

CHEMBIO DIAGNOSTICS, INC.

Form 4

December 21, 2007

**FORM 4**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

OMB APPROVAL

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**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
CRESTVIEW CAPITAL MASTER LLC

2. Issuer Name and Ticker or Trading Symbol  
CHEMBIO DIAGNOSTICS, INC.  
[CEMI]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
95 REVERE DRIVE SUITE A,  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
12/19/2007

\_\_\_\_ Director  
\_\_\_\_ Officer (give title below)  
 10% Owner  
\_\_\_\_ Other (specify below)

NORTHBROOK, IL 60062

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
\_\_\_\_ Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price
Common Stock	12/19/2007		C		10,290,342	A	\$ 0.4
							12,325,635
Common Stock	12/19/2007		C		4,166,666	A	\$ 0.48
							16,492,301
Common Stock	12/19/2007		X		60,451	A	\$ 0.4
							16,552,752
Common Stock	12/19/2007		X		625,000	A	\$ 0.4
							17,177,752
Common Stock	12/19/2007		J <sup>(2)</sup>		442,484	A	\$ 0
							17,620,236

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Common Stock	12/19/2007	J <sup>(3)</sup>	139,351	A	\$ 0	17,759,587	D <sup>(1)</sup>
Common Stock	12/19/2007	P	216,667	A	\$ 0.42	17,976,254	D <sup>(1)</sup>

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

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)				6. Date Exercisable and Exp (Month/Day/Year)
					Code	V	(A)	(D)	
Series B 9% Convertible Preferred Stock	\$ 0.61	12/19/2007		J <sup>(4)</sup>			82.3227	01/28/2005 <sup>(5)</sup>	
Amended Series B 9% Convertible Preferred Stock	\$ 0.4	12/19/2007		J <sup>(4)</sup>		82.3227		12/19/2007	
Amended Series B 9% Convertible Preferred Stock	\$ 0.4	12/19/2007		C			82.3227	12/19/2007	
Series C 7% Convertible Preferred Stock	\$ 0.8	12/19/2007		J <sup>(7)</sup>			40	09/29/2006 <sup>(5)</sup>	
Amended Series C 7% Convertible Preferred Stock	\$ 0.48	12/19/2007		J <sup>(7)</sup>		40		12/19/2007	
Amended Series C 7% Convertible Preferred Stock	\$ 0.48	12/19/2007		C			40	12/19/2007	

Convertible  
Preferred  
Stock

Series B  
Common  
Stock

\$ 0.61	12/19/2007	<u>J(8)(9)(10)(11)</u>	6,229,507	01/28/2005 <sup>(5)</sup>
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Amended  
Series B  
Common  
Stock

\$ 0.4 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J(8)(9)(10)(11)</u>	6,229,507 <u>(13)</u>	12/19/2007 <sup>(8)(9)(10)(11)</sup>
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Amended  
Series B  
Common  
Stock

\$ 0.45 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J(8)(9)(10)(11)</u>	6,229,507 <u>(13)</u>	12/19/2007 <sup>(8)(9)(10)(11)</sup>
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Amended  
Series B  
Common  
Stock

\$ 0.45 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J(8)(9)(10)(11)</u>	6,229,507 <u>(13)</u>	12/19/2007 <sup>(8)(9)(10)(11)</sup>
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Amended  
Series B  
Common  
Stock

\$ 0.61 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J(8)(9)(10)(11)</u>	6,229,507 <u>(13)</u>	12/19/2007 <sup>(8)(9)(10)(11)</sup>
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Amended  
Series B  
Common  
Stock

\$ 0.61 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J(8)(9)(10)(11)</u>	6,229,507 <u>(13)</u>	06/30/2008 <sup>(8)(9)(10)(11)</sup>
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Amended  
Series B  
Common  
Stock

\$ 0.4 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	X	60,451 <sup>(13)</sup>	12/19/2007 <sup>(8)(9)(10)(11)</sup>
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Purchase  
Warrants  
(Option 1)

