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

FORM 10-Q

(Mark One)
☑ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended **March 31, 2010**.

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.

Commission file number: **000-52803**

SONNEN CORPORATION

(Exact name of registrant as specified in its charter)

Nevada	**98-0514037**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

2829 Bird Avenue, Suite 12, Miami, Florida 33133
(Address of principal executive offices) (Zip Code)

(305) 529-4888
(Registrant's telephone number, including area code)

n/a
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☑

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☑

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☑

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. The number of shares outstanding of the issuer's common stock, $0.0001 par value (the only class of voting stock), at May 19, 2010, was 67,893,000.

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

As used herein, the terms "Company," "we," "our," and "us," refer to Sonnen Corporation, a Nevada corporation, unless otherwise indicated. In the opinion of management, the accompanying unaudited financial statements included in this Form 10-Q reflect all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the results of operations for the periods presented. The results of operations for the periods presented are not necessarily indicative of the results to be expected for the full year.

SONNEN CORPORATION AND SUBSIDIARY
(Formerly Known As Simple Tech, Inc. and Subsidiary)
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED CONSOLIDATED BALANCE SHEETS

	March 31, 2010 (Unaudited)	June 30, 2009 (Audited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 14,013	$ 9,000
Accounts receivable - related party	10,000	-
Prepaid expenses	15,029	-
Total Current Assets	39,043	9,000
OTHER ASSETS		
Office furniture and equipment, net (Note 4)	1,581	-
Total Other Assets	1,581	-
Total Assets	$ 40,624	$ 9,000
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	$ 89,060	$ 9,482
Accounts payable - related parties	8,791	-
Accrued payroll	365	-
Accrued liabilities	9,500	-
Accrued liabilities - related parties	52,839	-
Notes payable (including accrued interest of $3,408)	207,068	-
Total Current Liabilities	367,623	9,482
COMMITMENTS AND CONTINGENCIES (Notes 7,8,10)		
STOCKHOLDERS' EQUITY (DEFICIT)		
Preferred Stock, $0.0001 par value, 50,000,000 shares authorized, none issued and outstanding	-	-
Common stock, par value $0.0001, 250,000,000 shares authorized, 67,893,000 issued and outstanding - March 31, 2010, 63,808,000 issued and outstanding - June 30, 2009	6,789	6,381
Paid-in capital	1,247,551	63,159
Paid-in capital - warrants & options	480,800	-
Accumulated deficit during the development stage	(2,062,139)	(70,022)
Total Stockholders' Equity (Deficit)	(326,999)	(482)
Total Liabilities and Stockholders' Equity (Deficit)	$ 40,624	$ 9,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

SONNEN CORPORATION AND SUBSIDIARY
(Formerly Known As Simple Tech, Inc. and Subsidiary)
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	For the three months ended March 31,		For the nine months ended March 31,		Cumulative amounts from development stage activities (November 16, 2006 through March 31, 2010)
	2010	2009	2010	2009	
REVENUES	$ -	$ -	$ -	$ -	$ -
GENERAL & ADMINISTRATIVE EXPENSES					
Organization costs	-	-	-	-	640
Other general and administrative	12,535	50	55,647	314	59,965
Professional fees	9,118	1,469	132,732	7,942	194,457
Consulting fees	118,366	-	278,693	-	278,693
Consulting and professional fees - related parties	84,000	-	247,500	-	247,500
Compensation, related taxes and benefits	257,842	-	470,322	-	470,322
Transfer fees	674	-	4,568	1,012	7,749
Depreciation	154	-	271	-	271
Research and development	111,930	-	176,910	-	176,910
Total general & administrative expenses	594,618	1,519	1,366,642	9,268	1,436,506
Loss before other income (expense)	(594,618)	(1,519)	(1,366,642)	(9,268)	(1,436,506)
Interest income (expense)	-	-	(3,474)	25	(2,081)
Loss on foreign currency exchange	-	-	-	-	(1,551)
Impairment loss on asset	(672,000)	-	(672,000)	-	(672,000)
Other income	50,000	-	50,000	-	50,000
Loss before provision for income taxes	(1,216,618)	(1,519)	(1,992,116)	(9,243)	(2,062,139)
Provision for income taxes	-	-	-	-	-
NET LOSS	$ (1,216,618)	$ (1,519)	$ (1,992,116)	$ (9,243)	$ (2,062,139)
NET LOSS PER SHARE - BASIC AND DILUTED	$ (0.02)	*	$ (0.03)	*	
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING - BASIC AND DILUTED	67,874,111	62,486,400	66,917,927	62,486,400	

* = Less than ($0.01) per share

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

SONNEN CORPORATION AND SUBSIDIARY
(Formerly Known As Simple Tech, Inc. and Subsidiary)
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the nine months ended March 31,		Cumulative amounts from development stage activities (November 16, 2006 through March 31, 2010)
	2010	2009	
CASH FLOWS FROM DEVELOPMENT STAGE ACTIVITIES			
Net loss from development stage activities	$ (1,992,116)	$ (9,243)	$ (2,062,139)
Adjustments to reconcile net loss to net cash used by development stage activities:			
Depreciation	271	-	271
Stock options vested	418,600	-	418,600
Stock issued for services	75,000	-	75,000
Impairment loss on asset	672,000	-	672,000
Changes in operating assets and liabilities:			
Increase in accounts receivable - related party	(50,000)	-	(50,000)
Increase in prepaid expenses	(5,029)	(155)	(5,029)
Increase (decrease) in accounts payable	90,657	(2,000)	100,139
Increase in accounts payable - related parties	8,791	-	8,791
Increase in accrued liabilities	9,865	-	9,865
Increase in accrued liabilities - related parties	52,839	-	52,839
Increase in accrued interest	3,408	-	3,408
Total adjustments	1,276,401	(2,155)	1,285,883
NET CASH USED BY DEVELOPMENT STAGE ACTIVITIES	(715,715)	(11,398)	(776,256)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	(1,853)	-	(1,853)
NET CASH USED BY INVESTING ACTIVITIES	(1,853)	-	(1,853)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from notes payable	198,660	-	198,660
Proceeds from notes payable - related parties	30,000	-	30,000
Repayments from notes payable - related parties	(6,079)	-	(6,079)
Proceeds from sale of common stock, net of offering costs	500,000	-	569,540
NET CASH PROVIDED BY FINANCING ACTIVITIES	722,581	-	792,121
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,014	(11,398)	14,013
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9,000	20,398	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 14,013	$ 9,000	$ 14,013

SONNEN CORPORATION AND SUBSIDIARY
(Formerly Known As Simple Tech, Inc. and Subsidiary)
(A DEVELOPMENT STAGE ENTERPRISE)
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	For the nine months ended March 31,		Cumulative amounts from development stage activities (November 16, 2006 through March 31, 2010)
	2010	**2009**	
Continued			
Supplemental Disclosures:			
Cash paid for income taxes	$ -	$ -	$ -
Cash paid for interest	$ -	$ -	$ -
Non-cash Disclosures:			
Payments made by related party on behalf of the Company:			
Increase in notes payable - related parties	$ 21,079	$ -	$ 21,079
Decrease in accounts payable - related parties	$ (11,079)	$ -	$ (11,079)
Increase in prepaid expenses	$ (10,000)	$ -	$ (10,000)
	$ -	$ -	$ -
To apply balance owed to a related party to accounts receivable:			
Decrease in accounts receivable - related party	$ 40,000	$ -	$ 40,000
Repayments of note payable - related party	$ (40,000)	$ -	$ (40,000)
	$ -	$ -	$ -
Stock issued for licensing agreement rights	$ 672,000	$ -	$ 672,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

SONNEN CORPORATION AND SUBSIDIARY
(Formerly known as Simple Tech, Inc. and Subsidiary)
(A DEVELOPMENT STAGE ENTERPRISE)
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
For the nine months ended March 31, 2010 and 2009

NOTE 1 – BUSINESS

Sonnen Corporation was incorporated in the state of Nevada on November 16, 2006 as "Simple Tech, Inc." to provide basic computer maintenance and troubleshooting assistance through an internet based website. Unable to realize its original business objectives, Simple Tech, Inc. switched its focus in July of 2009 by entering into a licensing agreement that provided for the research and development of products to market intended to rely on a novel process for energy generation consisting of specific materials and proprietary material combinations. On November 3, 2009 Simple Tech, Inc. changed its name to "Sonnen Corporation". Sonnen Corporation and its wholly-owned subsidiary, Sonnen One, Inc., are referred to herein as the "Company".

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

In the opinion of management, the accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's financial position as of March 31, 2010, and the results of its operations and cash flows for the nine months ended March 31, 2010, have been made. Operating results for the nine months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ended June 30, 2010.

These condensed consolidated financial statements should be read in conjunction with the financial statements and notes for the year ended June 30, 2009, thereto contained in the Company's Form 10-K.

Development Stage Enterprise

At March 31, 2010, the Company's business operations remain in development and are dependent on funding. The Company is therefore considered a development stage enterprise.

Principles of Consolidation

The accompanying condensed consolidated financial statements include the accounts of Sonnen Corporation and Sonnen One, Inc., its wholly-owned subsidiary. All material intercompany accounts and transactions between Sonnen Corporation and Sonnen One, Inc. for the periods presented have been eliminated in consolidation.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates and assumptions.

Recently Issued Accounting Pronouncements

In April 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-13, "Effect of Denominating the Exercise Price of a Share-Based Payment Award in the Currency of the Market in Which the Underlying Equity Security Trades" ("ASU 2010-13"). ASU 2010-13 addresses the classification of a share-based payment award with an exercise price denominated in the currency of a market in which the underlying equity security trades. FASB Accounting Standards Codification ("ASC") Topic 718 was amended to clarify that a share-based payment award with an exercise price denominated in the currency of a market in which a substantial portion of the entity's equity securities trade shall not be considered to contain a market, performance or service condition. Therefore, such an award is not to be classified as a liability if it otherwise qualifies for equity classification. The amendments in ASU 2010-13 are effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2010, with early application permitted. We do not anticipate that the adoption of this guidance will have a material impact on our financial position and results of operations.

In February 2010, the FASB issued ASU No. 2010-09, "Amendments to Certain Recognition and Disclosure Requirements" ("ASU 2010-09"), which amends ASC Topic 855, "Subsequent Events." The amendments to ASC Topic 855 do not change existing requirements to evaluate subsequent events, but: (i) defines a "SEC Filer," which we are; (ii) removes the definition of a "Public Entity"; and (iii) for SEC Filers, reverses the requirement to disclose the date through which subsequent events have been evaluated. ASU 2010-09 was effective for us upon issuance. This guidance did not have a material impact on our financial position and results of operations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Recently Issued Accounting Pronouncements - continued

In January 2010, the FASB issued ASU No. 2010-06, "Improving Disclosures about Fair Value Measurements" ("ASU 2010-06"). ASU 2010-06 requires new disclosures for (i) transfers of assets and liabilities in and out of levels one and two fair value measurements, including a description of the reasons for such transfers and (ii) additional information in the reconciliation for fair value measurements using significant unobservable inputs (level three). This guidance also clarifies existing disclosure requirements including (i) the level of disaggregation used when providing fair value measurement disclosures for each class of assets and liabilities and (ii) the requirement to provide disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for level two and three assets and liabilities. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about activity in the roll forward for level three fair value measurements, which is effective for fiscal years beginning after December 15, 2010. The adoption of this guidance has not had a material impact on our financial position and results of operations.

Management believes the impact of other recently issued standards and updates, which are not yet effective, will not have a material impact on the Company's consolidated financial position, results of operations or cash flows upon adoption.

NOTE 3 – GOING CONCERN

The accompanying condensed consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has a cumulative net loss for the period from inception (November 16, 2006) through March 31, 2010 of $2,062,139 and negative cash flows from development stage activities of $776,256. These conditions raise substantial doubt about the Company's ability to continue as a going concern. The Company's continuation as a going concern is dependent on its ability to meet its obligations, to obtain additional debt and/or equity financing as may be required and ultimately to attain profitability. The condensed consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at March 31, 2010:

Computer equipment and software	$	1,853
Less: Accumulated depreciation		(271)
Total property and equipment, net	$	1,581

In the period ended December 31, 2009, the Company purchased two laptop computers and a scanner for its offices that will be depreciated over three years on a straight-line basis. Depreciation expense for the three and nine months ended March 31, 2010 was $154 and $271, respectively.

