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SUPERIOR COURT FOR THE COUNTY OF LOS ANGELES
FOR THE STATE OF CALIFORNIA

WORLDWIDE WATER, LLC,

Plaintiff,
v.

AIRWATER CORPORATION, a Florida
corporation; MICHAEL ZWEBNER, an
individual; FUJIAN YUXIN ELECTRONIC
EQUIPMENT CO., LTD, a Chinese
corporation; HENDRX CORP., a Nevada
corporation; and DOES 1 through 50,
inclusive,

Defendants.

CASE NO. _____

COMPLAINT FOR DAMAGES:

- 1. BREACH OF CONTRACT**
- 2. BREACH OF FIDUCIARY DUTY**
- 3. FRAUD**
- 4. INDUCEMENT TO BREACH CONTRACT**
- 5. CONSPIRACY**

DEMAND FOR JURY TRIAL

COMES NOW Plaintiff who complains and alleges against Defendants, and each of them, as follows:

1. Plaintiff WORLDWIDE WATER, LLC (variously “WWL” or “Plaintiff”) is a limited liability company duly organized under the laws of the Nevada and qualified to do business in and doing business in the County of Los Angeles, the State of California.

2. At all times herein mentioned Defendant AIRWATER CORPORATION (“AIRWATER”) is a corporation organized under the laws of the State of Florida and doing business in the County of Los Angeles, State of California.

3. At all times herein mentioned Defendant MICHAEL ZWEBNER (“ZWEBNER”) was and now is an individual residing in the State of Florida and President of AIRWATER.

4. Plaintiff is informed and believes and thereon alleges that Defendant FUJIAN YUXIN ELECTRONIC EQUIPMENT CO., LTD (“FUJIAN”) is a corporation founded and headquartered in the People’s Republic of China and doing business in, *inter alia*, the State of California.

5. Plaintiff is informed and believes and thereon alleges that HENDRX CORP (“HENDRX”) is a publicly traded Nevada corporation doing business in the State of California and whose principal executive office is domiciled in the State of California. Plaintiff is informed and believes and thereon alleges that HENDRX now wholly owns and controls FUJIAN, has taken over, assumed and ratified all of FUJIAN’s assets, obligations and acts and now directs and controls all FUJIAN’s activities, including those set forth herein below.

6. Plaintiff is unaware of the true names and capacities, of the Defendants herein designated as DOES 1 through 50, inclusive, and therefore sues said Defendants by such

fictitious names. Plaintiff will seek leave of court to amend this Complaint to insert the true names and capacities of such fictitiously named Defendants when the same are ascertained.

7. Plaintiff is informed and believes and thereon alleges that each of the Defendants designated DOE is responsible in some manner for the events and happenings herein referred to and thereby proximately caused injuries and damages to Plaintiff as herein alleged. Plaintiff is informed and believes and thereon alleges that at all times mentioned herein each of the Defendants were the agent, servant and employee of each of the remaining Defendants and in doing the things hereinafter alleged, were acting within the course and scope of such agency, service and employment with the knowledge and consent of the other Defendants.

8. World Wide Water, Inc. ("WWI") is, and at all times herein mentioned was, the owner of all right, title and interest in and to the inventions disclosed and claimed in, and the owner of all right, title and interest in, U.S. Patent Nos. 5,669,221, 5,845,504, 6,058,718 and 6,182,453 and People's Republic of China Patent Application No. 01110354.X and other foreign and domestic patents and patents pending for the technology, and the device referenced therein that creates potable water from the atmosphere (hereinafter referred to as "SOHO-styled Water Generating Machine").

9. On or about August of 2001, for valuable consideration, WWI assigned to Plaintiff the license to manufacture, market, distribute and sell, and to contract with others to manufacture, market, distribute and sell, the SOHO-styled Water Generating Machine.

10. AIRWATER claims to have acquired from Jim Reidy the Global Exclusive Rights and Patents referenced by the U.S. Patent Office numbers 5,106,512, 5,149,446, 5,203,989, and 5,366,705. AIRWATER's rights to said patents referenced in U.S. Patent Office

numbers 5,106,512, 5,149,446, 5,203,989, and 5,366,705 are currently in dispute and the subject of other litigation with Jim Reidy.

11. In or about August, 2003, Jim Reidy introduced representatives of Plaintiff to ZWEBNER. At the time, AIRWATER was in the process of purchasing and marketing SOHO-styled Water Generating Machines. Reidy advised ZWEBNER that, if AIRWATER were to manufacture, purchase or market SOHO-styled Water Generating Machines similar to WWL's machines, WWL would sue AIRWATER for infringement.

