form if the debtor is or has been, within six years immediately preceding the filing of this bankruptcy case, any of the following: an officer, director, managing executive, or owner of 5 percent or more of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership; a sole proprietor or self-employed full-time or part-time. An individual debtor also may be "in business" for the purpose of this form if the debtor engages in a trade, business, or other activity, other than as an employee, to supplement income from the debtor's primary employment.

"Insider." The term "insider" includes but is not limited to: relatives of the debtor; general partners of the debtor and their relatives; corporations of which the debtor is an officer, director, or person in control; officers, directors, and any owner of 5 percent or more of the voting or equity securities of a corporate debtor and their relatives; affiliates of the debtor and insiders of such affiliates; any managing agent of the debtor. 11 U.S.C. § 101.

1. Income from employment or operation of business (Gross Revenue)

None

State the gross amount of income the debtor has received from employment, trade, or profession, or from operation of the debtor's business, including part-time activities either as an employee or in independent trade or business, from the beginning of this calendar year to the date this case was commenced. State also the gross amounts received during the **two years** immediately preceding this calendar year. (A debtor that maintains, or has maintained, financial records on the basis of a fiscal rather than a calendar year may report fiscal year income. Identify the beginning and ending dates of the debtor's fiscal year.) If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income of both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT

SOURCE

N/A

*In past years, the Debtor has received certain refunds from medical institutions with which it conducts its clinical trials, but has accounted for them as a reduction of costs incurred in connection with such trials. In the aggregate, over the relevant period prior to the Petition Date, the amount of such refunds has not exceeded \$125,000.00

2. Income other than from employment or operation of business

None



State the amount of income received by the debtor other than from employment, trade, profession, operation of the debtor's business during the **two years** immediately preceding the commencement of this case. Give particulars. If a joint petition is filed, state income for each spouse separately. (Married debtors filing under chapter 12 or chapter 13 must state income for each spouse whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

AMOUNT

SOURCE

3. Payments to creditors

Complete a. or b., as appropriate, and c.

None



a. *Individual or joint debtor(s) with primarily consumer debts:* List all payments on loans, installment purchases of goods or services, and other debts to any creditor made within **90 days** immediately preceding the commencement of this case unless the aggregate value of all property that constitutes or is affected by such transfer is less than \$600. Indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and credit counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF CREDITOR | DATES OF PAYMENTS | AMOUNT PAID | AMOUNT STILL OWING |
|------------------------------|-------------------|-------------|--------------------|
|------------------------------|-------------------|-------------|--------------------|

None



b. *Debtor whose debts are not primarily consumer debts:* List each payment or other transfer to any creditor made within **90 days** immediately preceding the commencement of the case unless the aggregate value of all property that constitutes or is affected by such transfer is less than \$5,475. If the debtor is an individual, indicate with an asterisk (*) any payments that were made to a creditor on account of a domestic support obligation or as part of an alternative repayment schedule under a plan by an approved nonprofit budgeting and credit counseling agency. (Married debtors filing under chapter 12 or chapter 13 must include payments and other transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF CREDITOR | DATES OF PAYMENTS/ TRANSFERS | AMOUNT PAID OR VALUE OF TRANSFERS | AMOUNT STILL OWING |
|------------------------------|---------------------------------|---|-----------------------|
|------------------------------|---------------------------------|---|-----------------------|

See attached exhibit

None



c. *All debtors:* List all payments made within **one year** immediately preceding the commencement of this case to or for the benefit of creditors who are or were insiders. (Married debtors filing under chapter 12 or chapter 13 must include payments by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF CREDITOR AND RELATIONSHIP TO DEBTOR | DATE OF PAYMENTS | AMOUNT PAID | AMOUNT STILL OWING |
|--|---------------------|----------------|-----------------------|
|--|---------------------|----------------|-----------------------|

| | | | |
|---|----------------------------|---------------|-----|
| Reinhard Warnking 143 Old Field Road E. Setauket, NY United States 1173 | 12/19/2006 to 12/4/2007 | \$315, 695.00 | N/A |
| David Cichy 52 Nassau Blvd Malverne, NY 11565 | 12/19/2006 to 12/4/2007 | \$95,000.00 | N/A |
| Gene Jung 4 Sandstone Drive Nashua, NH United States 03063 | 12/19/2006 to 12/4/2007 | \$194,922.00 | N/A |
| Alex Zielenski 60 W. 66th Street Apt 16I New York, NY 10023 | 12/19/2006 to 12/4/2007 | \$161,294.12 | N/A |
| David Smith 12 Ethan Allen Court South Setauket, NY United States 11720 | 12/19/2006 to 12/4/2007 | \$183,872.00 | N/A |

