

United States Bankruptcy Court

Eastern District of Virginia

Voluntary Petition

Name of Debtor (if individual, enter Last, First, Middle): AIROCARE, INC	Name of Joint Debtor (Spouse) (Last, First, Middle):
All Other Names used by the Debtor in the last 8 years (include married, maiden, and trade names):	All Other Names used by the Joint Debtor in the last 8 years (include married, maiden, and trade names):
Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all) 55-0884787	Last four digits of Soc. Sec. or Individual-Taxpayer I.D. (ITIN) No./Complete EIN (if more than one, state all)
Street Address of Debtor (No. and Street, City, and State): 44330 Mercure Circle Suite 150 Dulles, VA ZIP Code 20166	Street Address of Joint Debtor (No. and Street, City, and State): ZIP Code
County of Residence or of the Principal Place of Business: Loudoun	County of Residence or of the Principal Place of Business:
Mailing Address of Debtor (if different from street address): ZIP Code	Mailing Address of Joint Debtor (if different from street address): ZIP Code

Location of Principal Assets of Business Debtor
(if different from street address above):

Type of Debtor (Form of Organization) (Check one box) <ul style="list-style-type: none"> <input type="checkbox"/> Individual (includes Joint Debtors) <i>See Exhibit D on page 2 of this form.</i> <input checked="" type="checkbox"/> Corporation (includes LLC and LLP) <input type="checkbox"/> Partnership <input type="checkbox"/> Other (If debtor is not one of the above entities, check this box and state type of entity below.) 	Nature of Business (Check one box) <ul style="list-style-type: none"> <input type="checkbox"/> Health Care Business <input type="checkbox"/> Single Asset Real Estate as defined in 11 U.S.C. § 101(51B) <input type="checkbox"/> Railroad <input type="checkbox"/> Stockbroker <input type="checkbox"/> Commodity Broker <input type="checkbox"/> Clearing Bank <input checked="" type="checkbox"/> Other 	Chapter of Bankruptcy Code Under Which the Petition is Filed (Check one box) <ul style="list-style-type: none"> <input type="checkbox"/> Chapter 7 <input type="checkbox"/> Chapter 9 <input checked="" type="checkbox"/> Chapter 11 <input type="checkbox"/> Chapter 12 <input type="checkbox"/> Chapter 13 <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Main Proceeding <input type="checkbox"/> Chapter 15 Petition for Recognition of a Foreign Nonmain Proceeding
Tax-Exempt Entity (Check box, if applicable) <ul style="list-style-type: none"> <input type="checkbox"/> Debtor is a tax-exempt organization under Title 26 of the United States Code (the Internal Revenue Code). 		Nature of Debts (Check one box) <ul style="list-style-type: none"> <input type="checkbox"/> Debts are primarily consumer debts, defined in 11 U.S.C. § 101(8) as "incurred by an individual primarily for a personal, family, or household purpose." <input checked="" type="checkbox"/> Debts are primarily business debts.

Filing Fee (Check one box) <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Full Filing Fee attached <input type="checkbox"/> Filing Fee to be paid in installments (applicable to individuals only). Must attach signed application for the court's consideration certifying that the debtor is unable to pay fee except in installments. Rule 1006(b). See Official Form 3A. <input type="checkbox"/> Filing Fee waiver requested (applicable to chapter 7 individuals only). Must attach signed application for the court's consideration. See Official Form 3B. 	Chapter 11 Debtors Check one box: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Debtor is a small business debtor as defined in 11 U.S.C. § 101(51D). <input type="checkbox"/> Debtor is not a small business debtor as defined in 11 U.S.C. § 101(51D). Check if: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Debtor's aggregate noncontingent liquidated debts (excluding debts owed to insiders or affiliates) are less than \$2,343,300 (amount subject to adjustment on 4/01/13 and every three years thereafter). Check all applicable boxes: <ul style="list-style-type: none"> <input type="checkbox"/> A plan is being filed with this petition. <input type="checkbox"/> Acceptances of the plan were solicited prepetition from one or more classes of creditors, in accordance with 11 U.S.C. § 1126(b).
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Statistical/Administrative Information

- ☒ Debtor estimates that funds will be available for distribution to unsecured creditors.
- ☐ Debtor estimates that, after any exempt property is excluded and administrative expenses paid, there will be no funds available for distribution to unsecured creditors.