12. In or about August, 2003, the CEO of Plaintiff and ZWEBNER met in Beverly Hills, California to discuss their respective U.S. patents and the prospect of AIRWATER purchasing SOHO-styled Water Generating Machines from Plaintiff for distribution in various countries around the world, in order to avoid infringing on Plaintiff's patent rights and suffering an infringement lawsuit. Plaintiff's CEO advised ZWEBNER that Plaintiff was currently involved in a lawsuit against several companies for infringement of its U.S. patents, including Liquid Air, FUJIAN and several individuals who stole trade secrets from Plaintiff and were now manufacturing, through FUJIAN, SOHO-styled Water Generating Machines based on WWI's patented technology.

13. Once advised of said lawsuit and of FUJIAN's involvement therein, AIRWATER, by and through its President ZWEBNER, in or about August, 2003, entered into a written agreement with Plaintiff ("the Agreement") to purchase SOHO-styled Water Generating Machines from Plaintiff, for the avowed purpose of avoiding infringement of WWI's patent rights and avoiding any potential lawsuits with Plaintiff.

14. The terms of the Agreement were as follows:

a. Both AIRWATER and Plaintiff, recognizing each other's acquired patents and/or exclusive rights, mutually agreed NOT to take or pursue any legal action against the other with regard to the above-referenced Patent rights, provided each company does NOT manufacture and/or market water machines that are based the other's respective Patent rights.

b. AIRWATER and Plaintiff would mutually offer assistance to each other in legal actions that either party may bring against any third parties, that are in infringement or breach of any legal rights appertaining to AIRWATER and/or Plaintiff.

c. For the immediate future, and until otherwise agreed, AIRWATER will purchase from Plaintiff units of its SOHO-Styled Water Generating Machine currently made in the latter's plants in Singapore and China, at competitive prices that Plaintiff will establish for AIRWATER.

d. Plaintiff agrees to manufacture these machines under a Private Label agreement, the terms of which Plaintiff will submit to AIRWATER.

e. Plaintiff will offer any new models of its machines to AIRWATER for resale in mutually agreed global territories only, prior to any distribution.

f. AIRWATER and Plaintiff will mutually agree on territorial distribution of Plaintiff's units in specific territories for the sale of such machines prior to any distribution.

15. In reliance on said Agreement, Plaintiff provided AIRWATER with prices for its SOHO-styled Water Generating Machines.

16. However, shortly thereafter, in spite of and in defiance and breach of said Agreement, AIRWATER entered into an agreement and conspiracy with FUJIAN for the latter to manufacture and for AIRWATER to purchase SOHO-styled Water Generating Machines from FUJIAN based on WWI's patents. In doing so, AIRWATER violated the spirit and letter of the Agreement by helping FUJIAN who was being sued by Plaintiff. Plaintiff is informed and believes and thereon alleges that AIRWATER and FUJIAN knowingly and deliberately acted in concert, with full knowledge of the Agreement, to evade and violate the terms thereof.

17. In or about May, 2004, Plaintiff discovered that AIRWATER was purchasing SOHO-styled Water Generating Machines from FUJIAN, well knowing that Plaintiff was pursuing litigation against said company for infringement of its US patents.

FIRST CAUSE OF ACTION

(Breach of Contract against Defendants AIRWATER and DOES 1-50, inclusive)

18. Plaintiff realleges and incorporates by reference herein each and every allegation contained in Paragraphs 1 through 17, inclusive, of the Complaint as though set forth in full hereat.

19. On or about August, 2003, Plaintiff and AIRWATER entered the Agreement described in Paragraph 14 above, a true and correct copy of which is attached hereto as **Exhibit A**.

20. There is implied in the Agreement a covenant that the parties will deal fairly with each other and act toward each other in good faith.

21. Plaintiff performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of Agreement, except those that were excused by Defendant's breach of the Agreement.

22. In or about May, 2004 and prior thereto and thereafter, AIRWATER breached the Agreement and the implied covenant of good faith and fair dealing contained therein (a) by purchasing SOHO-styled Water Generating Machines based on WWI's patents from FUJIAN and not from Plaintiff, (b) by manufacturing (through its contract with FUJIAN), distributing, marketing and selling said Water Generating Machines based on WWI's patents to the public without Plaintiff's permission, and (c) by failing to assist Plaintiff in the prosecution of its aforesaid lawsuit against FUJIAN.

23. Upon discovering said breach of the Agreement, Plaintiff repeatedly demanded Defendant cease and desist from any further breaches of the Agreement with Plaintiff. Defendant ignored said demands and continued and continues to breach the Agreement as set forth above.