In past years, the Debtor has also granted stock options to its independent directors in the ordinary course of business

4. Suits and administrative proceedings, executions, garnishments and attachments

None



a. List all suits and administrative proceedings to which the debtor is or was a party within **one year** immediately preceding the filing of this bankruptcy case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| CAPTION OF SUIT AND CASE NUMBER | NATURE OF PROCEEDING | COURT OR AGENCY AND LOCATION | STATUS OR DISPOSITION |
|------------------------------------|----------------------|---------------------------------|--------------------------|
|------------------------------------|----------------------|---------------------------------|--------------------------|

None



b. Describe all property that has been attached, garnished or seized under any legal or equitable process within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF PERSON FOR WHOSE BENEFIT PROPERTY WAS SEIZED | DATE OF SEIZURE | DESCRIPTION AND VALUE OF PROPERTY |
|--|--------------------|---|
|--|--------------------|---|

5. Repossessions, foreclosures and returns

None



List all property that has been repossessed by a creditor, sold at a foreclosure sale, transferred through a deed in lieu of foreclosure or returned to the seller, within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF CREDITOR OR SELLER | DATE OF REPOSSESSION, FORECLOSURE SALE, TRANSFER OR RETURN | DESCRIPTION AND VALUE OF PROPERTY |
|---|--|---|
|---|--|---|

6. Assignments and receiverships

None



a. Describe any assignment of property for the benefit of creditors made within **120 days** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include any assignment by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF ASSIGNEE | DATE OF ASSIGNMENT | TERMS OF ASSIGNMENT OR SETTLEMENT |
|---------------------------------|-----------------------|---|
|---------------------------------|-----------------------|---|

None



b. List all property which has been in the hands of a custodian, receiver, or court-appointed official within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning property of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF CUSTODIAN | NAME AND LOCATION OF COURT CASE TITLE & NUMBER | DATE OF ORDER | DESCRIPTION AND VALUE OF PROPERTY |
|----------------------------------|--|------------------|---|
|----------------------------------|--|------------------|---|

7. Gifts

None



List all gifts or charitable contributions made within **one year** immediately preceding the commencement of this case except ordinary and usual gifts to family members aggregating less than \$200 in value per individual family member and charitable contributions aggregating less than \$100 per recipient (Married debtors filing under chapter 12 or chapter 13 must include gifts or contributions by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF PERSON OR ORGANIZATION | RELATIONSHIP TO DEBTOR, IF ANY | DATE OF GIFT | DESCRIPTION AND VALUE OF GIFT |
|--|--------------------------------------|-----------------|-------------------------------------|
|--|--------------------------------------|-----------------|-------------------------------------|

8. Losses

None



List all losses from fire, theft, other casualty or gambling within **one year** immediately preceding the commencement of this case **or since the commencement of this case**. (Married debtors filing under chapter 12 or chapter 13 must include losses by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| DESCRIPTION AND VALUE OF PROPERTY | DESCRIPTION OF CIRCUMSTANCES AND, IF LOSS WAS COVERED IN WHOLE OR IN PART BY INSURANCE, GIVE PARTICULARS | DATE OF LOSS |
|---|--|-----------------|
|---|--|-----------------|

9. Payments related to debt counseling or bankruptcy
None

List all payments made or property transferred by or on behalf of the debtor to any persons, including attorneys, for consultation concerning debt consolidation, relief under the bankruptcy law or preparation of a petition in bankruptcy within **one year** immediately preceding the commencement of this case.

| NAME AND ADDRESS OF PAYEE | DATES OF PAYMENT, NAME OF PAYER IF OTHER THAN DEBTOR | AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY |
|--------------------------------|--|--|
| | 11/19/07 | \$100,000.00 (retainer) |
| Dechert LLP | 12/11/07 | \$134,652.47 |
| Richard, Layton & Finger, P.A. | 12/11/07 | \$35,000.00 (includes retainer) |