NOTE 5 – LICENSING AGREEMENT

The Company entered into a licensing agreement with PT Group, Limited ("PT Group"), an unrelated entity, on July 27, 2009, that granted the Company an exclusive, non-transferable license to use PT Group's purported ownership of certain intellectual property connected to technology and prospective licensed products that was to be used as a basis for achieving the Company's business objectives. The terms of the agreement were to continue until the expiry of protections afforded for the intellectual property, provided that the Company was not in breach or default of any of the provisions contained therein. During the term of the licensing agreement, PT Group was to retain sole and beneficial propriety over the intellectual property, including any improvements made to any future licensed or unlicensed products regardless of the source. In exchange for use of the license, PT Group was issued 3,360,000 shares of the Company's common stock, equal to 5% of its issued and outstanding common shares valued at $0.20 a share or $672,000 as of the execution date of the Agreement. Further, the licensing required that on the Company raising $50 million in equity financing that PT Group would own no less than 2.5% of its issued and outstanding common shares.

Breach of Contract Claim

On February 6, 2010, PT Group notified the Company of purported breaches in the terms and conditions of the licensing agreement including a breach of confidentiality, insufficient funding for research and development activities and failure to provide direct access to the Company's patent attorneys. The Agreement provides for a ninety day period in which to cure purported breaches. Since receiving notification of breach the Company has learned that PT Group is not the rightful owner of the license and had no rights to grant the license to the Company. PT Group has not remedied its failure to license certain proprietary technology in accordance with the agreement, therefore the Company has filed a legal complaint to seek redress. (Note 10)

NOTE 6 – NOTES PAYABLE

On January 5, 2010, the Company received an advance on an interest bearing promissory note of $100,000 from an unrelated entity. The note is due and payable on January 11, 2011, and bears an interest rate of 8% per annum. Interest of $1,889 for the three months ended March 31, 2010 has been accrued.

On February 17, 2010, the Company received an advance on an interest bearing promissory note of $93,660 in cash and a payment made on behalf of the Company of $5,000 for a total of $98,660 from an unrelated entity. The note is due and payable on February 17, 2011, and bears an interest rate of 8% per annum. Interest of $921 for the three months ended March 31, 2010 has been accrued.

On March 1, 2010, the Company executed a new note for $5,000 to an unrelated third party. The new note is due and payable on March 1, 2011, and bears an interest rate of 8% per annum. Interest of $133 for the three months ended March 31, 2010 has been accrued.

NOTE 7 – STOCKHOLDERS' EQUITY (DEFICIT)

The Company uses the Black-Scholes model to value its outstanding nonemployee warrants based on certain assumptions such as the risk-free interest rate, the weighted average expected term, the weighted average expected stock volatility and the last trade price. On the grant date, September 30, 2009, these warrants were valued at $143,500. At December 31, 2009, the Company re-evaluated its assumptions and determined that the weighted average expected volatility should be decreased from 70% to 50% and that the valuation should be adjusted for a $0.26 decrease in the trade price per share. The change in assumptions resulted in a decrease in the value of the warrants from $143,500 at September 30, 2009 to $62,200 at December 31, 2009, with no significant change in value at March 31, 2010.

NOTE 8 – STOCK – BASED COMPENSATION

On August 31, 2009, the Company adopted the Company's 2009 Stock Option Plan (the "Plan") in an effort to promote the interests of the Company by providing eligible persons and others with the opportunity to acquire or increase a proprietary interest in the Company through the grant of up to five million (5,000,000) non-statutory stock options as an incentive for the eligible persons to continue their employment or service. On August 31, 2009, the Company authorized the grant of an aggregate of one million eight hundred thousand (1,800,000) options with an exercise price of $1.00 per share pursuant to the Plan. The options granted vest over a three-year period through August 31, 2013, in equal increments of one-third each year or in full if involuntarily terminated.

On November 9, 2009, the Company authorized the grant of one hundred thousand (100,000) options with an exercise price of $1.25 per share pursuant to the Plan. The options vest over a two-year period through November 9, 2010, in equal increments of one-half each year or in full if involuntarily terminated.

On January 1, 2010, the Company authorized the grant of one hundred thousand (100,000) options with an exercise price of $1.25 per share pursuant to the Plan. The options vest over a two-year period beginning on January 1, 2010, in equal increments of one-third through January 1, 2012, or in full if involuntarily terminated.

The value of employee and non-employee stock options granted since the Plan's inception in August 2009 is estimated in blocks using the Black-Scholes model at March 31, 2010, with the following assumptions:

	Aug. 31, 2009	Nov. 9, 2009	Jan. 1, 2010
Expected volatility (based on historical volatility)	679.77%	679.77%	679.77%
Expected dividends	$ 0.00	$ 0.00	$ 0.00
Expected term in years	5	5	5
Risk-free rate	0.95%	0.95%	0.95%

NOTE 8 – STOCK – BASED COMPENSATION - continued

The expected volatility assumption is based upon historical stock price volatility measured on a daily basis. The risk-free interest rate assumption is based upon U.S. Treasury Bond interest rates appropriate for the terms of the Company's granted options. The dividend yield assumption is based on the Company's history and expectation of dividend payments.

A summary of the options granted to employees and others under the Plan and changes since inception of the Plan is presented below:

	Number of Options	Weighted Average Exercise Price per Share	Aggregate Intrinsic Value
Balance at July 1, 2009	-	$ -	$ -
Options Granted	2,000,000	1.02	2,044,000
Options Exercised	-	1.00	-
Options Forfeited or Expired	-	1.00	-
Balance at March 31, 2010	2,000,000	$ 1.02	$ 2,044,000
Exercisable at March 31, 2010	50,000	$ 1.26	$ 63,000
Weighted average fair value of options granted per share through March 31, 2010		$ 1.02	

The following table summarizes information about stock options under the Plan that were outstanding at March 31, 2010:

Outstanding Options						Options Exercisable		
Exercise Price	Number Outstanding at March 31, 2010	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price per Share	Intrinsic Value	Number Exercisable at March 31, 2010	Weighted Average Exercise Price	Aggregate Intrinsic Value
$ 1.00	1,800,000	10.00	$ 1.00	$ 1,818,000	-	$ -	$ -
$ 1.25	200,000	10.00	$ 1.13	$ 226,000	50,000	$ 1.26	$ 63,000
	2,000,000		$ 1.02	$ 2,044,000	50,000	$ 1.26	$ 63,000

The total value of stock options granted to employees and others during the nine months ended March 31, 2010 was $2,044,000.

NOTE 8 – STOCK – BASED COMPENSATION - continued

During the three and nine months ended March 31, 2010, the Company recorded $206,120 and $418,600, respectively, in stock-based compensation which is included in compensation, related taxes, and expenses on the statements of operations.

At March 31, 2010 there was $1,625,400 of total unrecognized compensation cost related to stock options granted under the Plan. That cost is expected to be recognized pro-rata according to the vesting schedules through January 1, 2012.

NOTE 9 – RELATED PARTY TRANSACTIONS

Finder's Fee Agreement

During the quarter ended March 31, 2010, the Company received an advance from a related party of $30,000 and a $16,079 payment made on behalf of the Company, for a total of $46,079. During the quarter ended, March 31, 2010, the Company repaid $6,079, and offset the remaining $40,000 to a $50,000 receivable from the same party related to a finders' fee earned by the Company. The net receivable of $10,000 is reflected on the balance sheet as accounts receivable – related party.

Consulting Agreements

On October 1, 2009, the Company entered into a consulting agreement with Prosper Financial, Inc., a company owned by the spouse of the Company's President and Chief Executive Officer and 37% owner of the Company. The agreement calls for monthly payments of $2,500 for consulting services rendered and $1,200 per month in rental payments for the use of Prosper Financial, Inc.'s office space. The agreement extends through October 31, 2010. As of March 31, 2010, this related party had a balance due of $7,907, and is reflected in accounts payable – related parties.

On August 1, 2009, the Company entered into a consulting agreement with a director and officer that called for monthly compensation of $7,500 through December 31, 2009. As of March 31, 2010, this related party had a balance due of $6,742, which is reflected in accounts payable – related parties.

On July 1, 2009, the Company entered into a consulting agreement with a shareholder, director and officer of the Company that calls for an annual base fee of $96,000 and extends through June 30, 2010. As of March 31, 2010, this related party had a balance due of $34,100, which is reflected in accounts payable – related parties.

On October 1, 2009, the Company entered into a consulting agreement with the Head of Research that called for monthly compensation of $6,000 through December 31, 2009. As of March 31, 2010, this related party had a balance due of $4,840, and is reflected in accounts payable – related parties.

NOTE 9 – RELATED PARTY TRANSACTIONS - continued

Employment Agreements

On January 1, 2010, the Company entered into various employment agreements with the Company's President and Chief Executive Officer, Head of Research, Project Manager, and Executive Assistant. All agreements are for one year. Total salaries for all employees subject to the employment agreements total $282,000 annually. Each agreement may be terminated by the Company immediately with cause or thirty days written notice by either party. The agreement for the Head of Research includes an option to purchase one hundred thousand (100,000) shares of common stock at an exercise price of $1.25 per share that vests equally over three years. The details of each agreement are contained in the table below:

Position	Monthly Salary	Stock Options Granted
President/ CEO	$ 7,500	-
Head of Research	6,000	100,000
Project Manager	8,000	-
Executive Assistant	2,000	-
Total	$ 23,500	100,000

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Consulting Agreements

On January 18, 2010, the Company entered into a five month consulting agreement for investment and financial services that calls for the consultant to be issued one hundred thousand (100,000) shares of common stock valued at $75,000 as a signing fee. Additional payments will be negotiated as needed, and the agreement extends through May 18, 2010.

Contingencies

On February 6, 2010, PT Group notified the Company of a purported breach of contract items including a breach of confidentiality, insufficient funding for research and development activities and failure to provide direct access to our patent attorneys. The licensing agreement allows for a ninety day period in which to cure purported breaches. Since receiving notification of breach the Company has learned that PT Group is not the rightful owner of the license and had no rights to grant the license to the Company. (Note 5)

NOTE 10 – COMMITMENTS AND CONTINGENCIES - continued

On March 8, 2010, the Company filed a complaint in the Circuit Court of the 11th Judicial Court In and For Miami-Dade County, Florida against Paul R. Leonard and PT Group in connection with a breach of the licensing agreement dated July 27, 2009. The complaint seeks: (i) damages for fraud that stem from reliance on PT Group's claim of ownership over certain proprietary information, (ii) the return of Company shares issued to PT Group as compensation for the rights licensed, (iii) injunctive relief sought to prohibit Mr. Leonard's use of confidential information to which he is not entitled, and (iv) reasonable attorney's fees. The Company expects to succeed on the merits of its claims.

NOTE 11 – DETAILED INCOME AND EXPENSE BY SUBSIDIARY

The Company and its wholly owned subsidiary, Sonnen One, work jointly on the same projects, products, and research and development. The accounting policies of the individual companies are the same as those described in the summary of significant accounting policies. (Note 2) The breakdown of their individual expenses are below:

Nine months ended March 31, 2010	Sonnen Corporation	Sonnen One, Inc.	Total
Revenue	$ -	$ -	$ -
General and administrative expenses			
Consulting fees	278,693	-	278,693
Consulting fees - related parties	199,500	-	199,500
Professional fees	125,367	7,365	132,732
Research and development	64,445	163,184	227,629
General and administrative	56,000	2,213	58,213
Compensation, related taxes and benefits	469,876	-	469,876
Impairment loss on asset	-	672,000	672,000
Interest expense	3,474	-	3,474
Total Expenses	1,197,355	844,761	2,042,116
Other income	50,000	-	50,000
Net Loss	$ (1,147,355)	$ (844,761)	$ (1,992,116)

NOTE 12 – SUBSEQUENT EVENTS

The Company evaluated its March 31, 2010 financial statements for subsequent events through the date the financial statements were issued. The Company is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This *Management's Discussion and Analysis of Financial Condition and Results of Operations* and other parts of this quarterly report contain forward-looking statements that involve risks and uncertainties. Forward-looking statements can also be identified by words such as "anticipates," "expects," "believes," "plans," "predicts," and similar terms. Forward-looking statements are not guarantees of future performance and our actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the subsection entitled *Forward-Looking Statements and Factors That May Affect Future Results and Financial Condition* below. The following discussion should be read in conjunction with our condensed consolidated financial statements and related notes included in this report. Information presented herein is based on the three and nine-month periods ended March 31, 2010. Our fiscal year-end is June 30.