Estimated Number of Creditors

☐ 1-49
 ☒ 50-99
 ☐ 100-199
 ☐ 200-999
 ☐ 1,000-5,000
 ☐ 5,001-10,000
 ☐ 10,001-25,000
 ☐ 25,001-50,000
 ☐ 50,001-100,000
 ☐ OVER 100,000

Estimated Assets

☐ \$0 to \$50,000
 ☐ \$50,001 to \$100,000
 ☐ \$100,001 to \$500,000
 ☐ \$500,001 to \$1 million
 ☐ \$1,000,001 to \$10 million
 ☒ \$10,000,001 to \$50 million
 ☐ \$50,000,001 to \$100 million
 ☐ \$100,000,001 to \$500 million
 ☐ \$500,000,001 to \$1 billion
 ☐ More than \$1 billion

Estimated Liabilities

☐ \$0 to \$50,000
 ☐ \$50,001 to \$100,000
 ☐ \$100,001 to \$500,000
 ☐ \$500,001 to \$1 million
 ☒ \$1,000,001 to \$10 million
 ☐ \$10,000,001 to \$50 million
 ☐ \$50,000,001 to \$100 million
 ☐ \$100,000,001 to \$500 million
 ☐ \$500,000,001 to \$1 billion
 ☐ More than \$1 billion

THIS SPACE IS FOR COURT USE ONLY

Voluntary Petition*(This page must be completed and filed in every case)*

Name of Debtor(s):

AIROCARE, INC

All Prior Bankruptcy Cases Filed Within Last 8 Years (If more than two, attach additional sheet)

Location

Where Filed: - None -

Case Number:

Date Filed:

Location

Where Filed:

Case Number:

Date Filed:

Pending Bankruptcy Case Filed by any Spouse, Partner, or Affiliate of this Debtor (If more than one, attach additional sheet)

Name of Debtor:

- None -

Case Number:

Date Filed:

District:

Relationship:

Judge:

Exhibit A

(To be completed if debtor is required to file periodic reports (e.g., forms 10K and 10Q) with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 and is requesting relief under chapter 11.)

☐ Exhibit A is attached and made a part of this petition.

Exhibit B

(To be completed if debtor is an individual whose debts are primarily consumer debts.)

I, the attorney for the petitioner named in the foregoing petition, declare that I have informed the petitioner that [he or she] may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, and have explained the relief available under each such chapter. I further certify that I delivered to the debtor the notice required by 11 U.S.C. §342(b).

X

Signature of Attorney for Debtor(s)

(Date)

Exhibit C

Does the debtor own or have possession of any property that poses or is alleged to pose a threat of imminent and identifiable harm to public health or safety?

☐ Yes, and Exhibit C is attached and made a part of this petition.

☒ No.

Exhibit D

(To be completed by every individual debtor. If a joint petition is filed, each spouse must complete and attach a separate Exhibit D.)

☐ Exhibit D completed and signed by the debtor is attached and made a part of this petition.

If this is a joint petition:

☐ Exhibit D also completed and signed by the joint debtor is attached and made a part of this petition.

Information Regarding the Debtor - Venue

(Check any applicable box)

- ☒ Debtor has been domiciled or has had a residence, principal place of business, or principal assets in this District for 180 days immediately preceding the date of this petition or for a longer part of such 180 days than in any other District.
- ☐ There is a bankruptcy case concerning debtor's affiliate, general partner, or partnership pending in this District.
- ☐ Debtor is a debtor in a foreign proceeding and has its principal place of business or principal assets in the United States in this District, or has no principal place of business or assets in the United States but is a defendant in an action or proceeding [in a federal or state court] in this District, or the interests of the parties will be served in regard to the relief sought in this District.

Certification by a Debtor Who Resides as a Tenant of Residential Property

(Check all applicable boxes)

- ☐ Landlord has a judgment against the debtor for possession of debtor's residence. (If box checked, complete the following.)

(Name of landlord that obtained judgment)

(Address of landlord)

- ☐ Debtor claims that under applicable nonbankruptcy law, there are circumstances under which the debtor would be permitted to cure the entire monetary default that gave rise to the judgment for possession, after the judgment for possession was entered, and
- ☐ Debtor has included in this petition the deposit with the court of any rent that would become due during the 30-day period after the filing of the petition.
- ☐ Debtor certifies that he/she has served the Landlord with this certification. (11 U.S.C. § 362(l)).

Voluntary Petition

(This page must be completed and filed in every case)

Name of Debtor(s):

AIROCARE, INC

Signatures**Signature(s) of Debtor(s) (Individual/Joint)**

I declare under penalty of perjury that the information provided in this petition is true and correct.