Amended  
Series B

Common Stock	\$ 0.45 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J(8)(9)(10)(11)</u>	60,451 <sup>(13)</sup>	12/19/2007 <sup>(8)(9)(10)(11)</sup>
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Purchase  
Warrants  
(Option 2)

Amended  
Series B

Common Stock	\$ 0.45 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J(8)(9)(10)(11)</u>	60,451 <sup>(13)</sup>	12/19/2007 <sup>(8)(9)(10)(11)</sup>
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Purchase  
Warrants  
(Option 3)

Amended  
Series B

Common Stock	\$ 0.61 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J(8)(9)(10)(11)</u>	60,451 <sup>(13)</sup>	12/19/2007 <sup>(8)(9)(10)(11)</sup>
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Purchase  
Warrants  
(Option 4)

Amended  
Series B

Common Stock	\$ 0.61 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J(8)(9)(10)(11)</u>	60,451 <sup>(13)</sup>	06/30/2008 <sup>(8)(9)(10)(11)</sup>
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Purchase  
Warrants  
(Option 5)

Amended  
Series B

Common Stock	\$ 0.4 <sup>(8)</sup> <u>(9) (10) (11)</u>	12/19/2007	<u>J<sup>(14)</sup></u>	6,169,056 <sup>(13)</sup>	12/19/2007 <sup>(8)(9)(10)(11)</sup>
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Purchase  
Warrants  
(Option 1)

Series C  
Common

Stock	\$ 1	12/19/2007	<u>J(15)(16)(17)(18)</u>	625,000	09/29/2006 <sup>(5)</sup>
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Purchase

Warrants

Amended Series C Common Stock	\$ 0.4 <sup>(15)</sup> <u>(16) (17)</u> <u>(18)</u>	12/19/2007	<u>J(15)(16)(17)(18)</u>	625,000 <sup>(19)</sup>	12/19/2007 <sup>(15)(16)(17)(18)</sup>
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Purchase  
Warrants  
(Option 1)

Amended  
Series C

Common Stock	\$ 0.45 <sup>(15)</sup> <u>(16) (17)</u>	12/19/2007	J <sup>(15)(16)(17)(18)</sup>	625,000 <u>(19)</u>	12/19/2007 <sup>(15)(16)(17)(18)</sup>
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Purchase  
Warrants  
(Option 2)

Amended  
Series C

Common Stock	\$ 0.45 <sup>(15)</sup> <u>(16) (17)</u>	12/19/2007	J <sup>(15)(16)(17)(18)</sup>	625,000 <u>(19)</u>	12/19/2007 <sup>(15)(16)(17)(18)</sup>
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Purchase  
Warrants  
(Option 3)

Amended  
Series C

Common Stock	\$ 1 <sup>(15)</sup> <u>(16) (17)</u>	12/19/2007	J <sup>(15)(16)(17)(18)</sup>	625,000 <u>(19)</u>	12/19/2007 <sup>(15)(16)(17)(18)</sup>
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Purchase  
Warrants  
(Option 4)

Amended  
Series C

Common Stock	\$ 1 <sup>(15)</sup> <u>(16) (17)</u>	12/19/2007	J <sup>(15)(16)(17)(18)</sup>	625,000 <u>(19)</u>	06/30/2008 <sup>(15)(16)(17)(18)</sup>
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Purchase  
Warrants  
(Option 5)

Amended  
Series C

Common Stock	\$ 0.4 <sup>(15)</sup> <u>(16) (17)</u>	12/19/2007	X	625,000	12/19/2007 <sup>(15)(16)(17)(18)</sup>
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Purchase  
Warrants  
(Option 1)

Amended  
Series C

Common Stock	\$ 0.45 <sup>(15)</sup> <u>(16) (17)</u>	12/19/2007	J <sup>(20)</sup>	625,000 <u>(19)</u>	12/19/2007 <sup>(15)(16)(17)(18)</sup>
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Purchase  
Warrants  
(Option 2)