Discussion and Analysis

The Company's plan of operation for the coming year is to continue its research and development into improving catalysts for the utilization in fuel-cells and related catalysis fields such as emission abatement and ceramic technologies. We have formed a Scientific Advisory Board to support us with our research, development, and commercialization efforts through advice, counsel, and direct participation, utilizing industry expertise based on professional and academic backgrounds.

Licensing Agreement

On July 27, 2009, we entered into a licensing agreement with PT Group, Limited ("PT Group") to acquire a license for the development and marketing of proprietary technology related to improving catalysts for the utilization in fuel-cells utilizing a unique catalytic process in exchange for shares of the Company's common stock and meeting certain financial obligations. PT Group notified the Company on February 6, 2010, of purported breaches of the license agreement including a breach of confidentiality, insufficient funding for research and development activities, and failure to provide direct access to our patent attorneys. Since receiving notification of breach the Company has learned that PT Group is not the rightful owner of the license and had no rights to grant the license to the Company. Accordingly, on March 8, 2010, the Company filed a civil complaint against PT Group and Paul Leonard, one of its principles, in connection with a breach of the licensing agreement seeking damages for fraud, return of the Company shares, injunctive relief, and attorney's fees.

Based on our contention, that PT Group is not the rightful owner of the proprietary technology purportedly licensed to us, we recorded an impairment of our investment in the licensing agreement in the current period.

Research and Development

Building off of our current catalysis activities and in conjunction with new technologies, we will continue our research and development activities at 4D Labs. 4D Labs is an applications and science-driven research center within Simon Fraser University, located in British Columbia, Canada, which offers us the use of multiple facilities with state-of-the-art equipment for academic, industrial and government researchers. Over the next twelve months we intend to finalize a number of research projects currently in progress at the research center.

Manufacturing

When we have identified a viable product or products, we intend to manufacture such products at a pilot plant that will be constructed for the purpose of meeting initial orders and proving manufacturing processes. When proven we expect to enter into a series of joint ventures to expand the scope of our manufacturing facilities with experienced partners and to sublicense specific applications of the technology in targeted industries. We expect that our facilities and those of our joint venture partners and sublicenses will in the future manufacture end user products.

Marketing

Once a commercially viable product or products are ready to be manufactured, we intend to implement a public awareness campaign to educate consumers, industry leaders and government representatives alike as to the benefits of our technology for a variety of applications. We expect to conduct this campaign with the benefit of press releases, contributions to scientific publications, meetings with interested groups and general advertising within mass media markets.

Results of Operations

During the nine months ended March 31, 2010, the Company was involved in (i) in the development of proprietary technology tied to a licensing agreement and related research, (ii) financing activities to support our research and development efforts, and (iii) satisfying continuous public disclosure requirements.

Net Losses

For the period from inception (November 16, 2006) through March 31, 2010, the Company incurred net losses of $2,062,139. Net losses for the three months ended March 31, 2010, were $1,216,618 as compared to net losses of $1,519 for the three months ended March 31, 2009. Net losses for the nine months ended March 31, 2010, were $1,992,116 as compared to net losses of $9,243 for the nine months ended March 31, 2009. The increase in net losses over the comparative three and nine month periods can be primarily attributed to research and development expenses, general and administrative costs and loss on the impairment of the license agreement.

We did not generate revenue during this period and expect to continue to incur losses through our fiscal year end. Due to the nature of the Company's research and development activities, we cannot determine whether we will ever generate revenues from operations.

General and Administrative Expenses

General and administrative expenses for the three months ended March 31, 2010, were $594,618 as compared to $1,519 for the three months ended March 31, 2009. General and administrative expenses for the nine months ended March 31, 2010, were $1,336,642 as compared to $9,268 for the nine months ended March 31, 2009. The increase in general and administrative expenses over the comparative three and nine month periods is primarily due to compensation paid to consultants, professionals and employees in addition to those amounts paid for research and development activities. We expect compensation costs to decrease in future periods while research and development expenses are expected to increase going forward.

Other Income (Expense)

We realized an impairment of $672,000 on an asset in the current three and nine month periods ended March 31, 2010, related to the impairment of the licensing agreement with PT Group.

We recognized other income of $50,000 in the current three and nine month periods ended March 31, 2010 in connection with a finder's fee receivable from a related party.

We recognized an interest expense of none and $3,474 in the current three and nine month periods ended March 31, 2010, respectively.

Income Tax Expense (Benefit)

We have a prospective income tax benefit resulting from net operating loss carry forwards that will offset any future operating profit. Currently, that benefit has been offset with a valuation allowance.

Impact of Inflation

Management believes that inflation has not had a material effect on its development stage activities for the period from inception (November 16, 2006) through March 31, 2010.

Capital Expenditures

The Company has incurred $1,853 in capital expenditures for the period from inception (November 16, 2006) through March 31, 2010.

Liquidity and Capital Resources

We have been in the development stage since inception, and has experienced significant changes in liquidity, capital resources, and stockholders' equity (deficit).

At March 31, 2010, the Company had a working capital deficit of $326,999. Current assets of $39,043 consisted of cash, accounts receivable and prepaid expenses while total assets of $40,624 consisted of current assets, office furniture and equipment net of accumulated depreciation. The Company's current and total liabilities of $367,623 consisted primarily of notes payable, accounts payable and accrued liabilities. Stockholders' deficit in the Company at March 31, 2010, was $326,999.

For the period from inception (November 16, 2006) through March 31, 2010, the Company's cash flows used in development stage activities were $776,256. Net cash flows used in operating activities for the nine months ended March 31, 2010, were $715,715 compared to $11,398 for the nine months ended March 31, 2009. The increase in cash flows used by development stage activities during the current nine month period was primarily due to net losses.

For the period from inception (November 16, 2006) through March 31, 2010, the Company's net cash flows used in investing activities were $1,853, all of which was used during the nine month period for the purchase of property and equipment.

For the period from inception (November 16, 2006) through March 31, 2010, our net cash flows provided by financing activities were $792,121. Net cash flows provided by financing activities for the nine months ended March 31, 2010, were $722,581 compared to none for the nine months ended March 31, 2009. The increase in net cash flows provided by financing activities during the current nine month period are primarily attributed to proceeds from the issuance of common stock and notes payable.

Our current assets are insufficient to conduct planned research and development activities over the next twelve (12) months. We will first have to seek an additional $1,000,000 in debt and/or equity financing to fund these activities and meet current obligations. We have no commitments or arrangements with respect to funding though our shareholders are the most likely source of loans and/or equity placements. Our inability to obtain funding would have a material adverse affect on our business.

We have no intention of paying cash dividends in the foreseeable future.

We have no lines of credit or other bank financing arrangements in place.

We have no material commitments for future capital expenditures.

We have a stock-compensation to employees and others.

We have no current plans for the purchase or sale of any plant or equipment.

We have no current plans to make any changes in the number of employees.

Off-Balance Sheet Arrangements

As of March 31, 2010, we have no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of development stage activities, liquidity, capital expenditures, or capital resources.

Going Concern

Our auditors' report expressed substantial doubt as to the Company's ability to continue as a going concern as a result of recurring losses, lack of revenue generating activities, and an accumulated deficit of $70,022 as of June 30, 2009. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plan to address the Company's ability to continue as a going concern, include the completion of private equity and/or debt offerings, realizing revenues from the commercialization of developed or acquired technology, obtaining loans and grants from financial or governmental institutions and the conversion of outstanding debt to equity. The successful outcome of these activities cannot be determined at this time, and there is no assurance that, if achieved, we would then have sufficient funds to execute our intended business plan or generate positive operating results.

Forward- Looking Statements and Factors That May Affect Future Results and Financial Condition

The statements contained in the section titled "*Results of Operations"* and *"Description of Business"*, with the exception of historical facts, are forward-looking statements. A safe-harbor provision may not be applicable to the forward-looking statements made in this current report. Forward-looking statements reflect our current expectations and beliefs regarding our future results of operations, performance, and achievements. These statements are subject to risks and uncertainties and are based upon assumptions and beliefs that may or may not materialize. These statements include, but are not limited to, statements concerning:

- our anticipated financial performance;
- uncertainties related to the research and development of technology;
- our ability to generate revenues through sales to fund future operations;
- our ability to raise additional capital to fund cash requirements for future operations;
- the volatility of the stock market; and
- general economic conditions.

We caution readers that our operating results are subject to various risks and uncertainties that could cause our actual results to differ materially from those discussed or anticipated including the factors set forth in the section entitled "*Risk Factors"* included elsewhere in this report. We advise readers not to place any undue reliance on the forward-looking statements contained in this report, which reflect our beliefs and expectations only as of the date of this report. We assume no obligation to update or revise these forward-looking statements to reflect new events or circumstances or any changes in our beliefs or expectations, other than as required by law.

Stock-Based Compensation

We have adopted Accounting Standards Codification, ASC 718, formerly SFAS No. 123R, *Share-Based Payments*, which addresses the accounting for stock-based payment transactions in which an enterprise receives employee services in exchange for (a) equity instruments of the enterprise or (b) liabilities that are based on the fair value of the enterprise's equity instruments or that may be settled by the issuance of such equity instruments.

We account for equity instruments issued in exchange for the receipt of goods or services from other than employees in accordance with ASC 505. Costs are measured at the estimated fair market value of the consideration received or the estimated fair value of the equity instruments issued, whichever is more reliably measurable based on the Black-Scholes model. The value of equity instruments issued for consideration other than employee services is determined on the earliest of a performance commitment or completion of performance by the provider of goods or services.

Recent Accounting Pronouncements

Please see Note 2 to the accompanying financial statements for recent accounting pronouncements that may affect us.

Critical Accounting Policies

In the notes to our audited consolidated financial statements for the years ended June 30, 2009 and 2008, included in the Company's most recent annual report on Form 10-K, we discussed those accounting policies that are considered to be significant in determining the results of development stage activities and financial position. Management believes that our accounting principles conform to accounting principles generally accepted in the United States of America.

The preparation of financial statements requires management to make significant estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. By their nature, these judgments are subject to an inherent degree of uncertainty. On an on-going basis, we evaluate our estimates, including those related to bad debts, intangible assets, product liability, revenue, and income taxes. We base our estimates on historical experience and other facts and circumstances that are believed to be reasonable, and the results form the basis for making judgments about the carrying value of assets and liabilities. The actual results may differ from these estimates under different assumptions or conditions.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not required.

ITEM 4T. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

In connection with the preparation of this report on Form 10-Q, an evaluation was carried out by management, with the participation of the chief executive officer and the chief financial officer, of the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("Exchange Act")). Disclosure controls and procedures are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Commission's rules and forms and that such information is accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Based on that evaluation, the Company's management concluded, as of the end of the period covered by this report, that the Company's disclosure controls and procedures were effective in recording, processing, summarizing, and reporting information required to be disclosed, within the time periods specified in the Commission's rules and forms, and that such information was accumulated and communicated to management, including the chief executive officer and the chief financial officer, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There have been no changes in internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) during the nine months ended March 31, 2010, that materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

On March 8, 2010, the Company filed a complaint in the Circuit Court of the 11th Judicial Court In and For Miami-Dade County, Florida against Paul R. Leonard and PT Group in connection with a breach of the licensing agreement dated July 27, 2009. The complaint seeks: (i) damages for fraud that stem from reliance on PT Group's claim of ownership over certain proprietary information, (ii) the return of Company shares issued to PT Group as compensation for the rights licensed, (iii) injunctive relief sought to prohibit Mr. Leonard's use of confidential information to which he is not entitled, and (iv) reasonable attorney's fees. The Company expects to succeed on the merits of its claims.