[If petitioner is an individual whose debts are primarily consumer debts and has chosen to file under chapter 7] I am aware that I may proceed under chapter 7, 11, 12, or 13 of title 11, United States Code, understand the relief available under each such chapter, and choose to proceed under chapter 7. [If no attorney represents me and no bankruptcy petition preparer signs the petition] I have obtained and read the notice required by 11 U.S.C. §342(b).

I request relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X _____
Signature of Debtor

X _____
Signature of Joint Debtor

Telephone Number (If not represented by attorney)

Date

Signature of Attorney*

X 
Signature of Attorney for Debtor(s)

Lawrence A. Katz (VA Bar No. 47664)

Printed Name of Attorney for Debtor(s)

Venable LLP

Firm Name

8010 Towers Crescent Drive

Suite 300

Vienna, VA 22182

Address

Email: lakatz@venable.com

703-760-1921 Fax: 703-821-8949

Telephone Number

May 29, 2010

Date

*In a case in which § 707(b)(4)(D) applies, this signature also constitutes a certification that the attorney has no knowledge after an inquiry that the information in the schedules is incorrect.

Signature of Debtor (Corporation/Partnership)

I declare under penalty of perjury that the information provided in this petition is true and correct, and that I have been authorized to file this petition on behalf of the debtor.

The debtor requests relief in accordance with the chapter of title 11, United States Code, specified in this petition.

X 
Signature of Authorized Individual

Eric Wells

Printed Name of Authorized Individual

President/Chief Executive Officer

Title of Authorized Individual

May 29, 2010

Date

Signature of a Foreign Representative

I declare under penalty of perjury that the information provided in this petition is true and correct, that I am the foreign representative of a debtor in a foreign proceeding, and that I am authorized to file this petition.

(Check only one box.)

☐ I request relief in accordance with chapter 15 of title 11, United States Code. Certified copies of the documents required by 11 U.S.C. §1515 are attached.

☐ Pursuant to 11 U.S.C. §1511, I request relief in accordance with the chapter of title 11 specified in this petition. A certified copy of the order granting recognition of the foreign main proceeding is attached.

X _____
Signature of Foreign Representative

Printed Name of Foreign Representative

Date

Signature of Non-Attorney Bankruptcy Petition Preparer

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(b); 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 in that section. Official Form 19 is attached.

Printed Name and title, if any, of Bankruptcy Petition Preparer

Social-Security number (If the bankruptcy petition preparer is not an individual, state the Social Security number of the officer, principal, responsible person or partner of the bankruptcy petition preparer.) (Required by 11 U.S.C. § 110.)

Address

X _____

Date

Signature of Bankruptcy Petition Preparer or officer, principal, responsible person, or partner whose Social Security number is provided above.

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 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 11 U.S.C. §110; 18 U.S.C. §156.

**UNANIMOUS WRITTEN CONSENT OF
THE BOARD OF DIRECTORS OF
AIROCARE, INC.**

May 28, 2010

The undersigned, being all of the members of the Board of Directors of AirOcare, Inc. (the "Corporation"), hereby unanimously consent in writing to the adoption of the following resolutions:

RESOLVED, that the filing by the Corporation of a petition for relief under Chapter 11 of Title 11, United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), in the United States Bankruptcy Court for the Eastern District of Virginia (the "Bankruptcy Court") is desirable and in the best interests of the Corporation, its creditors, its shareholders and other interested parties, and it hereby is approved; and it is further

RESOLVED, that the officers of the Corporation be, and each hereby is, authorized and empowered to execute and verify on behalf of the Corporation a petition for relief under Chapter 11 of the Bankruptcy Code and to cause the same to be filed in the Bankruptcy Court; and it is further

RESOLVED, that the Corporation, as debtor and debtor-in-possession under Chapter 11 of the Bankruptcy Code, shall be, and hereby is, authorized, among other things, (i) to borrow funds in such amounts, from such lenders and on such terms as may be approved by the officers of the Corporation as reasonably necessary for the continuing conduct of the affairs of the Corporation, (ii) to grant security interests in and liens upon all or substantially all of the Corporation's assets as may be deemed reasonably necessary by such officer or officers in connection with such borrowings or in connection with obtaining authority to use collateral, cash or otherwise, and; (iii) to conduct or facilitate a sale of substantially all of the assets, or a part, including without limitation an asset purchase agreement and ancillary documents, related documents, or documents otherwise connected to the asset sale; and it is further