Amended  
Series C

Common Stock	\$ 0.45 <sup>(15)</sup> <u>(16) (17)</u>	12/19/2007	J <sup>(20)</sup>	625,000 <u>(19)</u>	12/19/2007 <sup>(15)(16)(17)(18)</sup>
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Common Stock Purchase Warrants (Option 3)	<u>(18)</u>				
Amended Series C Common Stock Purchase Warrants (Option 4)	\$ 1 <u>(15)</u> <u>(16) (17)</u> <u>(18)</u>	12/19/2007	J <u>(20)</u>	625,000 <u>(19)</u>	12/19/2007 <u>(15)(16)(17)(18)</u>
Amended Series C Common Stock Purchase Warrants (Option 5)	\$ 1 <u>(15)</u> <u>(16) (17)</u> <u>(18)</u>	12/19/2007	J <u>(20)</u>	625,000 <u>(19)</u>	06/30/2008 <u>(15)(16)(17)(18)</u>

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
CRESTVIEW CAPITAL MASTER LLC 95 REVERE DRIVE SUITE A NORTHBROOK, IL 60062		X		
Crestview Capital Partners, LLC C/O CRESTVIEW CAPITAL FUNDS 95 REVERE DRIVE, SUITE A NORTHBROOK, IL 60062		X		

## Signatures

Crestview Capital Master, LLC By: Crestview Capital Partners, LLC, its sole Manager By:/s/ Robert Hoyt Name: Robert Hoyt	12/21/2007
__Signature of Reporting Person	Date
Crestview Capital Partners, LLC, By: /s/ Robert Hoyt Name:Robert Hoyt	12/21/2007
__Signature of Reporting Person	Date

## Explanation of Responses:

- \* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- \*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
  - (1) These securities are owned directly by Crestview Capital Master, LLC. Crestview Capital Partners, LLC is the sole manager of Crestview Capital Master, LLC, and as such has the power to direct the vote and to direct the disposition of investments owned by Crestview Capital Master, LLC, and thus may be deemed to be an indirect beneficial owner of the reported securities.
  - (2) Issued as a stock dividend on the Series B Preferred Stock in a transaction exempt under Rule 16a-9(a).

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- (3) Issued as a stock dividend on the Series C Preferred Stock in a transaction exempt under Rule 16a-9(a).

The two reported transactions involved an amendment of the terms of the Issuer's Series B 9% Convertible Preferred Stock (the "Series B Preferred Stock") to, among other things, (i) lower the conversion price of the Series B Preferred Stock from \$0.61 to \$0.40, (ii) provide for the automatic conversion of all the Series B Preferred Stock into shares of Common Stock immediately following the effectiveness of the amended Series B Preferred Stock Certificate of Designation filed with the State of Nevada and (iii) permit the issuance of shares of Common Stock upon automatic conversion of all the Series B Preferred Stock notwithstanding the beneficial ownership limitation provision contained in the Series B Certificate of Designation. Such amendment may be deemed to involve a cancellation of the Series B Preferred Stock originally held by the Reporting Person and an acquisition of an equal number of shares of the Series B Preferred Stock, as amended.

- (5) The terms of the Series B Preferred Stock, Series C Preferred Stock (as defined below), Series B Warrants (as defined below) and Series C Warrants (as defined below) contained restrictions that prevented them from being converted if the number of shares of Common Stock to be issued pursuant to such conversion would cause Crestview Capital Master, LLC together with its affiliates to own in excess of 4.99% (with respect to the Series B Preferred Stock and Series C Preferred Stock) or, if the foregoing was waived, with respect to the Series C Preferred Stock, 9.99% of the issued and outstanding Common Stock immediately after giving effect to such conversion or exercise.

- (6) These securities do not have an expiration date.