ITEM 1A. RISK FACTORS.

The Company's operations and securities are subject to a number of risks. Below we have identified and discussed the material risks that we are likely to face. Should any of the following risks occur, they will adversely affect our operations, business, financial condition and/or operating results as well as the future trading price and/or the value of our securities.

Risks Related to the Company's Business

We have a history of significant losses from development stage activities and such losses may continue in the future.

Since November 16, 2006 (date of inception), our expenses have resulted in continuing losses and an accumulated deficit of $2,062,139 through March 31, 2010. We will increase operating losses as we build our business through research and development activities. Our only expectation of future profitability is dependent upon whether we produce revenue related to technology that we are in the process of developing for commercial applications. Should we be unable to produce revenue the Company will continue to incur losses.

We need to continue as a going concern if our business is to succeed.

Our independent accountant's report on our audited financial statements as of and for the period ended June 30, 2009, included in our Form 10-K filed with the Commission indicates that there are a number of factors that raise substantial doubt as to our ability to continue as a going concern. Such factors identified in the report include our ability to meet our obligations, to obtain additional financing as may be required, and ultimately to attain profitability. If we are not able to continue as a going concern, it is likely that our stockholders will lose their investments.

We will continue to incur losses into the foreseeable future.

Prior to completion of our research and development program, we anticipate that we will incur increased development stage activities without realizing any revenues. Therefore, we expect to continue to incur losses into the foreseeable future. We recognize that if we are ultimately unable to generate revenues from the development or acquisition of technology, we may not be able to continue operations.

Our business development strategy is prone to significant risks.

Our Company's business development strategy is prone to significant risks and uncertainties which could have an immediate impact on its efforts to generate a positive net cash flow and could deter the anticipated development of our technology. Historically, we have not generated cash flow and have to had to rely on debt and/or equity financing to remain in business. Therefore, we cannot offer that future expectations that any technology we develop or acquire will be commercially viable or that it will be sufficient to generate the revenue required for our operations. Should we be unable to generate cash flow, the Company may be forced to sell assets or seek additional debt and/or equity financing as alternatives to the cessation of our activities. The success of such measures can in no way be assured.

Risks Related to the Technology

Environmental laws and other governmental legislation may affect our business.

Should the technology that we develop or acquire or products based on such technology not comply with applicable environmental laws or if the Company is exposed to environmental liability claims, our business and financial results could be seriously harmed. Any imposition of liability could have a material adverse effect on our business, results of operations and financial condition. Furthermore, changes in legislation and government policy could also negatively impact us.

There are significant commercialization risks related to technological businesses.

Any technology-based industry in which we will operate will likely be characterized by the continual search for technological advances that deliver improved reliability and reduced cost. Our growth and future financial performance will depend on our ability to develop and introduce products that keep pace with technological developments and evolving industry requirements. Should we be unable to keep pace with outside technological, developments such failure will have a material adverse effect on our business.

The research and development required to commercialize our future products requires significant investment and innovation to keep pace with technological developments. Should we fail to anticipate or respond adequately to technological developments, or if we experiences significant delays in product development, our products may become obsolete. Should our products not keep pace with technological developments or fail to gain widespread market acceptance there is a significant likelihood that we may not be able to sustain our business.

We will face competition.

We will face competitors which may have greater research and development, management, financial, technical, manufacturing, marketing, sales, and other resources than will be available to us. There can be no assurance that we will be able to compete successfully against future competitors.

We may face liability claims on our future products.

Although we intend to implement exhaustive testing programs to identify potential material defects in the technology that we develop or acquire, any undetected defects could harm our reputation, diminish our customer base, shrink revenues and expose us to product liability claims.

We will rely upon patents and other intellectual property.

We will rely on a combination of patent applications, trade secrets, trademarks, copyrights and licenses, together with non-disclosure and confidentiality agreements, to establish and protect our proprietary rights in our technologies. Should we be unable to adequately protect intellectual property rights or become subject to a claim of infringement, our business may be materially adversely affected.

We will rely upon co-development partners.

We expect to derive a large portion of our future revenues from entering into co-development partnership agreements for whichever technology we pursue. Should we be unable to negotiate co-development partnership agreements on favorable terms or at all, such failure will negatively impact our results of activities.

We will rely upon manufacturing joint venture agreements.

Our plan of operation contemplates entering into manufacturing joint venture agreements with one or more external parties to manufacture products that rely on the technology that we pursue. Should we be unable to secure manufacturing joint venture agreements on favorable terms or at all, such failure will negatively impact our ability to manufacture our anticipated products.

We rely on key personnel.

Our success depends to a large degree on the continued services of its senior management and key personnel. We believe that responsible management processes, an emphasis on people management, and restraint of trade clauses within employment contracts reduce the likelihood of such personnel becoming competitors. Nonetheless, the loss of services provided by senior management, particularly to a competitor, could disrupt operations and harm our business.

Risks Related to the Company's Stock

Capital funding requirements may result in dilution to existing stockholders.

We intend to raise capital through equity offerings, debt placements and/or joint ventures. Should we secure a commitment to provide us with capital such commitment may obligate us to issue shares of our common stock, warrants or create other rights to acquire our common stock. New issuances of our common stock will result in a dilution of our existing stockholders' interests.

The market for our stock is limited and our future stock price may be volatile.

The market for our common stock on the Over the Counter Bulletin Board is limited to sporadic trading which may result in future volatility in the market price of our stock. Due to these factors our stockholders may face extraordinary difficulties in selling the Company's shares in an orderly and timely manner.

We do not pay cash dividends.

The Company does not pay cash dividends. We have not paid any cash dividends since inception and have no intention of paying any cash dividends in the foreseeable future. Any future dividends would be at the discretion of our board of directors and would depend on, among other things, future earnings, our operating and financial conditions, our capital requirements, and general business conditions. Therefore, stockholders should not expect any type of cash flow from their investment.

We incur significant expenses as a result of the Sarbanes-Oxley Act of 2002, which expenses may continue to negatively impact our financial performance.

We incur significant legal, accounting and other expenses as a result of the Sarbanes-Oxley Act of 2002, as well as related rules implemented by the Commission, which control the corporate governance practices of public companies. Compliance with these laws, rules and regulations, including compliance with Section 404 of the Sarbanes-Oxley Act of 2002, as discussed in the following risk factor, has substantially increased our expenses, including legal and accounting costs, and made some activities more time-consuming and costly. Further, expenses related to our compliance may increase in the future, as legislation affecting smaller reporting companies comes into effect that may negatively impact our financial performance to the point of having a material adverse effect on our results of operations and financial condition.

Our internal controls over financial reporting may not be considered effective in the future, which could result in a loss of investor confidence in our financial reports and in turn have an adverse effect on our stock price.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 we are required to furnish a report by our management on our internal controls over financial reporting. Such report must contain, among other matters, an assessment of the effectiveness of our internal controls over financial reporting as of the end of the year, including a statement as to whether or not our internal controls over financial reporting are effective. This assessment must include disclosure of any material weaknesses in our internal controls over financial reporting identified by management. If we are unable to continue to assert that our internal controls are effective, our investors could lose confidence in the accuracy and completeness of our financial reports, which in turn could cause our stock price to decline.

The Company's common stock is currently deemed to be "penny stock", which makes it more difficult for investors to sell their shares.

The Company's common stock is and will be subject to the "penny stock" rules adopted under section 15(g) of the Exchange Act. The penny stock rules apply to companies whose common stock is not listed on the NASDAQ Stock Market or other national securities exchange and trades at less than $5.00 per share or that have tangible net worth of less than $5,000,000 ($2,000,000 if the company has been operating for three or more years). These rules require, among other things, that brokers who trade penny stock to persons other than "established customers" complete certain documentation, make suitability inquiries of investors and provide investors with certain information concerning trading in the security, including a risk disclosure document and quote information under certain circumstances. Many brokers have decided not to trade penny stocks because of the requirements of the penny stock rules and, as a result, the number of broker-dealers willing to act as market makers in such securities is limited. If the Company remains subject to the penny stock rules for any significant period, it could have an adverse effect on the market, if any, for the Company's securities. If the Company's securities are subject to the penny stock rules, investors will find it more difficult to dispose of the Company's securities.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS ON SENIOR SECURITIES.

None.

ITEM 4. (REMOVED AND RESERVED)

Removed and reserved.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS.

Exhibits required to be attached by Item 601 of Regulation S-K are listed in the Index to Exhibits on page 29 of this Form 10-Q, and are incorporated herein by this reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Sonnen Corporation

Registrant

	/s/ Robert Miller
May 19, 2010	Robert Miller
Date	Chief Executive Officer and Director

	/s/ Costas Takkas
May 19, 2010	Costas Takkas
Date	Chief Financial Officer, Principal Accounting Officer and Director

EXHIBITS

Exhibit	*Description*
3.1(i)*	Articles of Incorporation. Incorporated by reference to the Company's Form SB-2 filed with the Commission on August 6, 2007.
3.1(ii)*	Amendment to the Articles of Incorporation. Incorporated by reference to the Company's Definitive 14C filed with the Commission on October 14, 2009.
3.2*	Bylaws, Incorporated by reference to the Company's Form SB-2 filed with the Commission on August 6, 2007.
10(i)*	Licensing Agreement between the Company, the Company's wholly owned subsidiary, and P.T. Group, Ltd., dated July 27, 2009. Incorporated by reference to the Company's Form 10-K filed with the Commission on August 3, 2009
10(ii)*	Consulting Agreement between the Company and Costas Takkas, dated July 27, 2009. Incorporated by reference to the Company's Form 10-K filed with the Commission on August 3, 2009
10(iii)*	Employment Agreement between the Company and Paul Leonard dated July 27, 2009. Incorporated by reference to the Company's Form 10-K filed with the Commission on August 3, 2009
10(iv)*	Warranty Agreement between P.T. Group, Ltd, the Company and Paul Leonard dated July 27, 2009. Incorporated by reference to the Company's Form 10-K filed with the Commission on August 3, 2009
10(v)*	Employment Agreement between the Company and Vladimir Kopylov dated August 1, 2009. Incorporated by reference to the Company's Form 10-Q filed with the Commission on November 23, 2009.
10(vi)	Employment Agreement between the Company and Robert H. Miller dated January 1, 2010.
21*	Subsidiaries of the Company. Incorporated by reference to the Company's Form 10-Q filed with the Commission on November 23, 2009.
31(i)	Certification of the Chief Executive Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31(ii)	Certification of the Chief Financial Officer pursuant to Rule 13a-14 of the Securities and Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32(i)	Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(ii)	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Incorporated by reference from previous filings of the Company

EMPLOYMENT AGREEMENT

This Employment Agreement ("Agreement") is made and entered into on this 1st day of January, 2010 effective as of 1st of January, 2010 by and between Sonnen Corporation, a Nevada based corporation (the "Company"), and Robert H. Miller (hereinafter, the "Executive"). This Employment Agreement supersedes the Consulting Agreement dated August 1st 2009.

W I T N E S S E T H:

WHEREAS, the Executive is to be employed as President and Chief Executive Officer of the Company.

WHEREAS, the Executive possesses intimate knowledge of the business and affairs of the Company, its policies, methods and personnel;

WHEREAS, the Board of Directors of the Company recognizes that the Executive has contributed to the growth and success of the Company, and desires to assure the Company of the Executive's continued employment and to compensate him therefore;

WHEREAS, the Board has determined that this Agreement will reinforce and encourage the Executive's continued attention and dedication to the Company;

WHEREAS, the Executive is willing to make his services available to the Company and on the terms and conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are mutually acknowledged, the Company and the Executive hereby agree as follows:

1. ***Definitions.***

When used in this Agreement, the following terms shall have the following meanings:

(a) "***Accrued Obligations***" means***:***

(i) all accrued but unpaid Base Salary through the end of the Term of Employment;

(ii) any unpaid or un-reimbursed expenses incurred in accordance with Company policy, including amounts due under Article 5(a) hereof, to the extent incurred during the Term of Employment;

(iii) any benefits provided under the Company's employee benefit plans, programs or arrangements in which the Executive participates, in accordance with the terms thereof, including rights to equity in the Company pursuant to any plan or grant;

(iv) any unpaid Bonus in respect to any completed fiscal year that has ended on or prior to the end of the Term of Employment; and

(v) rights to indemnification by virtue of the Executive's position as an officer or director of the Company or its subsidiaries and the benefits under any directors' and officers' liability insurance policy maintained by the Company, in accordance with its terms thereof.