24. As a direct and proximate result of Defendant's breaches of the Agreement, Plaintiff has suffered damages in an amount in excess of \$1,000,000, with interest thereon at the legal rate.

SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty against Defendants AIRWATER, ZWEBNER and DOES 1-50, inclusive)

25. Plaintiff realleges and incorporates by reference herein each and every allegation contained in Paragraphs 1 through 24, inclusive, of the Complaint as though set forth in full hereat.

26. As set forth in Paragraph 12 hereof, Plaintiff's CEO met with ZWEBNER in August, 2003, and advised him that Plaintiff was currently involved in a lawsuit against several companies for infringement of its U.S. patents, including Liquid Air, FUJIAN and several individuals who stole trade secrets from Plaintiff and were now manufacturing, through FUJIAN, SOHO-styled Water Generating Machines based on WWI's patented technology.

27. Once advised of said lawsuit and of FUJIAN's involvement therein, AIRWATER, by and through its President ZWEBNER, in or about August, 2003, entered into the Agreement to purchase SOHO-styled Water Generating Machines from Plaintiff, in order to avoid infringing on WWI's patent rights and to avoid any potential lawsuits with Plaintiff. As part of the Agreement, AIRWATER, by and through its President ZWEBNER, and Plaintiff mutually agreed, *inter alia*, to offer assistance to each other in legal actions -- including the action by Plaintiff against Liquid Air and FUJIAN referenced above -- that either party may bring against any third parties, that are in infringement or breach of any legal rights appertaining to AIRWATER and/or Plaintiff.

28. The foregoing arrangement between Plaintiff and Defendants involving their mutual promises and obligations to cooperate and work together for the protection of each

other's patent rights contemplated the exchange of confidential information among them to effectuate same and thereby created a joint venture/partnership relationship among them.

29. Pursuant to the Agreement, Plaintiff, through its CEO, (a) provided assistance to AIRWATER in its legal claims against others for infringement, and (b) provided confidential information to Defendants respecting Plaintiff's aforesaid lawsuit against Liquid Air and FUJIAN, including background information about the facts of that case and the misconduct of the defendants therein, including FUJIAN's infringement of WWI's U.S. and Chinese patent rights.

30. As a result of the foregoing, a fiduciary duty was created between and among Plaintiff and Defendants requiring both to maintain the confidentiality of information shared by the other and requiring both not to use any such information so acquired against the interests of the other.

31. Plaintiff performed all conditions, covenants, and promises required on its part to be performed in accordance with the terms and conditions of Agreement, except those that were excused by Defendants' breach of the Agreement.

32. Defendants breached their fiduciary duty to Plaintiff under the Agreement in, before and after August, 2004, and continuing to this date, by using the confidential information provided them by Plaintiff's CEO as aforesaid (a) to secretly negotiate a contract with FUJIAN to manufacture SOHO-styled Water Generating Machines based on WWI's patents and sell same to Defendants, (b) to purchase said Water Generating Machines from FUJIAN, and (c) to market, distribute and sell to the public at large said Water Generating Machines, all without Plaintiff's knowledge, permission or consent.

33. As a direct and proximate result of Defendant's breaches of its fiduciary duty, Plaintiff has suffered and continues to suffer damages in an amount in excess of \$1,000,000, with interest thereon at the legal rate.

THIRD CAUSE OF ACTION

(Fraud against Defendants AIRWATER, ZWEBNER and DOES 1-50, inclusive)

34. Plaintiff realleges and incorporates by reference herein each and every allegation contained in Paragraphs 1 through 33, inclusive, of the Complaint as though set forth in full hereat.

35. In or about August, 2003, AIRWATER, by and through ZWEBNER, knowingly made the following false promises and representations to Plaintiff in Los Angeles, California:

a. That AIRWATER recognized and respected, and would in the future recognize and respect, Plaintiff's acquired patents and/or exclusive patent rights in WWI's patents referenced in U.S. Patent Nos. 5,669,221, 5,845,504, 6,058,718 and 6,182,453 and People's Republic of China Patent Application No. 01110354.X and other foreign and domestic patents and patents pending, for the technology in the SOHO-styled Water Generating Machine.

b. That AIRWATER would not manufacture or contract for the manufacture of any SOHO-styled Water Generating Machines based on WWI's Patents, except by, from or through Plaintiff.

c. That AIRWATER would not purchase any SOHO-styled Water Generating Machines based on WWI's Patents by, from or through anyone or any entity other than Plaintiff.

d. That AIRWATER would not market, distribute or sell any SOHO-styled Water Generating Machines based on WWI's Patents other than those acquired from or through Plaintiff.

e. That AIRWATER would offer assistance to Plaintiff in legal actions that it may bring against any third parties for infringement or breach of any legal rights appertaining to Plaintiff's patent rights in the SOHO-styled Water Generating Machines.