The two reported transactions involved an amendment of the terms of the Issuer's Series C 7% Convertible Preferred Stock (the "Series C Preferred Stock") to, among other things, (i) lower the conversion price of the Series C Preferred Stock from \$0.80 to \$0.48, (ii) provide for the automatic conversion of all the Series C Preferred Stock into shares of Common Stock immediately following the effectiveness of the amended Series C Preferred Stock Certificate of Designation filed with the State of Nevada and (iii) permit the issuance of shares of Common Stock upon automatic conversion of all the Series C Preferred Stock notwithstanding the beneficial ownership limitation provision contained in the Series C Certificate of Designation. Such amendment may be deemed to involve a cancellation of the Series C Preferred Stock originally held by the Reporting Person and an acquisition of an equal number of shares of the Series C Preferred Stock, as amended.

- (8) On December 19, 2007, the Series B Common Stock Purchase Warrants (the "Series B Warrants") were amended to, among other things, lower the exercise price from \$0.61 to \$0.40 for cash exercises and to \$0.45 for cashless exercises beginning at 4:01 pm eastern time on December 19, 2007 (the "Transaction Date"). The amendment to the Series B Warrants also provided that (i) the exercise price would be \$0.45 (for cash and on a cashless basis) beginning at 10 pm eastern time on the Transaction Date through 9:59 pm eastern time on the date that is six months and twelve days following the Transaction Date, i.e. June 30, 2008 (the "Outside Date"), if the holder exercised at least 10% of all of its warrants and options on the Transaction Date for cash and \$0.61 if the holder did not exercise for cash at least 10% of all of its warrants and options on the Transaction Date; ....see next footnote

- (9) ...continued from last footnote...and (ii) beginning at 10 pm eastern time on the Outside Date through the expiration of the Series B Warrants, the exercise price would be \$0.61 for the then-remaining unexercised portion of the Series B Warrants. The amendment further provided that (1) the cashless exercise feature could be exercised at all times (instead of during the period while a registration statement covering the warrant shares was not effective), provided that the cashless feature may not be exercised by holders through the Outside Date who failed to exercise at least 10% of all of such holder's warrants and options for cash on the Transaction Date; (2) the cashless exercise feature assumes a market price equal to the greater of (a) \$0.53 or (b) the volume weighted average trading price for the 10 trading period ending on the second trading day immediately preceding the applicable date of the exercise notice; ....continued on the next footnote

- (10) ...continued from last footnote...and (3) shares of Common Stock issuable upon exercise of the Series B Warrants could be issued through the Outside Date notwithstanding the beneficial ownership limitation provision contained therein. Such amendment may be deemed to involve a cancellation of the Series B Warrants originally held by the Reporting Person and an acquisition of an equal number of the Series B Warrants, as amended. For purposes of this Form 4, the option to exercise the Series B Warrants from 4:01 pm through 9:59 pm on the Transaction Date for cash at an exercise price of \$0.40 is referred to as "Option 1", the option to exercise the Series B Warrants from 4:01 pm through 9:59 pm on the Transaction Date on a cashless basis at an exercise price of \$0.45 is referred to as "Option 2", ...continued on the next footnote

- (11) ...continued from last footnote...the option to exercise the Series B Warrants from 10:00 pm on the Transaction Date through 9:59 pm on the Outside Date at an exercise price of \$0.45 is referred to as "Option 3", the option to exercise the Series B Warrants from 10:00 pm on the Transaction Date through 9:59 pm on the Outside Date at an exercise price of \$0.61 is referred to as "Option 4", and the option to exercise the Series B Warrants beginning at 10 pm on the Outside Date through the expiration of the Series B Warrants, at an exercise price of \$0.61 is referred to as "Option 5".

- (12) The Series B Warrants expire within five (5) years of their initial issuance date. Because the Series B Warrants were acquired in two tranches, the first on January 28, 2005, and the second on March 28, 2006, the expiration dates for the tranches differ. The first tranche consisting of Series B Warrants to purchase 4,672,130 shares of Common Stock, has an expiration date of January 28, 2010. The second tranche, consisting of Series B Warrants to purchase 1,557,377 shares of Common Stock, has an expiration date of March 28, 2011.