(b) "***Affiliate***" means any entity that controls, is controlled by, or is under common control with, the Company.

(c) "***Base Salary***" means the salary provided for in Article ***4(a)*** hereof or any increased salary granted to Executive pursuant to Article ***4(a)*** hereof.

(d) "***Beneficial Ownership***" shall have the meaning ascribed to such term in Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended.

(e) "***Board***" means the Board of Directors of the Company.

(f) "***Bonus***" means any bonus payable to the Executive pursuant to Article ***4(b)*** hereof.

(g) "***Bonus Period***" means the period for which a Bonus is payable**.** Unless otherwise specified by the Board, the Bonus Period shall be the fiscal year of the Company.

(h) "***Cause***" means***:***

(i) a conviction of the Executive, or a plea of nolo contendere, to a felony involving moral turpitude; or

(ii) willful misconduct or gross negligence by the Executive resulting, in either case, in material economic harm to the Company or any Related Entities; or

(iii) a willful continued failure by the Executive to carry out the reasonable and lawful directions of the Board; or

(iv) fraud, embezzlement, theft or dishonesty of a material nature by the Executive against the Company or any Affiliate or Related Entity, or a willful material violation by the Executive of a policy or procedure of the Company or any Affiliate or Related Entity, resulting, in any case, in material economic harm to the Company or any Affiliate or Related Entity; or

(v) a willful material breach by the Executive of this Agreement.

An act or failure to act shall not be "willful" if (i) done by the Executive in good faith or (ii) the Executive reasonably believed that such action or inaction was in the best interests of the Company and the Related Entities.

(i) "***Change in Control***" means:

(i) The acquisition by any Person of Beneficial Ownership of more than fifty percent (50%) of the then outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") (the foregoing Beneficial Ownership hereinafter being referred to as a "Controlling Interest"); provided, however, that for purposes of this definition, the following acquisitions shall not constitute or result in a Change of Control: (v) any acquisition directly from the Company; (w) any acquisition by the Company; (x) any acquisition by any person that as of the Commencement Date owns Beneficial Ownership of a Controlling Interest; (y) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary of the Company; or (z) any acquisition by any corporation pursuant to a transaction which complies with clauses (A), (B) and (C) of subsection (iii) below; or

(ii) During any period of two (2) consecutive years (not including any period prior to the Commencement Date) individuals who constitute the Board on the Commencement Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Commencement Date whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(iii) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Company or any of its subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its subsidiaries (each a "Business Combination"), in each case, unless, following such Business Combination, (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination beneficially owns, directly or indirectly, twenty percent (20%) or more of, respectively, the then outstanding shares of common stock of the corporation resulting from such Business Combination or any Person that as of the Commencement Date owns Beneficial Ownership of a Controlling Interest beneficially owns, directly or indirectly, more than fifty percent (50%) of the then outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then outstanding voting securities of such corporation except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the Board of Directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(iv) approval by the shareholders of the Company of a complete liquidation or dissolution of the Company.

(j) "***COBRA***" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended from time to time.

(k) "***Code***" means the Internal Revenue Code of 1986, as amended.

(l) "***Commencement Date***" means January 1st, 2010.

(m) "***Common Stock***" means the common stock of the Company's parent company, par value $0.0001 per share.

(n) "***Competitive Activity***" means an activity that is in material or direct competition with the Company in any of the States within the United States, or countries within the world, in which the Company conducts business with respect to a business in which the Company engaged while the Executive was employed by the Company.

(o) "***Confidential Information***" means all trade secrets and information disclosed to the Executive or known by the Executive as a consequence of or through the unique position of his employment with the Company or any Related Entity (including information conceived, originated, discovered or developed by the Executive and information acquired by the Company or any Related Entity from others) prior to or after the date hereof, and not generally or publicly known (other than as a result of unauthorized disclosure by the Executive), about the Company or any Related Entity or its business.

(p) "***Disability***" means the Executive's inability, or failure, to perform the essential functions of his position, with or without reasonable accommodation, for any period of three months or more in any 12 month period, by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

(q) "***Equity Awards***" means any stock options, restricted stock, restricted stock units, stock appreciation rights, phantom stock or other equity based awards granted by the Company or any of its Affiliates to the Executive.

(r) "***Excise Tax***" means any excise tax imposed by Section 4999 of the Code, together with any interest and penalties imposed with respect thereto, or any interest or penalties are incurred by the Executive with respect to any such excise tax.

(s) "***Expiration Date***" means the date on which the Term of Employment, including any renewals thereof under Article 3(b), shall expire.

(t) "***Good Reason***" means:

(i) the assignment to the Executive of any duties inconsistent in any material respect with the Executive's position (including status, titles and reporting requirements), authority, duties or responsibilities as contemplated by Article 2(b) of this Agreement, or any other action by the Company that results in a material diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any material failure by the Company to comply with any of the provisions of Article 6 of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and that is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(iii) any purported termination by the Company of the Executive's employment other than for Cause pursuant to Article 6(b), or by reason of the Executive's Disability pursuant to Article 6(c) of this Agreement, prior to the Expiration Date.

(u) "***Group***" shall have the meaning ascribed to such term in Section 13(d) of the Securities Exchange Act of 1934.

(v) "***Initial Term***" means January 1, 2010 to January 1, 2011.

(w) "***Person***" shall have the meaning ascribed to such term in Section 3(a)(9) of the Securities Exchange Act of 1934 and used in Sections 13(d) and 14(d) thereof.

(x) ***"Related Entity"*** means any subsidiary, and any business, corporation, partnership, limited liability company or other entity designated by Board in which the Company or a subsidiary holds a substantial ownership interest.

(y) "***Restricted Period***" shall be the Term of Employment and if the Term of Employment is terminated for any reason other than by the Company for Cause or by the Executive for Good Reason, the two (2) year period immediately following termination of the Term of Employment. Notwithstanding the foregoing, the Restricted Period shall end in the event that (i) the Company fails to make any payments or provide any Benefits required by Article 6 hereof with 15 days of written notice from the Executive of such failure or (ii) the Company no longer has the rights to the confidential information.

(z) "***Severance Amount***" shall mean:

(i) in the event of the termination of Executive's employment with the Company by reason of the Executive's death or Disability, the amount of the Executive's annual Base Salary as in effect at the time of such termination payable in either cash or Common Stock at the discretion of the Company, based on the five day weighted trading average ending on the Termination Date, and

(ii) in the event of termination of the Executive's employment by the Company without Cause or by the Executive with Good Reason, or upon the Expiration Date, an amount equal to one (1) times the Executive's annual Base Salary as in effect immediately prior to the Termination Date payable in either cash or Common Stock at the discretion of the Company, based on the five day weighted trading average ending on the Termination Date.

(aa) "***Severance Term***" means the one (1) year period following the date on which the Term of Employment ends.

(bb) "***Stock Option***" means a right granted to the Executive under Article 5(d) hereof to purchase Common Stock under the Company's parent company Stock Option Plan.

(cc) ***"Stock Option Plan"*** means the Directors and Employees Incentive Stock Option Plan that will be adopted and implemented by the Company's parent company, as amended from time to time, and any successor plan thereto.

(dd) "***Term of Employment***" means the period during which the Executive shall be employed by the Company pursuant to the terms of this Agreement.

(ee) ***"Termination Date***" means the date on which the Term of Employment ends.

2. ***Employment.***

(a) ***Employment and Term.***

The Company hereby agrees to employ the Executive and the Executive hereby agrees to serve the Company during the Term of Employment on the terms and conditions set forth herein.

(b) ***Duties of Executive.***

During the Term of Employment, the Executive shall be employed and serve as Director President and Chief Executive Officer of the Company, and shall have such duties typically associated with such title, including, without limitation supervising operations and management of the Company. The Executive shall faithfully and diligently perform all services as may be assigned to him by the Board of the Company (provided that, such services shall not materially differ from the services currently provided by the Executive), and shall exercise such power and authority as may from time to time be delegated to him by the Board. The Executive shall devote sixty percent of his time, attention and efforts to the performance of his duties under this Agreement, render such services to the best of his ability, and use his reasonable best efforts to promote the interests of the Company. The Executive shall not engage in any other business or occupation, other than as declared and existing at the Commencement Date during the Term of Employment, including, without limitation, any activity that (i) conflicts with the interests of the Company or its subsidiaries, (ii) interferes with the proper and efficient performance of his duties for the Company, or (iii) interferes with the exercise of his judgment in the Company's best interests. Notwithstanding the foregoing or any other provision of this Agreement, it shall not be a breach or violation of this Agreement for the Executive to (x) serve on corporate, civic or charitable boards or committees, (y) deliver lectures, fulfill speaking engagements or teach at educational institutions, so long as such activities do not significantly interfere with or significantly detract from the performance of the Executive's responsibilities to the Company in accordance with this Agreement.

3. ***Term.***

(a) ***Initial Term.***

The initial Term of Employment under this Agreement, and the employment of the Executive hereunder, shall commence on the Commencement Date and shall expire on January 1, 2011, unless sooner terminated in accordance with Article 6 hereof.

(b) ***Renewal Terms.***

At the end of the Initial Term, the Term of Employment automatically shall renew for successive one (1) year terms (subject to earlier termination as provided in Section 6 hereof), unless the Company or the Executive delivers written notice to the other at least three (3) months prior to the Expiration Date of its or his election not to renew the Term of Employment.

4. ***Compensation.***

(a) ***Base Salary.***

The Executive shall receive a Base Salary at the annual rate of $90,000 during the Term of Employment, with such Base Salary payable in installments consistent with the Company's normal payroll schedule, subject to applicable withholding and other taxes. The Base Salary shall be increased upon completion of certain milestones:

(i) to $10,000 per month upon the parent of the Company raising a cumulative total of $1,500,000.

(ii) to $12,000 per month upon the Company raising a cumulative total of $5,000,000 for the development of the Technology;

(iii) to $15,000 per month upon completion of (ii) above and having developed a business plan, approved by the Board of Directors of the Company, for the use of the technology in an application other than for the use of the Technology in fuel cells utilizing gaseous fuels;

(iv) to $20,000 per month upon completion of (iii) above and the Company raising a cumulative total of $10,000,000 for the development of the Technology;

(v) The Base Salary shall be reviewed, at least annually, for merit increases and may, by action and in the discretion of the Compensation Committee of the Board, be increased at any time or from time to time, but may not be decreased from the then current Base Salary.

(b) ***Bonuses.***

(i) The Executive shall receive such additional bonuses, if any, as the Board may in its sole and absolute discretion determine.

(ii) Any Bonus payable pursuant to this Article 4(b) shall be paid by the Company to the Executive within 2 ½ months after the end of the Bonus Period for which it is payable.

5. ***Expense Reimbursement and Other Benefits.***

(a) ***Reimbursement of Expenses.***

Upon the submission of proper substantiation by the Executive, and subject to such rules and guidelines as the Company may from time to time adopt with respect to the reimbursement of expenses of executive personnel, the Company shall reimburse the Executive for all reasonable expenses actually paid or incurred by the Executive during the Term of Employment in the course of and pursuant to the business of the Company. The Executive shall account to the Company in writing for all expenses for which reimbursement is sought and shall supply to the Company copies of all relevant invoices, receipts or other evidence reasonably requested by the Company.

(b) ***Compensation/Benefit Programs.***

During the Term of Employment, the Executive shall be entitled to participate in all medical, dental, hospitalization, accidental death and dismemberment, disability, travel and life insurance plans, and any and all other plans as are presently and hereinafter offered by the Company to its executive personnel, including savings, pension, profit-sharing and deferred compensation plans, subject to the general eligibility and participation provisions set forth in such plans. During the term of employment the Company shall provide health insurance which shall include medical, dental and prescription coverage with a co-pay to be determined.

(c) ***Working Facilities.***

During the Term of Employment, the Company shall furnish the Executive with an office, secretarial help and such other facilities and services suitable to his position and adequate for the performance of his duties hereunder.