10. Other transfers
None

a. List all other property, other than property transferred in the ordinary course of the business or financial affairs of the debtor, transferred either absolutely or as security within **two years** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include transfers by either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF TRANSFEREE, RELATIONSHIP TO DEBTOR | DATE | DESCRIBE PROPERTY TRANSFERRED AND VALUE RECEIVED |
|--|------|--|
| | | |

None

b. List all property transferred by the debtor within **ten years** immediately preceding the commencement of this case to a self-settled trust or similar device of which the debtor is a beneficiary.

| NAME OF TRUST OR OTHER DEVICE | DATE(S) OF TRANSFER(S) | AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY OR DEBTOR'S INTEREST IN PROPERTY |
|-------------------------------|------------------------|---|
| | | |

11. Closed financial accounts
None

List all financial accounts and instruments held in the name of the debtor or for the benefit of the debtor which were closed, sold, or otherwise transferred within **one year** immediately preceding the commencement of this case. Include checking, savings, or other financial accounts, certificates of deposit, or other instruments; shares and share accounts held in banks, credit unions, pension funds, cooperatives, associations, brokerage houses and other financial institutions. (Married debtors filing under chapter 12 or chapter 13 must include information concerning accounts or instruments held by or for either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF INSTITUTION | TYPE OF ACCOUNT, LAST FOUR DIGITS OF ACCOUNT NUMBER, AND AMOUNT OF FINAL BALANCE | AMOUNT AND DATE OF SALE OR CLOSING |
|--|--|------------------------------------|
| The Bank of New York 1001 Franklin Ave Garden City, NY 11530 | Escrow Account- Acct # 361811- \$0 | 12/1/2007 |

12. Safe deposit boxes
None

List each safe deposit or other box or depository in which the debtor has or had securities, cash, or other valuables within **one year** immediately preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include boxes or depositories of either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF BANK OR OTHER DEPOSITORY | NAMES AND ADDRESSES OF THOSE WITH ACCESS TO BOX OR DEPOSITORY | DESCRIPTION OF CONTENTS | DATE OF TRANSFER OR SURRENDER, IF ANY |
|--|---|-------------------------|---------------------------------------|
|--|---|-------------------------|---------------------------------------|

13. Setoffs
None

List all setoffs made by any creditor, including a bank, against a debt or deposit of the debtor within **90 days** preceding the commencement of this case. (Married debtors filing under chapter 12 or chapter 13 must include information concerning either or both spouses whether or not a joint petition is filed, unless the spouses are separated and a joint petition is not filed.)

| NAME AND ADDRESS OF CREDITOR | DATE OF SETOFF | AMOUNT OF SETOFF |
|------------------------------|----------------|------------------|
|------------------------------|----------------|------------------|

14. Property held for another person
None

List all property owned by another person that the debtor holds or controls.

| NAME AND ADDRESS OF OWNER | DESCRIPTION AND VALUE OF PROPERTY | LOCATION OF PROPERTY |
|---------------------------|-----------------------------------|----------------------|
|---------------------------|-----------------------------------|----------------------|

15. Prior address of debtor List
None

If debtor has moved within **three years** immediately preceding the commencement of this case, list all premises which the debtor occupied during that period and vacated prior to the commencement of this case. If a joint petition is filed, report also any separate address of either spouse.

| ADDRESS | NAME USED | DATES OF OCCUPANCY |
|--|--------------------------|-------------------------|
| 220 Belle Meade Road Setauket, NY 11706 | Transurgical & ProRhythm | 01/01/1997 – 12/31/2004 |

16. Spouses and Former Spouses

None

If the debtor resides or resided in a community property state, commonwealth, or territory (including Alaska, Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Puerto Rico, Texas, Washington, or Wisconsin) within **eight years** immediately preceding the commencement of the case, identify the name of the debtor’s spouse and of any former spouse who resides or resided with the debtor in the community property state.

