

Edgar Filing: CHAD THERAPEUTICS INC - Form SC 13G

CHAD THERAPEUTICS INC
Form SC 13G
August 10, 2007

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13G
(Rule 13d-102)
INFORMATION TO BE INCLUDED IN STATEMENTS
FILED PURSUANT TO RULE 13d-1(b), (c) AND (d)
AND AMENDMENTS THERETO FILED PURSUANT TO 13d-2(b)

(AMENDMENT NO. ___)*

CHAD THERAPEUTICS, INC.

(Name of Issuer)

Common Stock, \$.0.01 par value per share

(Title of Class of Securities)

157228107

(CUSIP Number)

July 31, 2007

(Date of Event which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1 (b)
 Rule 13d-1 (c)
 Rule 13d-1 (d)

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

CUSIP No. 157228107

1 NAME OF REPORTING PERSON: Laurus Master Fund, Ltd.
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON: 98-0337673

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)
(b)

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION
Cayman Islands

NUMBER OF 5 SOLE VOTING POWER: 0 shares of Common Stock. *

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SHARES -----
 BENEFICIALLY OWNED BY EACH REPORTING PERSON 6 SHARED VOTING POWER: 1,016,982 shares of Common Stock. *

 7 SOLE DISPOSITIVE POWER: 0 shares of Common Stock. *

 8 SHARES DISPOSITIVE POWER: 1,016,982 shares of Common Stock. *

 9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 1,016,982 shares of Common Stock

 10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES
 [X]

 11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9
 9.99%

 12 TYPE OF REPORTING PERSON
 CO, HC

 * Based on 10,180,000 shares of the common stock, \$0.01 par value per share (the "Shares") outstanding of Chad Therapeutics, Inc., a California corporation (the "Company"), as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2007. As of July 31, 2007, Calliope Capital Corporation ("Calliope") held (i) a warrant (the "Warrant") to acquire 976,744 Shares, at an exercise price of \$1.24 per Share, subject to certain adjustments, and (ii) a secured convertible term note (the "Note") in the aggregate principal amount of \$750,000, which is convertible into Shares at a conversion rate of \$1.18 per Share, subject to certain adjustments. The Warrant and Note contain an issuance limitation prohibiting Calliope from exercising or converting those securities to the extent that such exercise would result in beneficial ownership by Calliope of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation may be waived by Calliope upon at least 61 days prior notice to the Company and shall automatically become null and void (i) following notice to the Issuer of the occurrence and during the continuance of an event of default (as defined in and pursuant to the terms of the applicable instrument), or (ii) upon receipt by Calliope of a Notice of Redemption (as defined in an pursuant to the terms of the applicable instrument). Calliope is a wholly owned subsidiary of Laurus Master Fund, Ltd. which is managed by Laurus Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Laurus Capital Management, LLC and share voting and investment power over the securities owned by Calliope reported in this Schedule 13G.

CUSIP No. 157228107

 1 NAME OF REPORTING PERSON: Calliope Capital Corporation
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON: 57-1237865

 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) |_|
 (b) [X]

 3 SEC USE ONLY

 4 CITIZENSHIP OR PLACE OF ORGANIZATION
 Delaware

 NUMBER OF 5 SOLE VOTING POWER: 0 shares of Common Stock. *

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SHARES -----
 BENEFICIALLY OWNED BY EACH REPORTING PERSON 6 SHARED VOTING POWER: 1,016,982 shares of Common Stock. *

 7 SOLE DISPOSITIVE POWER: 0 shares of Common Stock. *

 8 SHARES DISPOSITIVE POWER: 1,016,982 shares of Common Stock. *

 9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
 1,016,982 shares of Common Stock

 10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES
 [X]