(d) Automobile

During the term of agreement, the Company shall provide the Executive with an automobile.

(e) Stock Options.

The Company shall cause to be granted to the Executive options to purchase shares of Common Stock, at a time to be decided on by the Board of Directors, subject to the terms and conditions set forth in the stock option agreement, and the provisions of the Stock Option Plan. During the Term of Employment, the Executive shall be eligible to be granted additional stock options under (and therefore subject to all terms and conditions of) the stock option plan or such other plans or programs as the Company may from time to time adopt, and subject to all rules of regulation of the Securities and Exchange Commission applicable thereto. The number and type of additional stock options, and the terms and conditions thereof, shall be determined by the Compensation Committee of the Board, or by the Board in its discretion and pursuant to the stock option plan or the plan or arrangement pursuant to which they are granted.

(f) Other Benefits.

The Executive shall be entitled to four (4) weeks of paid vacation each calendar year during the Term of Employment, to be taken at such times as the Executive and the Company shall mutually determine and provided that no vacation time shall significantly interfere with the duties required to be rendered by the Executive hereunder. Any vacation time not taken by Executive during any calendar year may be carried forward into any succeeding calendar year. The Executive shall receive such additional benefits, if any, as the Board of the Company shall from time to time determine.

6. ***Termination.***

(a) ***General.***

The Term of Employment shall terminate upon the earliest to occur of (i) the Executive's death, (ii) a termination by the Company by reason of the Executive's Disability, (iii) a termination by the Company with or without Cause, or (iv) a termination by Executive with or without Good Reason. Upon any termination of Executive's employment for any reason, except as may otherwise be requested by the Company in writing and agreed upon in writing by Executive, the Executive shall resign from any and all directorships, committee memberships or any other positions Executive holds with the Company or any of its subsidiaries.

(b) ***Termination By Company for Cause.***

The Company shall at all times have the right, upon written notice to the Executive, to terminate the Term of Employment, for Cause. In no event shall a termination of the Executive's employment for Cause occur unless the Company gives written notice to the Executive in accordance with this Agreement stating with reasonable specificity the events or actions that constitute Cause and providing the Executive with an opportunity to cure (if curable) within a reasonable period of time. No termination of the Executive's employment for Cause shall be permitted unless the Termination Date occurs during the 120-day period immediately following the date that the events or actions constituting Cause first become known to the Board. Cause shall in no event be deemed to exist except upon a decision made by the Board, at a meeting, duly called and noticed, to which the Executive (and the Executive's counsel) shall be invited upon proper notice. If the Executive's employment is terminated by the Company for Cause by reason of Article 6(b) hereof, and the Executive's conviction is overturned on appeal, then the Executive's employment shall be deemed to have been terminated by the Company without Cause in accordance with Article 6(e) below. For purposes of this Article 6(b), any good faith determination by the Board of Cause shall be binding and conclusive on all interested parties. In the event that the Term of Employment is terminated by the Company for Cause, Executive shall be entitled only to the Accrued Obligations.

(c) ***Disability.***

The Company shall have the option, in accordance with applicable law, to terminate the Term of Employment upon written notice to the Executive, at any time during which the Executive is suffering from a Disability. In the event that the Term of Employment is terminated due to the Executive's Disability, the Executive shall be entitled to:

(i) the Accrued Obligations, payable as and when those amounts would have been payable had the Term of Employment not ended;

(ii) the continuation of the health benefits provided to Executive and his covered dependents under the Company health plans as in effect from time to time after the date of such termination at the same cost applicable to active employees until the earlier of: (A) the expiration of the Severance Term on the first anniversary of the Termination Date, or (B) the date the Executive commences employment with any person or entity and, thus, is eligible for health insurance benefits; provided, however, that as a condition of continuation of such benefits, the Company may require the Executive to elect to continue his health insurance pursuant to COBRA;

(d) ***Death.***

In the event that the Term of Employment is terminated due to the Executive's death, the Executive shall be entitled to:

(i) the Accrued Obligations, payable as and when those amounts would have been payable had the Term of Employment not ended;

(ii) the Severance Amount, payable for the Severance Term; and

(iii) the continuation of the health benefits provided to the Executive's covered dependents under the Company health plans as in effect from time to time after the Executive's death at the same cost applicable to dependents of active employees until the expiration of the Severance Term on the first anniversary of the Termination Date; provided, however, that as a condition of continuation of such benefits, the Company may require the covered dependents to elect to continue such health insurance pursuant to COBRA.

(e) ***Termination Without Cause.***

The Company may terminate the Term of Employment at any time without Cause, by written notice to the Executive not less than 30 days prior to the effective date of such termination. In the event that the Term of Employment is terminated by the Company without Cause (other than due to the Executive's death or Disability) the Executive shall be entitled to:

(i) the Accrued Obligations, payable as and when those amounts would have been payable had the Term of Employment not ended;

(ii) the Severance Amount, payable for the Severance Term;

(iii) the continuation of the health benefits provided to Executive and his covered dependents under the Company health plans as in effect from time to time after the date of such termination at the same cost applicable to active employees until the earlier of: (A) the expiration of the Severance Term, or (B) the date the Executive commences employment with any person or entity and, thus, is eligible for health insurance benefits; provided, however, that as a condition of continuation of such benefits, the Company may require the Executive to elect to continue his health insurance pursuant to COBRA; and

(f) ***Termination by Executive for Good Reason.***

The Executive may terminate the Term of Employment for Good Reason by providing the Company thirty (30) days' written notice setting forth in reasonable specificity the event that constitutes Good Reason, which written notice, to be effective, must be provided to the Company within one hundred and twenty(120) days of the occurrence of such event. During such thirty (30) day notice period, the Company shall have a cure right (if curable), and if not cured within such period, the Executive's termination shall be effective upon the date immediately following the expiration of the thirty (30) day notice period, and the Executive shall be entitled to the same payments and benefits as provided in Article 6(e) above for a termination without Cause.

(g) ***Termination by Executive Without Good Reason.***

The Executive may terminate his employment without Good Reason by providing the Company thirty (30) days' written notice of such termination. In the event of a termination of employment by the Executive under this Section 6(g), the Executive shall be entitled only to the Accrued Obligations. In the event of termination of the Executive's employment under this Article 6(g), the Company may, in its sole and absolute discretion, by written notice, accelerate such date of termination and still have it treated as a termination without Good Reason.

(h) ***Termination Upon Expiration Date.***

In the event that Executive's employment with the Company terminates upon the expiration of the Term of Employment, the Executive shall be entitled to and the Company shall pay the Executive:

(i) the Accrued Obligations, payable as and when those amounts would have been payable had the Term of Employment not ended;

(ii) a payment equal to the Severance Amount; and

(iii) the continuation of the health benefits provided to Executive and his covered dependants under the Company health plans as in effect from time to time after the date of such termination at the same cost applicable to active employees until the earlier of: (A) the expiration of the Severance Term, or (B) the date Executive commences employment with any person or entity and, thus, is eligible for health insurance benefits; provided, however, that as a condition of continuation of such benefits, the Company may require the Executive to elect to continue his health insurance pursuant to COBRA.

(i) ***Change in Control of the Company.***

If the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason during (x) the 6-month period preceding the date of the Change in Control or (y) the two 2 year period immediately following the Change in Control, the Executive shall be entitled to:

(i) the Accrued Obligations, payable as and when those amounts would have been payable had the Term of Employment not ended;

(ii) a payment equal to the Severance Amount,; and

(iii) the continuation of the health benefits provided to Executive and his covered dependants under the Company health plans as in effect from time to time after the date of such termination at the same cost applicable to active employees until the earlier of: (A) the expiration of the Severance Term, or (B) the date Executive commences employment with any person or entity and, thus, is eligible for health insurance benefits; provided, however, that as a condition of continuation of such benefits, the Company may require the Executive to elect to continue his health insurance pursuant to COBRA.

(j) ***Release.***

Any payments due to Executive under this Article 6 (other than the Accrued Obligations on any payments due on account of the Executive's death) shall be conditioned upon Executive's execution of a general release of claims in the form attached hereto as Exhibit A (subject to such modifications as the Company reasonably may request).

(k) ***Obligation to Mitigate Damages.***

In the event of termination of the Term of Employment, the Executive shall make reasonable efforts to mitigate damages by seeking other employment, provided, however, that the Executive shall not be required to accept a position of substantially different character than the position from which the Executive was terminated. To the extent that the Executive shall receive compensation, benefits and service credit for benefits from such other employment, the payment to be made and the benefits and service credit for benefits to be provided by the Company under the provisions of this Article 6 shall be correspondingly reduced.

(l) ***Cooperation.***

Following the Term of Employment, the Executive shall give his assistance and cooperation willingly, upon reasonable advance notice with due consideration for his other business or personal commitments, in any matter relating to his position with the Company, or his expertise or experience as the Company may reasonably request, including his attendance and truthful testimony where deemed appropriate by the Company, with respect to any investigation or the Company's defense or prosecution of any existing or future claims or litigations or other proceedings relating to matters in which he was involved or potentially had knowledge by virtue of his employment with the Company. In no event shall his cooperation materially interfere with his services for a subsequent employer or other similar service recipient. To the extent permitted by law, the Company agrees that (i) it shall promptly reimburse the Executive for his reasonable and documented expenses in connection with his rendering assistance and/or cooperation under this Article 6(l) upon his presentation of documentation for such expenses and (ii) the Executive shall be reasonably compensated for any continued material services as required under this Article 6(l).

(m) ***Return of Company Property.***

Following the Termination Date, the Executive or his personal representative shall return all Company property in his possession, including but not limited to all computer equipment (hardware and software), telephones, facsimile machines, palm pilots and other communication devices, credit cards, office keys, security access cards, badges, identification cards and all copies (including drafts) of any documentation or information (however stored) relating to the business of the Company, its customers and clients or its prospective customers and clients (provided that the Executive may retain a copy of the addresses contained in his rolodex, palm pilot, PDA or similar device).

(n) ***Section 409A.***

To the extent that the Executive otherwise would be entitled to any payment (whether pursuant to this Agreement or otherwise) during the six months beginning on the Termination Date that would be subject to the additional tax imposed under Section 409A of the Code ("Section 409A"), (x) the payment shall not be made to the Executive during such six month period and instead shall be made to a trust in compliance with Revenue Procedure 92-64 (the "Rabbi Trust") and (y) the payment shall be paid to the Executive on the earlier of the six-month anniversary of the Termination Date or the Executive's death or Disability. Similarly, to the extent that the Executive otherwise would be entitled to any benefit (other than a payment) during the six months beginning on the Termination Date that would be subject to the Section 409A additional tax, the benefit shall be delayed and shall begin being provided (together, if applicable, with an adjustment to compensate the Executive for the delay) on the earlier of the six-month anniversary of the Termination Date, or the Executive's death or Disability.

(i) The Company shall not take any action that would expose any payment or benefit to the Executive to the additional tax of Section 409A, unless (w) the Company is obligated to take the action under an agreement, plan or arrangement to which the Executive is a party, (x) the Executive requests the action, (y) the Company advises the Executive in writing that the action may result in the imposition of the additional tax, and (z) the Executive subsequently requests the action in a writing that acknowledges that the Executive shall be responsible for any effect of the action under Section 409A.

(ii) It is the Company's intention that the benefits and rights to which the Executive could become entitled in connection with termination of employment comply with Section 409A. If the Executive or the Company believes, at any time, that any of such benefit or right does not comply, it shall promptly advise the other and shall negotiate reasonably and in good faith to amend the terms of such benefits and rights such that they comply with Section 409A (with the most limited possible economic effect on the Executive and on the Company).