NAME

17. Environmental Information.

None

For the purpose of this question, the following definitions apply:

“Environmental Law” means any federal, state, or local statute or regulation regulating pollution, contamination, releases of hazardous or toxic substances, wastes or material into the air, land, soil, surface water, groundwater, or other medium, including, but not limited to, statutes or regulations regulating the cleanup of these substances, wastes, or material.

“Site” means any location, facility, or property as defined under any Environmental Law, whether or not presently or formerly owned or operated by the debtor, including, but not limited to, disposal sites.

“Hazardous Material” means anything defined as a hazardous waste, hazardous substance, toxic substance, hazardous material, pollutant, or contaminant or similar term under an Environmental Law.

None

a. List the name and address of every site for which the debtor has received notice in writing by a governmental unit that it may be liable or potentially liable under or in violation of an Environmental Law. Indicate the governmental unit, the date of the notice, and, if known, the Environmental Law:

| SITE NAME AND ADDRESS | NAME AND ADDRESS OF GOVERNMENTAL UNIT | DATE OF NOTICE | ENVIRONMENTAL LAW |
|-----------------------|---------------------------------------|----------------|-------------------|
|-----------------------|---------------------------------------|----------------|-------------------|

None

b. List the name and address of every site for which the debtor provided notice to a governmental unit of a release of Hazardous Material. Indicate the governmental unit to which the notice was sent and the date of the notice.

| SITE NAME AND ADDRESS | NAME AND ADDRESS OF GOVERNMENTAL UNIT | DATE OF NOTICE | ENVIRONMENTAL LAW |
|-----------------------|---------------------------------------|----------------|-------------------|
|-----------------------|---------------------------------------|----------------|-------------------|

None

c. List all judicial or administrative proceedings, including settlements or orders, under any Environmental Law with respect to which the debtor is or was a party. Indicate the name and address of the governmental unit that is or was a party to the proceeding, and the docket number.

| NAME AND ADDRESS OF GOVERNMENTAL UNIT | DOCKET NUMBER | STATUS OR DISPOSITION |
|---------------------------------------|---------------|-----------------------|
|---------------------------------------|---------------|-----------------------|

18. Nature, location and name of business
None

a. *If the debtor is an individual*, list the names, addresses, taxpayer-identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was an officer, director, partner, or managing executive of a corporation, partner in a partnership, sole proprietor, or was self-employed in a trade, profession, or other activity either full- or part-time within **six years** immediately preceding the commencement of this case, or in which the debtor owned 5 percent or more of the voting or equity securities within **six years** immediately preceding the commencement of this case.

If the debtor is a partnership, list the names, addresses, taxpayer-identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities, within **six years** immediately preceding the commencement of this case.

If the debtor is a corporation, list the names, addresses, taxpayer-identification numbers, nature of the businesses, and beginning and ending dates of all businesses in which the debtor was a partner or owned 5 percent or more of the voting or equity securities within **six years** immediately preceding the commencement of this case.

| NAME | LAST FOUR DIGITS OF SOCIAL-SECURITY OR OTHER INDIVIDUAL TAXPAYER-I.D. NO. (ITIN)/COMPLETE EIN | ADDRESS | NATURE OF BUSINESS | BEGINNING AND ENDING DATES |
|------|---|---------|--------------------|-------------------------------|
|------|---|---------|--------------------|-------------------------------|

None

b. Identify any business listed in response to subdivision a., above, that is “single asset real estate” as defined in 11 U.S.C. § 101.

| NAME | ADDRESS |
|------|---------|
|------|---------|

The following questions are to be completed by every debtor that is a corporation or partnership and by any individual debtor who is or has been, within **six years** immediately preceding the commencement of this case, any of the following: an officer, director, managing executive, or owner of more than 5 percent of the voting or equity securities of a corporation; a partner, other than a limited partner, of a partnership, a sole proprietor, or self-employed in a trade, profession, or other activity, either full- or part-time.