 11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9
 9.99%

 12 TYPE OF REPORTING PERSON
 CO

 * Based on 10,180,000 shares of the common stock, \$0.01 par value per share (the "Shares") outstanding of Chad Therapeutics, Inc., a California corporation (the "Company"), as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2007. As of July 31, 2007, Calliope Capital Corporation ("Calliope") held (i) a warrant (the "Warrant") to acquire 976,744 Shares, at an exercise price of \$1.24 per Share, subject to certain adjustments, and (ii) a secured convertible term note (the "Note") in the aggregate principal amount of \$750,000, which is convertible into Shares at a conversion rate of \$1.18 per Share, subject to certain adjustments. The Warrant and Note contain an issuance limitation prohibiting Calliope from exercising or converting those securities to the extent that such exercise would result in beneficial ownership by Calliope of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation may be waived by Calliope upon at least 61 days prior notice to the Company and shall automatically become null and void (i) following notice to the Issuer of the occurrence and during the continuance of an event of default (as defined in and pursuant to the terms of the applicable instrument), or (ii) upon receipt by Calliope of a Notice of Redemption (as defined in an pursuant to the terms of the applicable instrument). Calliope is a wholly owned subsidiary of Laurus Master Fund, Ltd. which is managed by Laurus Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Laurus Capital Management, LLC and share voting and investment power over the securities owned by Calliope reported in this Schedule 13G.

CUSIP No. 157228107

 1 NAME OF REPORTING PERSON: Laurus Capital Management, LLC
 S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON: 13-4150669

 2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) |_|
 (b) [X]

 3 SEC USE ONLY

 4 CITIZENSHIP OR PLACE OF ORGANIZATION
 Delaware

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NUMBER OF SHARES	5	SOLE VOTING POWER: 0 shares of Common Stock. *
BENEFICIALLY OWNED BY	6	SHARED VOTING POWER: 1,016,982 shares of Common Stock. *
EACH REPORTING PERSON	7	SOLE DISPOSITIVE POWER: 0 shares of Common Stock. *
	8	SHARES DISPOSITIVE POWER: 1,016,982 shares of Common Stock. *

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,016,982 shares of Common Stock

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES
|X|

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9
9.99%

12 TYPE OF REPORTING PERSON
00

* Based on 10,180,000 shares of the common stock, \$0.01 par value per share (the "Shares") outstanding of Chad Therapeutics, Inc., a California corporation (the "Company"), as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2007. As of July 31, 2007, Calliope Capital Corporation ("Calliope") held (i) a warrant (the "Warrant") to acquire 976,744 Shares, at an exercise price of \$1.24 per Share, subject to certain adjustments, and (ii) a secured convertible term note (the "Note") in the aggregate principal amount of \$750,000, which is convertible into Shares at a conversion rate of \$1.18 per Share, subject to certain adjustments. The Warrant and Note contain an issuance limitation prohibiting Calliope from exercising or converting those securities to the extent that such exercise would result in beneficial ownership by Calliope of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation may be waived by Calliope upon at least 61 days prior notice to the Company and shall automatically become null and void (i) following notice to the Issuer of the occurrence and during the continuance of an event of default (as defined in and pursuant to the terms of the applicable instrument), or (ii) upon receipt by Calliope of a Notice of Redemption (as defined in an pursuant to the terms of the applicable instrument). Calliope is a wholly owned subsidiary of Laurus Master Fund, Ltd. which is managed by Laurus Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Laurus Capital Management, LLC and share voting and investment power over the securities owned by Calliope reported in this Schedule 13G.

CUSIP No. 157228107

1 NAME OF REPORTING PERSON: David Grin

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) |__|
(b) |X|

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

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Israel

NUMBER OF SHARES	5	SOLE VOTING POWER: 0 shares of Common Stock. *
BENEFICIALLY OWNED BY	6	SHARED VOTING POWER: 1,016,982 shares of Common Stock. *
EACH REPORTING PERSON	7	SOLE DISPOSITIVE POWER: 0 shares of Common Stock. *
	8	SHARES DISPOSITIVE POWER: 1,016,982 shares of Common Stock. *
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,016,982 shares of Common Stock	
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES <input checked="" type="checkbox"/> X	
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9 9.99%	
12	TYPE OF REPORTING PERSON IN	