(o) ***Clawback of Certain Compensation and Benefits.***

If, after the termination of the Executive's employment with the Company for any reason other than by the Company for Cause:

(i) it is determined in good faith by the Board and in accordance with the due process requirements of Article 6(b) that the Executive's employment could have been terminated by the Company for Cause under Article 6(b) (unless the Board knew or should have known that as of the Termination Date the Executive's employment could have been terminated for Cause in accordance with Article 6(b)); or

(ii) the Executive breaches Article 7; then, in addition to any other remedy that may be available to the Company in law or equity and/or pursuant to any other provisions of this Agreement, the Executive's employment shall be deemed to have been terminated for Cause retroactively to the Termination Date and the Executive also shall be subject to the following provision: the Executive shall be required to pay to the Company, immediately upon written demand by the Board, all amounts paid to him by the Company, whether or not pursuant to this Agreement, on or after the Termination Date (including the pre-tax cost to the Company of any benefits that are in excess of the total amount that the Company would have been required to pay (and the pre-tax cost of any benefits that the Company would have been required to provide) to the Executive if the Executive's employment with the Company had been terminated by the Company for Cause in accordance with Article 6(b) above;

7. ***Restrictive Covenants.***

(a) ***Non-competition.***

At all times during the Restricted Period, the Executive shall not, directly or indirectly (whether as a principal, agent, partner, employee, officer, investor, owner, consultant, board member, security holder, creditor or otherwise), engage in any Competitive Activity, or have any direct or indirect interest in any sole proprietorship, corporation, company, partnership, association, venture or business or any other person or entity that directly or indirectly (whether as a principal, agent, partner, employee, officer, investor, owner, consultant, board member, security holder, creditor, or otherwise) engages in a Competitive Activity; provided that the foregoing shall not apply to the Executive's ownership of Common Stock of the Company or the acquisition by the Executive, solely as an investment, of securities of any issuer that is registered under Section 12(b) or 12(g) of the Securities Exchange Act of 1934, and that are listed or admitted for trading on any United States national securities exchange or that are quoted on the Nasdaq Stock Market, or any similar system or automated dissemination of quotations of securities prices in common use, so long as the Executive does not control, acquire a controlling interest in or become a member of a group which exercises direct or indirect control of, more than five percent (5%) of any class of capital stock of such corporation.

(b) ***Nonsolicitation of Employees and Certain Other Third Parties.***

At all times during the Restricted Period, the Executive shall not, directly or indirectly, for himself or for any other person, firm, corporation, partnership, association or other entity (i) employ or attempt to employ or enter into any contractual arrangement with any employee, consultant or independent contractor performing services for the Company, or any Affiliate or Related Entity, unless such employee, consultant or independent contractor, has not been employed or engaged by the Company for a period in excess of six (6) months, and/or (ii) call on or solicit any of the actual or targeted prospective customers or clients of the Company or any Affiliate or Related Entity on behalf of any person or entity in connection with any Competitive Activity, nor shall the Executive make known the names and addresses of such actual or targeted prospective customers or clients, or any information relating in any manner to the trade or business relationships of the Company or any Affiliates or Related Entities with such customers or clients, other than in connection with the performance of the Executive's duties under this Agreement , and/or (iii) persuade or encourage or attempt to persuade or encourage any persons or entities with whom the Company or any Affiliate or Related Entity does business or has some business relationship to cease doing business or to terminate its business relationship with the Company or any Affiliate or Related Entity or to engage in any Competitive Activity on its own or with any competitor of the Company or any Affiliate or Related Entity.

(c) ***Confidential Information.***

The Executive shall not at any time divulge, communicate, use to the detriment of the Company or for the benefit of any other person or persons, or misuse in any way, any Confidential Information pertaining to the business of the Company. Any Confidential Information or data now or hereafter acquired by the Executive with respect to the business of the Company (which shall include, but not be limited to, information concerning the Company's financial condition, prospects, technology, customers, suppliers, sources of leads and methods of doing business) shall be deemed a valuable, special and unique asset of the Company that is received by the Executive in confidence and as a fiduciary, and the Executive shall remain a fiduciary to the Company with respect to all of such information. Notwithstanding the foregoing, nothing herein shall be deemed to restrict the Executive from disclosing Confidential Information as required to perform his duties under this Agreement or to the extent required by law. If any person or authority makes a demand on the Executive purporting to legally compel him to divulge any Confidential Information, the Executive immediately shall give notice of the demand to the Company so that the Company may first assess whether to challenge the demand prior to the Executive's divulging of such Confidential Information. The Executive shall not divulge such Confidential Information until the Company either has concluded not to challenge the demand, or has exhausted its challenge, including appeals, if any. Upon request by the Company, the Executive shall deliver promptly to the Company upon termination of his services for the Company, or at any time thereafter as the Company may request, all memoranda, notes, records, reports, manuals, drawings, designs, computer files in any media and other documents (and all copies thereof) containing such Confidential Information.

(d) ***Ownership of Developments.***

All processes, concepts, techniques, inventions and works of authorship, including new contributions, improvements, formats, packages, programs, systems, machines, compositions of matter manufactured, developments, applications and discoveries, and all copyrights, patents, trade secrets, or other intellectual property rights associated therewith conceived, invented, made, developed or created by the Executive during the Term of Employment either during the course of performing work for the Companies or their clients or which are related in any manner to the business (commercial or experimental) of the Company or its clients (collectively, the "Work Product") shall belong exclusively to the Company and shall, to the extent possible, be considered a work made by the Executive for hire for the Company within the meaning of Title 17 of the United States Code. To the extent the Work Product may not be considered work made by the Executive for hire for the Company, the Executive agrees to assign, and automatically assign at the time of creation of the Work Product, without any requirement of further consideration, any right, title, or interest the Executive may have in such Work Product. Upon the request of the Company, the Executive shall take such further actions, including execution and delivery of instruments of conveyance, as may be appropriate to give full and proper effect to such assignment. The Executive shall further: (i) promptly disclose the Work Product to the Company; (ii) assign to the Company, without additional compensation, all patent or other rights to such Work Product for the United States and foreign countries; (iii) sign all papers necessary to carry out the foregoing; and (iv) give testimony in support of his inventions, all at the sole cost and expense of the Company. The Company's right and interest in certain technology, known as the PTG Technology, and any developments or Work Product thereto are subject to the provisions of a License Agreement in which the Company is the Licensee and such developments accrue to the Licensor.

(e) ***Books and Records.***

All books, records, and accounts relating in any manner to the customers or clients of the Company, whether prepared by the Executive or otherwise coming into the Executive's possession, shall be the exclusive property of the Company and shall be returned immediately to the Company on termination of the Executive's employment hereunder or on the Company's request at any time.

(f) ***Acknowledgment by Executive.***

The Executive acknowledges and confirms that the restrictive covenants contained in this Article 7 (including without limitation the length of the term of the provisions of this Article 7) are reasonably necessary to protect the legitimate business interests of the Company, and are not overbroad, overlong, or unfair and are not the result of overreaching, duress or coercion of any kind. The Executive further acknowledges and confirms that the compensation payable to the Executive under this Agreement is in consideration for the duties and obligations of the Executive hereunder, including the restrictive covenants contained in this Article 7, and that such compensation is sufficient, fair and reasonable. The Executive further acknowledges and confirms that his full, uninhibited and faithful observance of each of the covenants contained in this Article 7 will not cause him any undue hardship, financial or otherwise, and that enforcement of each of the covenants contained herein will not impair his ability to obtain employment commensurate with his abilities and on terms fully acceptable to him or otherwise to obtain income required for the comfortable support of him and his family and the satisfaction of the needs of his creditors. The Executive acknowledges and confirms that his special knowledge of the business of the Company is such as would cause the Company serious injury or loss if he were to use such ability and knowledge to the benefit of a competitor or were to compete with the Company in violation of the terms of this Article 7. The Executive further acknowledges that the restrictions contained in this Article 7 are intended to be, and shall be, for the benefit of and shall be enforceable by, the Company's successors and assigns. The Executive expressly agrees that upon any breach or violation of the provisions of this Article 6, the Company shall be entitled, as a matter of right, in addition to any other rights or remedies it may have, to (i) temporary and/or permanent injunctive relief in any court of competent jurisdiction as described in Article 7(h) hereof, and (ii) such damages as are provided at law or in equity. The existence of any claim or cause of action against the Company or its affiliates, whether predicated upon this Agreement or otherwise, shall not constitute a defense to the enforcement of the restrictions contained in this Article 7.

(g) ***Reformation by Court.***

In the event that a court of competent jurisdiction shall determine that any provision of this Article 7 is invalid or more restrictive than permitted under the governing law of such jurisdiction, then only as to enforcement of this Article 7 within the jurisdiction of such court, such provision shall be interpreted or reformed and enforced as if it provided for the maximum restriction permitted under such governing law.

(h) ***Extension of Time.***

If the Executive shall be in violation of any provision of this Article 7, then each time limitation set forth in this Article 7 shall be extended for a period of time equal to the period of time during which such violation or violations occur. If the Company seeks injunctive relief from such violation in any court, then the covenants set forth in this Article 7 shall be extended for a period of time equal to the duration of such proceeding including all appeals by the Executive.

(i) ***Injunction.***

It is recognized and hereby acknowledged by the parties hereto that a breach by the Executive of any of the covenants contained in Article 7 of this Agreement will cause irreparable harm and damage to the Company, the monetary amount of which may be virtually impossible to ascertain. As a result, the Executive recognizes and hereby acknowledges that the Company shall be entitled to an injunction from any court of competent jurisdiction enjoining and restraining any violation of any or all of the covenants contained in Article 7 of this Agreement by the Executive or any of his affiliates, associates, partners or agents, either directly or indirectly, and that such right to injunction shall be cumulative and in addition to whatever other remedies the Company may possess.

8. ***Representations and Warranties of Executive.***

The Executive represents and warrants to the Company that:

(a) The Executive's employment will not conflict with or result in his breach of any agreement to which he is a party or otherwise may be bound;

(b) The Executive has not violated, and in connection with his employment with the Company will not violate, any non-solicitation, non-competition or other similar covenant or agreement of a prior employer by which he is or may be bound; and

(c) In connection with Executive's employment with the Company, he will not use any confidential or proprietary information that he may have obtained in connection with employment with any prior employer; and

(d) The Executive has not (i) been convicted of any felony; or (ii) committed any criminal act with respect to Executive's current or any prior employment; and

(e) The Executive is not dependent on alcohol or the illegal use of drugs

9. ***Mediation.***

Except to the extent the Company has the right to seek an injunction under Article 7(h) hereof, in the event a dispute arises out of or relates to this Agreement, or the breach thereof, and if the dispute cannot be settled through negotiation, the parties hereby agree first to attempt in good faith to settle the dispute by mediation administered by the American Arbitration Association under its Employment Mediation Rules before resorting to arbitration pursuant to Section 11 hereof.

10. ***Taxes.***

Anything in this Agreement to the contrary notwithstanding, all payments required to be made by the Company hereunder to the Executive or his estate or beneficiaries shall be subject to the withholding of such amounts relating to taxes as the Company may reasonably determine it should withhold pursuant to any applicable law or regulation. In lieu of withholding such amounts, in whole or in part, the Company may, in its sole discretion, accept other provisions for payment of taxes and withholding as required by law, provided it is satisfied that all requirements of law affecting its responsibilities to withhold have been satisfied.