RESOLVED, that the officers of the Corporation be, and each hereby is, authorized and empowered to execute and file on behalf of the Corporation all schedules, petitions, lists, documents, pleadings, affidavits and other papers as required to accompany the bankruptcy petition or seek entry of such court orders, as may be necessary or appropriate in the administration of the Chapter 11 case; and it is further

RESOLVED, that the officers of the Corporation be, and each hereby is, authorized and empowered to retain on behalf of the Corporation the law firm of Venable LLP to render legal services to, and to represent, the Corporation in the Chapter 11 case and in any and all related proceedings; and it is further

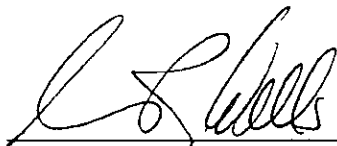
RESOLVED, that the officers of the Corporation be, and each hereby is, authorized and empowered to retain on behalf of the Corporation such other professionals as they deem necessary or appropriate, upon such terms and conditions as they shall approve, to render

services to the Corporation in connection with the Chapter 11 case and with respect to other related matters in connection therewith; and it is further

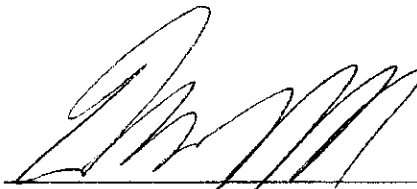
RESOLVED, the officers of the Corporation are each authorized and directed to take any and all further actions, and to execute and deliver any and all such further instruments and documents, deeds, agreements, guaranties, instruments, undertakings and certificates, as are necessary and appropriate and to pay all expenses as are necessary and appropriate, to carry out and facilitate fully the intent and to accomplish the purposes of the resolutions adopted herein (subject to Bankruptcy Court approval where necessary and appropriate).

Each director, by signing this consent, waives any notice of the time, place and purpose of a meeting of the Board of Directors and agrees to the adoption of the foregoing resolutions by unanimous written consent.

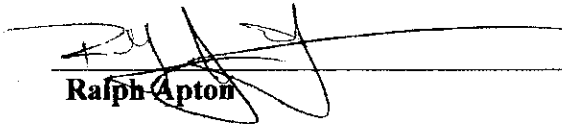
IN WITNESS WHEREOF, the undersigned have executed this Unanimous Written Consent as of the date noted above.



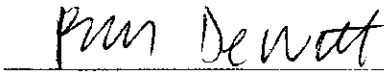
Eric R. Wells



Edward H. Bersoff



Ralph Apton



Bill DeWitt

United States Bankruptcy Court
Eastern District of Virginia

In re AIROCARE, INC

Debtor(s)

Case No.

Chapter

11

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

Following is the list of the debtor's creditors holding the 20 largest unsecured claims. The list is prepared in accordance with Fed. R. Bankr. P. 1007(d) for filing in this chapter 11 [or chapter 9] case. The list does not include (1) persons who come within the definition of "insider" set forth in 11 U.S.C. § 101, or (2) secured creditors unless the value of the collateral is such that the unsecured deficiency places the creditor among the holders of the 20 largest unsecured claims. If a minor child is one of the creditors holding the 20 largest unsecured claims, 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; Fed. R. Bankr. P. 1007(m).

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
Joyce D.C. Young 870 Childs Point Road Annapolis, MD 21401	Joyce D.C. Young 870 Childs Point Road Annapolis, MD 21401		Contingent Unliquidated Disputed Subject to Setoff	1,530,000.00
EBY Family LLC 870 Childs Point Road Annapolis, MD 21401	EBY Family LLC 870 Childs Point Road Annapolis, MD 21401		Contingent Unliquidated Disputed Subject to Setoff	1,530,000.00
Erik B. Young 870 Childs Point Road Annapolis, MD 21401	Erik B. Young 870 Childs Point Road Annapolis, MD 21401		Contingent Unliquidated Disputed Subject to Setoff	1,530,000.00
Carlos Lima Av. Ricardo Lyon 967 Providencia, Santiago, Chile	Carlos Lima Av. Ricardo Lyon 967 Providencia, Santiago, Chile	License	Contingent Unliquidated Disputed	750,000.00
Key Electronics 2533 Centennial Blvd. Jeffersonville, IN 47130	Key Electronics 2533 Centennial Blvd. Jeffersonville, IN 47130	Trade debt	Contingent Unliquidated Disputed	352,779.28
Amco Insurance Co. c/o Murray M. Aron, Esquire 6770 N. West Avenue, Suite 103 Fresno, CA 93711	Amco Insurance Co. c/o Murray M. Aron, Esquire 6770 N. West Avenue, Suite 103 Fresno, CA 93711	Loss damage etc.		167,000.00
Mid-South Electronics, Inc. P.O. Box 1308 Gadsden, AL 35902	Mid-South Electronics, Inc. P.O. Box 1308 Gadsden, AL 35902	Trade debt		166,072.94