*(An individual or joint debtor should complete this portion of the statement **only** if the debtor is or has been in business, as defined above, within six years immediately preceding the commencement of this case. A debtor who has not been in business within those six years should go directly to the signature page.)*

19. Books, records and financial statements
None

a. List all bookkeepers and accountants who within **two years** immediately preceding the filing of this bankruptcy case kept or supervised the keeping of books of account and records of the debtor.

| NAME AND ADDRESS | DATES SERVICES RENDERED |
|------------------|-------------------------|
|------------------|-------------------------|

Richard Fisher
5250 Old School Road
Pleasanton, CA 94588
12/11/05 – 9/30/07

David Cichy
52 Nassau Blvd
Malverne, NY 11565
12/11/05 - Present

None b. List all firms or individuals who within **two years** immediately preceding the filing of this bankruptcy case have audited the books of account and records, or prepared a financial statement of the debtor.

| NAME | ADDRESS | DATES SERVICES RENDERED |
|------------------|--|------------------------------|
| BDO Seidman, LLP | 401 Broadhollow Road Melville, NY 11747 | Dec 12, 2005 to Dec 11, 2007 |

None c. List all firms or individuals who at the time of the commencement of this case were in possession of the books of account and records of the debtor. If any of the books of account and records are not available, explain.

| NAME | ADDRESS |
|------|---------|
|------|---------|

None d. List all financial institutions, creditors and other parties, including mercantile and trade agencies, to whom a financial statement was issued by the debtor within **two years** immediately preceding the commencement of this case.

| NAME AND ADDRESS | DATES ISSUED |
|---|-------------------------|
| St. Jude Medical One Lillehei Plaza St. Paul, Minnesota 55117 | April 2006 & April 2007 |
| Century Medical, Inc. 1-6-4 Osaki Shinagawa-Ku Tokyo, Japan 141-8588 | April 2006 & April 2007 |
| Lighthouse Capital Partners 500 Drake's Landing Road Greenbrae, CA 94904-3011 | April 2006 & April 2007 |

20. Inventories 2006/2005

None a. List the dates of the last two inventories taken of your property, the name of the person who supervised the taking of each inventory, and the dollar amount and basis of each inventory.

| DATE OF INVENTORY | INVENTORY SUPERVISOR | DOLLAR AMOUNT OF INVENTORY (Specify cost, market or other basis) |
|-------------------|----------------------|---|
|-------------------|----------------------|---|

None b. List the name and address of the person having possession of the records of each of the inventories reported in a., above.

DATE OF INVENTORY

NAME AND ADDRESSES
OF CUSTODIAN
OF INVENTORY RECORDS**21. Current Partners, Officers, Directors and Shareholders**None

a. If the debtor is a partnership, list the nature and percentage of partnership interest of each member of the partnership.

| NAME AND ADDRESS | NATURE OF INTEREST | PERCENTAGE OF INTEREST |
|------------------|--------------------|------------------------|
|------------------|--------------------|------------------------|

None

b. If the debtor is a corporation, list all officers and directors of the corporation, and each stockholder who directly or indirectly owns, controls, or holds 5 percent or more of the voting or equity securities of the corporation.

| NAME AND ADDRESS | TITLE | NATURE AND PERCENTAGE OF STOCK OWNERSHIP |
|--|----------------------|--|
| L Capital Partners 10 East 53rd Street-37th Floor, NY, NY 10022 | Equity Holder | 45% owner |
| Medtronic, Inc. World Headquarters 710 Medtronic Pkwy N.E. Minneapolis, MN 55432-5604 | Equity Holder | 6% |
| St. Jude Medical One Lillehei Plaza St. Paul, Minnesota 55117 | Equity Holder | 18% |
| David Cichy 52 Nassau Blvd Malverne, NY 11565 | CFO & Secretary | N/A |
| Reinhard Warnking 143 Old Field Road E. Setauket, NY United States 11733 | CEO | 1% |
| Alex Zielenski 60 W. 66th Street Apt 16I New York, NY 10023 | VP Manufacturing | N/A |
| Gene Jung 4 Sandstone Drive Nashua, NH United States 03063 | VP Engineering | N/A |
| David Smith 12 Ethan Allen Court South Setauket, NY United States 11720 | VP Sales & Marketing | N/A |
| Nancy Briefs 4 Sandstone Drive Nashua, NH United States 03063 | Independent Director | N/A |
| Al Novak 6350 S.W. 92 nd Street Miami, FL 33156 | Chairman | N/A |

| | | |
|---|----------|-----|
| Ting Pau Oei 10 East 53rd Street-37th Floor, NY, NY 10022 | Director | N/A |
|---|----------|-----|