36. The promises and representations set forth in the preceding paragraph were false and untrue and known by said Defendants to be false and untrue at the time they were made. Defendants made said promises and representations with the intent to deceive Plaintiff, to induce Plaintiff to enter into the Agreement with AIRWATER and to lead Plaintiff into false sense of security about Defendants' intentions in order to delay Plaintiff's discovery of Defendants' perfidy and their purchase from, and sale of SOHO-styled Water Generating Machines manufactured by, FUJIAN. In truth and in fact:

a. AIRWATER did not recognize and respect its obligation under the Agreement not to manufacture or purchase, other than through Plaintiff, SOHO-styled Water Generating Machines based on WWI's patents referenced in U.S. Patent Nos. 5,669,221, 5,845,504, 6,058,718 and 6,182,453 and People's Republic of China Patent Application No. 01110354.X and other foreign and domestic patents and patents pending, for the technology in the SOHO-styled Water Generating Machine.

b. AIRWATER always intended to manufacture or contract for the manufacture of SOHO-styled Water Generating Machines based on WWI's Patents other than through Plaintiff in violation of the Agreement.

c. AIRWATER always intended to purchase SOHO-styled Water Generating Machines based on WWI's Patents by, from or through persons or entities other than Plaintiff. In fact, AIRWATER did purchase SOHO-styled Water Generating Machines based on WWI's Patents from FUJIAN, which was already a defendant in an infringement lawsuit brought by Plaintiff.

d. AIRWATER always intended to market, distribute or sell SOHO-styled Water Generating Machines based on WWI's Patents obtained from persons and entities other than Plaintiff. In fact, AIRWATER did purchase SOHO-styled Water Generating Machines based on WWI's Patents from FUJIAN and did market, distribute and sell said Water Generating Machines to the public at large.

e. AIRWATER never intended to offer assistance to Plaintiff in its infringement action against FUJIAN and others, appertaining to Plaintiff's patent rights in the SOHO-styled Water Generating Machines.

37. Plaintiff justifiably relied on Defendants' promises and representations as set forth above as it had no knowledge of the falsity of AIRWATER's promises and misrepresentations and no reason to believe they were false. Had Plaintiff known the true facts, it never would have entered into the Agreement with AIRWATER. As a proximate result of Defendants' fraudulent conduct, Plaintiff has been damaged in a sum in excess of \$1,000,000, with interest thereon at the legal rate.

38. Defendants' fraudulent actions alleged above were intentional, deliberate, wanton and malicious and done with the intent to vex, injure, harass and annoy Plaintiff and to defraud Plaintiff and to induce reliance therefrom. AIRWATER, through ZWEBNER, engaged in said

conduct of misrepresenting the facts and concealing its true intentions by representing that it would respect WWL's patent rights and would not manufacture or market a Water Generating Machine based on WWI's patents, when in fact it knowingly purchased SOHO-styled Water Generating Machines from FUJIAN, a company that was being sued by WWL for infringement of its patents. Defendants' conduct depriving Plaintiff of the benefit of the Agreement and the legal rights thereto by causing injury was despicable and subjected Plaintiff to cruel and unjust hardship in conscious disregard of Plaintiff's rights, so as to justify an award of exemplary and punitive damages. Accordingly, Plaintiff is entitled to recover exemplary and punitive damages from Defendants and each of them.

FOURTH CAUSE OF ACTION

(Inducement To Breach Contract against FUJIAN, HENDRX and DOES 1-50, inclusive)

39. Plaintiff realleges and incorporates by reference herein each and every allegation contained in Paragraphs 1 through 38, inclusive, of the Complaint as though set forth in full hereat.

40. Plaintiff is informed and believes an thereon alleges that, at all times herein mentioned, FUJIAN was aware of the Agreement between Plaintiff and AIRWATER set forth in Paragraph 14 hereof.

41. Plaintiff is informed and believes an thereon alleges that FUJIAN induced AIRWATER to breach said Agreement with Plaintiff (a) by entering into a contract with AIRWATER to sell to the latter SOHO-styled Water Generating Machines based on WWI's patents manufactured by FUJIAN by terms better than AIRWATER believe it could obtain from

Plaintiff, and (b) by selling said Machines to AIRWATER for marketing, distribution and sale to the public in, *inter alia*, California.

42. Plaintiff is informed and believes an thereon alleges that, at all times herein mentioned, FUJIAN intended to cause AIRWATER to breach the Agreement with Plaintiff.