Debtor(s) _____

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

(Continuation Sheet)

(1) <i>Name of creditor and complete mailing address including zip code</i>	(2) <i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	(3) <i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	(4) <i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	(5) <i>Amount of claim [if secured, also state value of security]</i>
Internal Revenue Service Spec. Procedures/Support Staff P.O. Box 10025 Richmond, VA 23240-0025	Internal Revenue Service Spec. Procedures/Support Staff P.O. Box 10025 Richmond, VA 23240-0025			150,000.00
EMF Properties Group, LLC 120 Towerview Court Cary, NC 27513	EMF Properties Group, LLC 120 Towerview Court Cary, NC 27513	Rent		35,868.75
Firebreak Partners, LLC 1061 Vista Drive Mc Lean, VA 22102	Firebreak Partners, LLC 1061 Vista Drive Mc Lean, VA 22102	Services		31,250.00
Jack Prouty 309 Dawnwood Drive Edgewater, MD 21037	Jack Prouty 309 Dawnwood Drive Edgewater, MD 21037	Salary	Disputed	27,675.31
BB&T 200 West Second Street Winston Salem, NC 27101	BB&T 200 West Second Street Winston Salem, NC 27101	Royalty payments due Debtor		148,354.87 (125,000.00 secured)
Air Quality Sciences 2211 Newmarket Parkway Suite 105 Marietta, GA 30067	Air Quality Sciences 2211 Newmarket Parkway Suite 105 Marietta, GA 30067	Trade debt		21,400.00
Terry Woodbridge 107 Parkcanyon Lane Cary, NC 27519	Terry Woodbridge 107 Parkcanyon Lane Cary, NC 27519	Employee Salary & Expenses		21,000.82
Stuart Rutchik 723 Galestone Street Gaithersburg, MD 20878	Stuart Rutchik 723 Galestone Street Gaithersburg, MD 20878	Employee Salary & Expenses	Disputed	20,126.80
Washington Dept. of Revenue P.O. Box 34054 Seattle, WA 98124	Washington Dept. of Revenue P.O. Box 34054 Seattle, WA 98124			12,289.03
United Healthcare Insurance Dept. CH 10151 Palatine Palatine, IL 60055	United Healthcare Insurance Dept. CH 10151 Palatine Palatine, IL 60055	Insurance		11,453.81
William Synder 13830 Bronco Place Germantown, MD 20874	William Synder 13830 Bronco Place Germantown, MD 20874	Employee Salary & Expenses		10,079.52
New Jersey Div. of Tax Revenue P.O. Box 261 Trenton, NJ	New Jersey Div. of Tax Revenue P.O. Box 261 Trenton, NJ			9,457.24

In re AIROCARE, INC

Case No. _____

Debtor(s) _____

LIST OF CREDITORS HOLDING 20 LARGEST UNSECURED CLAIMS

(Continuation Sheet)

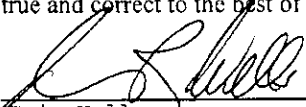
(1)	(2)	(3)	(4)	(5)
<i>Name of creditor and complete mailing address including zip code</i>	<i>Name, telephone number and complete mailing address, including zip code, of employee, agent, or department of creditor familiar with claim who may be contacted</i>	<i>Nature of claim (trade debt, bank loan, government contract, etc.)</i>	<i>Indicate if claim is contingent, unliquidated, disputed, or subject to setoff</i>	<i>Amount of claim [if secured, also state value of security]</i>
Allied Electronics Accounts Receivable Department P.O. Box 2325 Fort Worth, TX 76113-2325	Allied Electronics Accounts Receivable Department P.O. Box 2325 Fort Worth, TX 76113-2325	Trade debt		6,979.10

**DECLARATION UNDER PENALTY OF PERJURY
ON BEHALF OF A CORPORATION OR PARTNERSHIP**

I, the President/Chief Executive Officer of the corporation named as the debtor in this case, declare under penalty of perjury that I have read the foregoing list and that it is true and correct to the best of my information and belief.

Date May 29, 2010

Signature _____


Eric Wells

President/Chief Executive Officer

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