22. Former partners, officers, directors and shareholders

None

a. If the debtor is a partnership, list each member who withdrew from the partnership within **one year** immediately preceding the commencement of this case.

| NAME | ADDRESS | DATE OF WITHDRAWAL |
|------|---------|--------------------|
|------|---------|--------------------|

None

b. If the debtor is a corporation, list all officers or directors whose relationship with the corporation terminated within **one year** immediately preceding the commencement of this case.

| NAME AND ADDRESS | TITLE | DATE OF TERMINATION |
|------------------|-------|---------------------|
|------------------|-------|---------------------|

| | | |
|--|------------------------|-----------|
| Dick Fischer 5250 Old School Road Pleasanton, CA 94588 | Former CFO & Secretary | 9/30/2007 |
|--|------------------------|-----------|

| | | |
|--|-----------------|-----------|
| Damion Wicker 2440 Sand Hill Road Menlo Park, CA 94025 | Former Director | 12/1/2007 |
|--|-----------------|-----------|

23. Withdrawals from a partnership or distributions by a corporation

None

If the debtor is a partnership or corporation, list all withdrawals or distributions credited or given to an insider, including compensation in any form, bonuses, loans, stock redemptions, options exercised and any other perquisite during **one year** immediately preceding the commencement of this case.

| NAME & ADDRESS OF RECIPIENT, RELATIONSHIP TO DEBTOR | DATE AND PURPOSE OF WITHDRAWAL | AMOUNT OF MONEY OR DESCRIPTION AND VALUE OF PROPERTY |
|---|-----------------------------------|--|
|---|-----------------------------------|--|

See question 3

24. Tax Consolidation Group.

None

If the debtor is a corporation, list the name and federal taxpayer-identification number of the parent corporation of any consolidated group for tax purposes of which the debtor has been a member at any time within **six years** immediately preceding the commencement of the case.

| NAME OF PARENT CORPORATION | TAXPAYER-IDENTIFICATION NUMBER (EIN) |
|----------------------------|--------------------------------------|
|----------------------------|--------------------------------------|

25. Pension Funds.

None

If the debtor is not an individual, list the name and federal taxpayer-identification number of any pension fund to which the debtor, as an employer, has been responsible for contributing at any time within **six years** immediately preceding the commencement of the case.

NAME OF PENSION FUND

TAXPAYER-IDENTIFICATION NUMBER (EIN)

* * * * *

[If completed by an individual or individual and spouse]

I declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments thereto and that they are true and correct.

Date _____ Signature of Debtor _____

Date _____ Signature of Joint Debtor (if any) _____

[If completed on behalf of a partnership or corporation]

I declare under penalty of perjury that I have read the answers contained in the foregoing statement of financial affairs and any attachments (hereto and that they are true and correct to the best of my knowledge, information and belief.

Date 1/16/08 Signature David Cichy
Print Name and Title David Cichy, Chief Financial Officer

3 continuation sheets attached

Penalty for making a false statement: Fine of up to 1,500,000 or imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 3571

DECLARATION AND SIGNATURE OF NON-ATTORNEY BANKRUPTCY PETITION PREPARER (See 11 U.S.C. § 110)

I declare under penalty of perjury that: (1) I am a bankruptcy petition preparer as defined in 11 U.S.C. § 110; (2) I prepared this document for compensation and have provided the debtor with a copy of this document and the notices and information required under 11 U.S.C. §§ 110(b), 110(h), and 342(h); and, (3) if rules or guidelines have been promulgated pursuant to 11 U.S.C. § 110(h) setting a maximum fee for services chargeable by bankruptcy petition preparers, I have given the debtor notice of the maximum amount before preparing any document for filing for a debtor or accepting any fee from the debtor, as required by that section.

Printed or Typed Name and Title, if any, of Bankruptcy Petition Preparer _____ Social-Security No. (Required by 11 U.S.C. § 110.) _____

If the bankruptcy petition preparer is not an individual, state the name, title (if any), address, and social-security number of the officer, principal, responsible person, or partner who signs this document.