43. As a direct and proximate result of Defendants' conduct, Plaintiff has been damaged in the amount of \$1,000,000.00 plus such additional sums as will be proved at trial herein.

44. Defendants' actions alleged above were intentional, deliberate, wanton and malicious and done with the intent to vex, injure, harass and annoy Plaintiff and to defraud Plaintiff. Defendants' conduct depriving Plaintiff of the benefit of the Agreement and the legal rights thereto by causing injury was despicable and subjected Plaintiff to cruel and unjust hardship in conscious disregard of Plaintiff's rights, so as to justify an award of exemplary and punitive damages. Accordingly, Plaintiff is entitled to recover exemplary and punitive damages from Defendants and each of them.

FIFTH CAUSE OF ACTION

**(Conspiracy Against AIRWATER, FUJIAN, ZWEBNER, HENDRX
and DOES 1-50, inclusive)**

45. Plaintiff realleges and incorporates by reference herein each and every allegation of Paragraphs 1 through 44, inclusive, of the Complaint as though set forth in full hereat.

46. Within one year prior to the initial filing of this action, and continuing thereafter, Defendants AIRWATER, ZWEBNER, FUJIAN, HENDRX and DOES 1-50 and each of them knowingly and willfully conspired and agreed to perpetrate the following torts against Plaintiff:

a. AIRWATER and ZWEBNER's fraud in making the false promise and representation to Plaintiff that it would not purchase SOHO-styled Water Generating Machines based on WWI's Patents from any person or entity other than Plaintiff;

b. AIRWATER and ZWEBNER's fraud in making the false promise and representation to Plaintiff that it would not manufacture or contract for the manufacture of any SOHO-styled Water Generating Machines based on WWI's Patents, except by, from or through Plaintiff.

c. AIRWATER and ZWEBNER's fraud in making the false promise and representation to Plaintiff that it would not market, distribute or sell any SOHO-styled Water Generating Machines based on WWI's Patents other than those acquired from or through Plaintiff.

d. AIRWATER and ZWEBNER's fraud in making the false promise and representation to Plaintiff that it would offer assistance to Plaintiff in legal actions against any third parties (including FUJIAN) for infringement or breach of any legal rights appertaining to Plaintiff's patent rights in the SOHO-styled Water Generating Machines.

47. In addition, FUJIAN, with full knowledge of the aforesaid Agreement between AIRWATER and Plaintiff, intentionally aided, abetted, conspired with and induced AIRWATER to breach its Agreement with Plaintiff by (a) entering into a contract with FUJIAN to purchase from the latter SOHO-styled Water Generating Machines based on WWI's Patents manufactured by it, and (b) by purchasing from FUJIAN rather than Plaintiff SOHO-styled Water Generating Machines based on WWI's Patents and marketing, distributing and selling same, *inter alia*, in California. Plaintiff is informed and believes an thereon alleges that HENDRX has ratified all

the acts and conduct of FUJIAN set forth herein above and directs FUJIAN to continue those acts and conduct to this date.

48. Pursuant to the conspiracy, Defendants and each of them did agree together to engage in a willful and deliberate course of conduct to, among other things, do the things above alleged above and to thereby damage Plaintiff, and to deprive Plaintiff of revenue and profits to which it is entitled.

49. Defendants, and each of them, furthered their conspiracy by cooperation with, lent aid and encouragement to, or ratified and adopted the acts of each in a manner at this time unknown to Plaintiff, but known to each Defendant.

50. In addition to the overt acts of the conspiracy alleged herein, the conspiracy is ongoing to the present but the particulars are unknown to Plaintiff. AIRWATER and FUJIAN did the acts and things as herein alleged, as and when alleged, pursuant to and in furtherance of the conspiracy.

51. The foregoing acts of Defendants, and each of them, were part of a common and continuous pattern of misconduct, all done with fraud, malice and oppression, and a conscious disregard for Plaintiff's rights, perpetrated with the intent to vex, injure, harass and annoy Plaintiff. Defendants intended to cause injury to Plaintiff while subjecting it to unjust and unfair hardship. As such, Plaintiff is entitled to exemplary and punitive damages against Defendants in a sum to be proved at trial herein.

WHEREFORE Plaintiff prays for judgment against Defendants, and each of them, as follows:

1. For compensatory damages in the amount in an amount in excess of \$1,000,000, plus legal interest as allowed by law;
2. For exemplary and punitive damages in an amount to be proved at trial herein;
3. For reasonable attorney's fees;
4. For costs of suit incurred herein;
5. For such other and further relief as to the Court may seem just and proper.

Dated: January 4, 2006

By: _____
RICHARD G. SHERMAN.
Attorneys for Plaintiff