- (13)

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Each of Option 1, Option 2, Option 3, Option 4 and Option 5 represent Series B Warrants exercisable for the same underlying shares of Common Stock, pursuant to the five alternative exercise options described in footnotes (8) through (11) above.

- (14) As described in footnotes (8) through (11) above, any right to exercise the Series B Warrants under Option 1 and Option 2 expired at 9:59 p.m. eastern time on the Transaction Date.
- On December 19, 2007, the terms of the Series C Common Stock Purchase Warrants (the "Series C Warrants") were amended to, among other things, lower the exercise price from \$1.00 to \$0.40 for cash exercises and to \$0.45 for cashless exercises beginning at 4:01 pm eastern time on the Transaction Date. The amendment to the Series C Warrants also provided that (i) the exercise price would be \$0.45 (for cash and on a cashless basis) beginning at 10 pm eastern time on the Transaction Date through 9:59 pm eastern time on the Outside Date if the holder exercised at least 10% of all of its warrants and options on the Transaction Date for cash and \$1.00 if the holder did not exercise for cash at least 10% of all of its warrants and options on the Transaction Date; and (ii) beginning at 10 pm eastern time on the Outside Date through the expiration of the Series C Warrants, ...continued on the next footnote
- (15) ...continued from last footnote...the exercise price would be \$1.00 for the then-remaining unexercised portion of the Series C Warrants. The amendment further provided that (1) the cashless exercise feature could be exercised at all times (instead of during the period while a registration statement covering the warrant shares was not effective), provided that the cashless feature may not be exercised by holders through the Outside Date who failed to exercise at least 10% of all of such holder's warrants and options for cash on the Transaction Date; (2) the cashless exercise feature assumes a market price equal to the greater of (a) \$0.53 or (b) the volume weighted average trading price for the 10 trading period ending on the second trading day immediately preceding the date of the applicable exercise notice; ...continued on the next footnote
- (16) ...continued from last footnote...and (3) shares of Common Stock issuable upon exercise of the Series C Warrants could be issued in connection with the Transaction through the Outside Date notwithstanding the beneficial ownership limitation provision contained therein. Such amendment may be deemed to involve a cancellation of the Series C Warrants originally held by the Reporting Person and an acquisition of an equal number of the Series C Warrants, as amended. For purposes of this Form 4, the option to exercise the Series C Warrants from 4:01 pm through 9:59 pm on the Transaction Date for cash at an exercise price of \$0.40 is referred to as "Option 1", the option to exercise the Series C Warrants from 4:01 pm through 9:59 pm on the Transaction Date on a cashless basis at an exercise price of \$0.45 is referred to as "Option 2", ...continued on the next footnote
- (17) ...continued from the last footnote...the option to exercise the Series C Warrants from 10:00 pm on the Transaction Date through 9:59 pm on the Outside Date at an exercise price of \$0.45 is referred to as "Option 3", the option to exercise the Series C Warrants from 10:00 pm on the Transaction Date through 9:59 pm on the Outside Date at an exercise price of \$1.00 is referred to as "Option 4", and the option to exercise the Series C Warrants beginning at 10 pm on the Outside Date through the expiration of the Series C Warrants at an exercise price of \$1.00 is referred to as "Option 5".
- (18) Each of Option 1, Option 2, Option 3, Option 4 and Option 5 represent Series C Warrants exercisable for the same underlying 625,000 shares of Common Stock, pursuant to the five alternative exercise options described in footnotes (15) through (18) above.
- (19) Upon the exercise in full of the Series C Warrants pursuant to Option 1, any right to exercise the Series C Warrants under Option 2, Option 3, Option 4 and/or Option 5 was automatically extinguished.
- (20)

### Remarks:

#### Part 1 of a 2 Part Filing

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

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