Address _____

Signature of Bankruptcy Petition Preparer _____ Date _____

Names and Social-Security numbers of all other individuals who prepared or assisted in preparing this document unless the bankruptcy petition preparer is not an individual:

If more than one person prepared this document, attach additional signed sheets conforming to the appropriate Official Form for each person

A bankruptcy petition preparer's failure to comply with the provisions of title 11 and the Federal Rules of Bankruptcy Procedure may result in fines or imprisonment or both. 18 U.S.C. § 156.

| Date | Name | Amount |
|-------------|--|------------------|
| 09/24/2007 | Advanced Polymers | (5,100) |
| 10/17/2007 | Advanced Polymers | (4,500) |
| | Advanced Polymers Total | (9,600) |
| 09/24/2007 | Agility Centralized Research Services Inc | (5,180) |
| 10/17/2007 | Agility Centralized Research Services Inc | (5,180) |
| 11/20/2007 | Agility Centralized Research Services Inc | (6,810) |
| | Agility Centralized Research Services Inc | (17,171) |
| 09/24/2007 | BDO Seidman, LLP | (11,450) |
| 11/20/2007 | BDO Seidman, LLP | (800) |
| | BDO Seidman, LLP Total | (12,250) |
| 09/12/2007 | Bio-Imaging Technologies, Inc. | (657) |
| 09/24/2007 | Bio-Imaging Technologies, Inc. | (2,401) |
| 11/08/2007 | Bio-Imaging Technologies, Inc. | (2,706) |
| 11/20/2007 | Bio-Imaging Technologies, Inc. | (645) |
| | Bio-Imaging Technologies, Inc. Total | (6,409) |
| 11/08/2007 | Century Medical, Inc. | (30,137) |
| | Century Medical, Inc. Total | (30,137) |
| 09/12/2007 | Chase Card Services | (12,418) |
| 10/17/2007 | Chase Card Services | (7,995) |
| 11/08/2007 | Chase Card Services | (4,966) |
| | Chase Card Services Total | (25,380) |
| 10/29/2007 | CNA Insurance Company | (18,538) |
| | CNA Insurance Company Total | (18,538) |
| 10/03/2007 | David E. Acker | (13,560) |
| 11/08/2007 | David E. Acker | (13,485) |
| | David E. Acker Total | (27,045) |
| 11/20/2007 | Debbie Cardinal | (15,349) |
| | Debbie Cardinal Total | (15,349) |
| 09/24/2007 | Dechert LLP | (975) |
| 10/17/2007 | Dechert LLP | (10,649) |
| 11/20/2007 | Dechert LLP | (100,000) |
| 11/20/2007 | Dechert LLP | (36,429) |
| 12/11/2007 | Dechert LLP | (205,048) |
| | Dechert LLP Total | (353,101) |
| 10/23/2007 | Dr. Ehrenberg & Partner | (15,000) |
| 12/03/2007 | Dr. Ehrenberg & Partner | (10,000) |
| | Dr. Ehrenberg & Partner Total | (25,000) |
| 09/12/2007 | Fed Ex | (1,255) |
| 09/24/2007 | Fed Ex | (1,032) |
| 10/03/2007 | Fed Ex | (2,808) |
| 10/17/2007 | Fed Ex | (705) |
| 11/20/2007 | Fed Ex | (957) |