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CUSIP No. 157228107

1	NAME OF REPORTING PERSON: Eugene Grin	
2	CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP	(a) <input type="checkbox"/> (b) <input checked="" type="checkbox"/> X
3	SEC USE ONLY	
4	CITIZENSHIP OR PLACE OF ORGANIZATION United States	

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NUMBER OF SHARES	5	SOLE VOTING POWER: 0 shares of Common Stock.*
BENEFICIALLY OWNED BY EACH REPORTING PERSON	6	SHARED VOTING POWER: 1,016,982 shares of Common Stock. *
	7	SOLE DISPOSITIVE POWER: 0 shares of Common Stock. *
	8	SHARES DISPOSITIVE POWER: 1,016,982 shares of Common Stock. *
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON 1,016,982 shares of Common Stock	
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES <input checked="" type="checkbox"/>	
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9 9.99%	
12	TYPE OF REPORTING PERSON IN	

* Based on 10,180,000 shares of the common stock, \$0.01 par value per share (the "Shares") outstanding of Chad Therapeutics, Inc., a California corporation (the "Company"), as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2007. As of July 31, 2007, Calliope Capital Corporation ("Calliope") held (i) a warrant (the "Warrant") to acquire 976,744 Shares, at an exercise price of \$1.24 per Share, subject to certain adjustments, and (ii) a secured convertible term note (the "Note") in the aggregate principal amount of \$750,000, which is convertible into Shares at a conversion rate of \$1.18 per Share, subject to certain adjustments. The Warrant and Note contain an issuance limitation prohibiting Calliope from exercising or converting those securities to the extent that such exercise would result in beneficial ownership by Calliope of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation may be waived by Calliope upon at least 61 days prior notice to the Company and shall automatically become null and void (i) following notice to the Issuer of the occurrence and during the continuance of an event of default (as defined in and pursuant to the terms of the applicable instrument), or (ii) upon receipt by Calliope of a Notice of Redemption (as defined in an pursuant to the terms of the applicable instrument). Calliope is a wholly owned subsidiary of Laurus Master Fund, Ltd. which is managed by Laurus Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Laurus Capital Management, LLC and share voting and investment power over the securities owned by Calliope reported in this Schedule 13G.

CUSIP No. 157228107

Item 1(a). Name of Issuer: Chad Therapeutics, Inc.

Item 1(b). Address of Issuer's Principal Executive Offices:
21622 Plummer Street
Chatsworth, California 91311

Item 2(a). Name of Person Filing: Laurus Master Fund, Ltd.

This Schedule 13G is also filed on behalf of Calliope Capital Corporation, a Delaware corporation and a wholly owned subsidiary of Laurus Master Fund, Ltd., Laurus Capital Management, LLC, a Delaware

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limited liability company, Eugene Grin and David Grin. Laurus Capital Management, LLC manages Laurus Master Fund, Ltd. Eugene Grin and David Grin, through other entities, are the controlling principals of Laurus Capital Management, LLC and share sole voting and investment power over the shares owned by Calliope Capital Corporation. Information related to each of Laurus Capital Management, LLC, Eugene Grin and David Grin is set forth on Appendix A hereto.