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| 11/27/2007 Fed Ex | (1,172) |
| 12/05/2007 Fed Ex | (1,563) |
| Fed Ex Total | (9,491) |
| 10/23/2007 Fidelity Investments | (7,112) |
| 11/20/2007 Fidelity Investments | (5,676) |
| 11/20/2007 Fidelity Investments | (705) |
| 11/27/2007 Fidelity Investments | (1,250) |
| Fidelity Investments Total | (14,743) |
| 11/19/2007 Heath Lambert LTD IBA | (8,410) |
| 11/26/2007 Heath Lambert LTD IBA | (20,242) |
| Heath Lambert LTD IBA Total | (28,653) |
| 09/24/2007 Hogan & Hartson L.L.P | (146) |
| 10/31/2007 Hogan & Hartson L.L.P | (3,088) |
| 11/27/2007 Hogan & Hartson L.L.P | (3,088) |
| Hogan & Hartson L.L.P Total | (6,321) |
| 11/20/2007 Johns Hopkins University | (6,666) |
| Johns Hopkins University Total | (6,666) |
| 10/17/2007 KEMA - Registered Quality, Inc. | (17,282) |
| KEMA - Registered Quality, Inc. Total | (17,282) |
| 10/03/2007 KIKA Medical | (3,558) |
| 11/27/2007 KIKA Medical | (3,267) |
| KIKA Medical Total | (6,825) |
| 10/17/2007 Lerner, David, Littenberg, et. al | (14,965) |
| 11/27/2007 Lerner, David, Littenberg, et. al | (4,862) |
| Lerner, David, Littenberg, et. al Total | (19,827) |
| 09/24/2007 Lighthouse Capital Partners | (25,573) |
| 11/08/2007 Lighthouse Capital Partners | (25,573) |
| 11/27/2007 Lighthouse Capital Partners | (25,573) |
| Lighthouse Capital Partners Total | (76,718) |
| 09/24/2007 LIPA | (9,865) |
| 10/17/2007 LIPA | (7,618) |
| 11/20/2007 LIPA | (8,266) |
| 12/05/2007 LIPA | (5,023) |
| LIPA Total | (30,773) |
| 09/24/2007 Long Island Industrial Management | (21,467) |
| 11/08/2007 Long Island Industrial Management | (21,467) |
| 11/27/2007 Long Island Industrial Management | (21,467) |
| Long Island Industrial Management Total | (64,401) |
| 09/12/2007 Medtronic USA Inc. | (2,390) |
| 10/03/2007 Medtronic USA Inc. | (1,740) |
| 10/17/2007 Medtronic USA Inc. | (1,195) |
| 11/27/2007 Medtronic USA Inc. | (1,195) |
| 12/05/2007 Medtronic USA Inc. | (1,195) |

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| | Medtronic USA Inc. Total | (7,714) |
| 09/12/2007 | MicroGroup | (4,498) |
| 11/27/2007 | MicroGroup | (4,184) |
| | MicroGroup Total | (8,682) |
| 10/03/2007 | P & A Administrative Services, Inc. | (40,317) |
| 10/03/2007 | P & A Administrative Services, Inc. | (1,000) |
| 10/03/2007 | P & A Administrative Services, Inc. | (792) |
| 11/08/2007 | P & A Administrative Services, Inc. | (27,886) |
| 12/07/2007 | P & A Administrative Services, Inc. | (37,040) |
| | P & A Administrative Services, Inc. Total | (107,035) |
| 09/11/2007 | Paychex, Inc. | (121,419) |
| 09/25/2007 | Paychex, Inc. | (123,505) |
| 10/11/2007 | Paychex, Inc. | (124,973) |
| 10/23/2007 | Paychex, Inc. | (118,026) |
| 11/06/2007 | Paychex, Inc. | (116,930) |
| 11/20/2007 | Paychex, Inc. | (116,920) |
| 12/04/2007 | Paychex, Inc. | (117,479) |
| | Paychex, Inc. Total | (839,253) |
| 10/03/2007 | Precision Acoustics Ltd | (3,270) |
| 11/30/2007 | Precision Acoustics Ltd | (2,341) |
| | Precision Acoustics Ltd Total | (5,611) |
| 11/20/2007 | Richard L. Fischer | (11,298) |
| | Richard L. Fischer Total | (11,298) |
| 12/11/2007 | Richards, Layton & Finger | (35,000) |
| | Richards, Layton & Finger Total | (35,000) |
| 09/13/2007 | St. Jude Medical | (10,730) |
| 09/24/2007 | St. Jude Medical | (8,347) |
| 10/17/2007 | St. Jude Medical | (5,510) |
| | St. Jude Medical Total | (24,587) |
| 10/17/2007 | The University of Oklahoma HSC | (8,954) |
| | The University of Oklahoma HSC Total | (8,954) |
| 10/17/2007 | Three Wire, Inc. | (73,907) |
| 11/08/2007 | Three Wire, Inc. | (84,083) |
| | Three Wire, Inc. Total | (157,990) |
| 09/24/2007 | TRS Technologies | (13,450) |
| 10/17/2007 | TRS Technologies | (13,450) |
| | TRS Technologies Total | (26,900) |
| | Grand Total | (2,054,703) |