- Item 2(b). Address of Principal Business Office or if none, Residence:
c/o Laurus Capital Management, LLC, 335
Madison Avenue, 10th Floor, New York, NY 10017
- Item 2(c). Citizenship: Cayman Islands
- Item 2(d). Title of Class of Securities: Common Stock ("Common Stock")
- Item 2(e). CUSIP Number: 157228107
- Item 3. Not Applicable
- Item 4. Ownership:
- (a) Amount Beneficially Owned: 1,016,982 shares of Common Stock
 - (b) Percent of Class: 9.99%
 - (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0 shares of Common Stock. *
 - (ii) shared power to vote or to direct the vote: 1,016,982 shares of Common Stock. *
 - (iii) sole power to dispose or to direct the disposition of: 0 shares of Common Stock. *
 - (iv) shared power to dispose or to direct the disposition of: 1,016,982 shares of Common Stock. *
- Item 5. Ownership of Five Percent or Less of a Class:
Not applicable
- Item 6. Ownership of More than Five Percent on Behalf of Another Person:
Not applicable
- Item 7. Identification and Classification of Subsidiary Which Acquired the Securities: Not applicable (see Item 2(a))
- Item 8. Identification and Classification of Members of the Group:
Not applicable (see Item 2(a))
- Item 9. Notice of Dissolution of Group: Not applicable
- Item 10. Certification:

By signing below, I certify to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection

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with or as a participant in any transaction having that purpose or effect.

* Based on 10,180,000 shares of the common stock, \$0.01 par value per share (the "Shares") outstanding of Chad Therapeutics, Inc., a California corporation (the "Company"), as disclosed in the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2007. As of July 31, 2007, Calliope Capital Corporation ("Calliope") held (i) a warrant (the "Warrant") to acquire 976,744 Shares, at an exercise price of \$1.24 per Share, subject to certain adjustments, and (ii) a secured convertible term note (the "Note") in the aggregate principal amount of \$750,000, which is convertible into Shares at a conversion rate of \$1.18 per Share, subject to certain adjustments. The Warrant and Note contain an issuance limitation prohibiting Calliope from exercising or converting those securities to the extent that such exercise would result in beneficial ownership by Calliope of more than 9.99% of the Shares then issued and outstanding (the "Issuance Limitation"). The Issuance Limitation may be waived by Calliope upon at least 61 days prior notice to the Company and shall automatically become null and void (i) following notice to the Issuer of the occurrence and during the continuance of an event of default (as defined in and pursuant to the terms of the applicable instrument), or (ii) upon receipt by Calliope of a Notice of Redemption (as defined in an pursuant to the terms of the applicable instrument). Calliope is a wholly owned subsidiary of Laurus Master Fund, Ltd. which is managed by Laurus Capital Management, LLC. Eugene Grin and David Grin, through other entities, are the controlling principals of Laurus Capital Management, LLC and share voting and investment power over the securities owned by Calliope reported in this Schedule 13G.

CUSIP No. 157228107

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

August 10, 2007

Date

LAURUS MASTER FUND, LTD.

/s/ David Grin

David Grin

Director

CUSIP No. 157228107

APPENDIX A

A. Name: Calliope Capital Corporation, a Delaware Corporation
335 Madison Avenue, 10th Floor
New York, New York 10017

Place of

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Organization: Delaware

B. Name: Laurus Capital Management, LLC, a Delaware limited liability company 335 Madison Avenue, 10th Floor New York, New York 10017

Place of Organization: Delaware

C. Name: David Grin
Business 335 Madison Avenue, 10th Floor
Address: New York, New York 10017

Principal Director of Laurus Master Fund, Ltd.
Occupation: Principal of Laurus Capital Management, LLC
Citizenship: Israel

D. Name: Eugene Grin
Business 335 Madison Avenue, 10th Floor
Address: New York, New York 10017

Principal Director of Laurus Master Fund, Ltd.
Occupation: Principal of Laurus Capital Management, LLC
Citizenship: United States

CUSIP No. 157228107

Each of Calliope Capital Corporation, Laurus Capital Management, LLC, Eugene Grin and David Grin hereby agree, by their execution below, that the Schedule 13G to which this Appendix A is attached is filed on behalf of each of them, respectively.

Calliope Capital Corporation

/s/ Eugene Grin

Eugene Grin
President, Chairman, Secretary
August 10, 2007

Laurus Capital Management, LLC

/s/ David Grin

David Grin
Principal
August 10, 2007

/s/ David Grin

David Grin
August 10, 2007

/s/ Eugene Grin

Eugene Grin
August 10, 2007