11. ***Arbitration.***

(a) ***Exclusive Remedy.***

The parties recognize that litigation in federal or state courts or before federal or state administrative agencies of disputes arising out of the Executive's employment with the Company or out of this Agreement, or the Executive's termination of employment or termination of this Agreement, may not be in the best interests of either the Executive or the Company, and may result in unnecessary costs, delays, complexities, and uncertainty. The parties agree that any dispute between the parties arising out of or relating to the Executive's employment, or to the negotiation, execution, performance or termination of this Agreement or the Executive's employment, including, but not limited to, any claim arising out of this Agreement, claims under Title VII of the Civil Rights Act of 1964, as amended, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, Section 1981 of the Civil Rights Act of 1966, as amended, the Family Medical Leave Act, the Employee Retirement Income Security Act, and any similar federal, state or local law, statute, regulation, or any common law doctrine, whether that dispute arises during or after employment shall be resolved by arbitration in the State of Florida, in accordance with the National Employment Arbitration Rules of the American Arbitration Association, as modified by the provisions of this Article 11. Except as set forth below with respect to Article 7 of this Agreement, the parties each further agree that the arbitration provisions of this Agreement shall provide each party with its exclusive remedy, and each party expressly waives any right it might have to seek redress in any other forum, except as otherwise expressly provided in this Agreement. Notwithstanding anything in this Agreement to the contrary, the provisions of this Article 11 shall not apply to any injunctions that may be sought with respect to disputes arising out of or relating to Article 7 of this Agreement. The parties acknowledge and agree that their obligations under this arbitration agreement survive the expiration or termination of this Agreement and continue after the termination of the employment relationship between the Executive and the Company. **By election of arbitration as the means for final settlement of all claims, the parties hereby waive their respective rights to, and agree not to, sue each other in any action in a Federal, State or local court with respect to such claims, but may seek to enforce in court an arbitration award rendered pursuant to this Agreement. The parties specifically agree to waive their respective rights to a trial by jury, and further agree that no demand, request or motion will be made for trial by jury.**

(b) ***Arbitration Procedure and Arbitrator's Authority.***

In the arbitration proceeding, each party shall be entitled to engage in any type of discovery permitted by the Federal Rules of Civil Procedure, to retain its own counsel, to present evidence and cross-examine witnesses, to purchase a stenographic record of the proceedings, and to submit post-hearing briefs. In reaching his/her decision, the arbitrator shall have no authority to add to, detract from, or otherwise modify any provision of this Agreement. The arbitrator shall submit with the award a written opinion which shall include findings of fact and conclusions of law. Judgment upon the award rendered by the arbitrator may be entered in any court having competent jurisdiction.

(c) ***Effect of Arbitrator's Decision; Arbitrator's Fees.***

The decision of the arbitrator shall be final and binding between the parties as to all claims which were or could have been raised in connection with the dispute, to the full extent permitted by law. In all cases in which applicable federal law precludes a waiver of judicial remedies, the parties agree that the decision of the arbitrator shall be a condition precedent to the institution or maintenance of any legal, equitable, administrative, or other formal proceeding by the Executive in connection with the dispute, and that the decision and opinion of the arbitrator may be presented in any other forum on the merits of the dispute. If the arbitrator finds that the Executive was terminated in violation of law or this Agreement, the parties agree that the arbitrator acting hereunder shall be empowered to provide the Executive with any remedy available should the matter have been tried in a court, including equitable and/or legal remedies, compensatory damages and back pay. The arbitrator's fees and expenses and all administrative fees and expenses associated with the filing of the arbitration shall be borne by the non-prevailing party.

12. ***Assignment.***

The Company shall have the right to assign this Agreement and its rights and obligations hereunder in whole, but not in part, to any corporation or other entity with or into which the Company may hereafter merge or consolidate or to which the Company may transfer all or substantially all of its assets, if in any such case said corporation or other entity shall by operation of law or expressly in writing assume all obligations of the Company hereunder as fully as if it had been originally made a party hereto, but may not otherwise assign this Agreement or its rights and obligations hereunder. The Executive may not assign or transfer this Agreement or any rights or obligations hereunder.

13. ***Governing Law.***

This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Florida, without regard to principles of conflict of laws.

14. ***Jurisdiction and Venue.***

The parties acknowledge that a substantial portion of the negotiations, anticipated performance and execution of this Agreement occurred or shall occur in Miami, Florida, and that, therefore, without limiting the jurisdiction or venue of any other federal or state courts, each of the parties irrevocably and unconditionally (i) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement which is expressly permitted by the terms of this Agreement to be brought in a court of law, shall be brought in the courts of record of the State of Florida in Miami-Dade County or the court of the United States; (ii) consents to the jurisdiction of each such court in any such suit, action or proceeding; (iii) waives any objection which it or he may have to the laying of venue of any such suit, action or proceeding in any of such courts; and (iv) agrees that service of any court papers may be effected on such party by mail, as provided in this Agreement, or in such other manner as may be provided under applicable laws or court rules in such courts.

15. ***Survival.***

The respective rights and obligations of the parties hereunder shall survive any termination of the Executive's employment hereunder, including without limitation, the Company's obligations under Article 6 and the Executive's obligations under Article 7 above, and the expiration of the Term of Employment, to the extent necessary to the intended preservation of such rights and obligations.

16. ***Notices.***

All notices required or permitted to be given hereunder shall be in writing and shall be personally delivered by courier, sent by registered or certified mail, return receipt requested or sent by confirmed facsimile transmission addressed as set forth herein. Notices personally delivered, sent by facsimile or sent by overnight courier shall be deemed given on the date of delivery and notices mailed in accordance with the foregoing shall be deemed given upon the earlier of receipt by the addressee, as evidenced by the return receipt thereof, or three (3) days after deposit in the U.S. mail. Notice shall be sent (i) if to the Company, addressed to 2829 Bird Avenue, Suite 12, Miami, FL 33133 Attention: Robert Miller and (ii) if to the Executive, to his address as reflected on the payroll records of the Company, or to such other address as either party shall request by notice to the other in accordance with this provision.

17. ***Benefits; Binding Effect.***

This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where permitted and applicable, assigns, including, without limitation, any successor to the Company, whether by merger, consolidation, sale of stock, sale of assets or otherwise.

18. ***Right to Consult with Counsel; No Drafting Party.***

The Executive acknowledges having read and considered all of the provisions of this Agreement carefully, and having had the opportunity to consult with counsel of his own choosing, and, given this, the Executive agrees that the obligations created hereby are not unreasonable. The Executive acknowledges that he has had an opportunity to negotiate any and all of these provisions and no rule of construction shall be used that would interpret any provision in favor of or against a party on the basis of who drafted the Agreement.

19. ***Severability.***

The invalidity of any one or more of the words, phrases, sentences, clauses, provisions, sections or articles contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and, in the event that any one or more of the words, phrases, sentences, clauses, provisions, sections or articles contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, provisions or provisions, section or sections or article or articles had not been inserted. If such invalidity is caused by length of time or size of area, or both, the otherwise invalid provision will be considered to be reduced to a period or area which would cure such invalidity.

20. ***Waivers.***

The waiver by either party hereto of a breach or violation of any term or provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or violation.

21. ***Damages; Attorneys Fees.***

Nothing contained herein shall be construed to prevent the Company or the Executive from seeking and recovering from the other damages sustained by either or both of them as a result of its or his breach of any term or provision of this Agreement. In the event that either party hereto seeks to collect any damages resulting from, or the injunction of any action constituting, a breach of any of the terms or provisions of this Agreement, then the party found to be at fault shall pay all reasonable costs and attorneys' fees of the other.

22. ***Waiver of Jury Trial.***

The Executive hereby knowingly, voluntarily and intentionally waives any right that the Executive may have to a trial by jury in respect of any litigation based hereon, or arising out of, under or in connection with this Agreement and any agreement, document or instrument contemplated to be executed in connection herewith, or any course of conduct, course of dealing statements (whether verbal or written) or actions of any party hereto.

23. ***No Set-off or Mitigation.***

The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement.

24. ***Section Headings.***

The article, section and paragraph headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

25. ***No Third Party Beneficiary.***

Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than the Company, the parties hereto and their respective heirs, personal representatives, legal representatives, successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

26. ***Counterparts.***

This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together shall constitute one and the same instrument and agreement.

27. ***Indemnification.***

(a) Subject to limitations imposed by law, the Company shall indemnify and hold harmless the Executive to the fullest extent permitted by law from and against any and all claims, damages, expenses (including attorneys' fees), judgments, penalties, fines, settlements, and all other liabilities incurred or paid by him in connection with the investigation, defense, prosecution, settlement or appeal of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and to which the Executive was or is a party or is threatened to be made a party by reason of the fact that the Executive is or was an officer, employee or agent of the Company, or by reason of anything done or not done by the Executive in any such capacity or capacities, provided that the Executive acted in good faith, in a manner that was not grossly negligent or constituted willful misconduct and in a manner he reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The Company also shall pay any and all expenses (including attorney's fees) incurred by the Executive as a result of the Executive being called as a witness in connection with any matter involving the Company and/or any of its officers or directors.

(b) The Company shall pay any expenses (including attorneys' fees), judgments, penalties, fines, settlements, and other liabilities incurred by the Executive in investigating, defending, settling or appealing any action, suit or proceeding described in this Article 27 in advance of the final disposition of such action, suit or proceeding. The Company shall promptly pay the amount of such expenses to the Executive, but in no event later than 10 days following the Executive's delivery to the Company of a written request for an advance pursuant to this Article 27, together with a reasonable accounting of such expenses.

(c) The Executive hereby undertakes and agrees to repay to the Company any advances made pursuant to this Article 27 if and to the extent that it shall ultimately be found that the Executive is not entitled to be indemnified by the Company for such amounts.

(d) The Company shall make the advances contemplated by this Article 27 regardless of the Executive's financial ability to make repayment, and regardless whether indemnification of the Indemnitee by the Company will ultimately be required. Any advances and undertakings to repay pursuant to this Article 27 shall be unsecured and interest-free. The provisions of this Article 27 shall survive the termination of the Term of Employment or expiration of the term of this Agreement.

(e) ***The provisions of this Article 27 shall survive the termination of the Term of Employment or expiration of the term of this Agreement.***

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the date first above written.

COMPANY:
Sonnen Corporation.

By: /s/ Costas Takkas
Name: Costas Takkas
Title: CFO and Director

EXECUTIVE:

/s/ Robert H. Miller
Robert H. Miller

EXHIBIT A
FORM OF RELEASE

GENERAL RELEASE OF CLAIMS

Robert Miller ("Executive"), for himself and his family, heirs, executors, administrators, legal representatives and their respective successors and assigns, in exchange for the consideration received pursuant to Articles 6(c) (in the case of Disability), Articles 6(e) or 6(f) (other than the Accrued Obligations) of the Employment Agreement to which this release is attached as Exhibit A (the "Employment Agreement"), does hereby release and forever discharge Sonnen Corporation (the "Company"), its subsidiaries, affiliated companies, successors and assigns, and its current or former directors, officers, employees, shareholders or agents in such capacities (collectively with the Company, the "Released Parties") from any and all actions, causes of action, suits, controversies, claims and demands whatsoever, for or by reason of any matter, cause or thing whatsoever, whether known or unknown including, but not limited to, all claims under any applicable laws arising under or in connection with Executive's employment or termination thereof, whether for tort, breach of express or implied employment contract, wrongful discharge, intentional infliction of emotional distress, or defamation or injuries incurred on the job or incurred as a result of loss of employment. Executive acknowledges that the Company encouraged him to consult with an attorney of his choosing, and through this General Release of Claims encourages him to consult with his attorney with respect to possible claims under the Age Discrimination in Employment Act ("ADEA") and that he understands that the ADEA is a Federal statute that, among other things, prohibits discrimination on the basis of age in employment and employee benefits and benefit plans. Without limiting the generality of the release provided above, Executive expressly waives any and all claims under ADEA that he may have as of the date hereof. Executive further understands that by signing this General Release of Claims he is in fact waiving, releasing and forever giving up any claim under the ADEA as well as all other laws within the scope of this paragraph 1 that may have existed on or prior to the date hereof. Notwithstanding anything in this paragraph 1 to the contrary, this General Release of Claims shall not apply to (i) any actions to enforce rights arising under, or any claim for benefits which may be due Executive pursuant to, the Employment Agreement, (ii) any rights or claims that may arise as a result of events occurring after the date this General Release of Claims is executed, (iii) any indemnification rights Executive may have as a former officer or director of the Company or its subsidiaries or affiliated companies, (iv) any claims for benefits under any directors' and officers' liability policy maintained by the Company or its subsidiaries or affiliated companies in accordance with the terms of such policy, and (v) any rights as a holder of equity securities of the Company.

Executive represents that he has not filed against the Released Parties any complaints, charges, or lawsuits arising out of his employment, or any other matter arising on or prior to the date of this General Release of Claims, and covenants and agrees that he will never individually or with any person file, or commence the filing of, any charges, lawsuits, complaints or proceedings with any governmental agency, or against the Released Parties with respect to any of the matters released by Executive pursuant to paragraph 1 hereof (a "Proceeding"); provided, however, Executive shall not have relinquished his right to commence a Proceeding to challenge whether Executive knowingly and voluntarily waived his rights under ADEA.

Executive hereby acknowledges that the Company has informed him that he has up to twenty-one (21) days to sign this General Release of Claims and he may knowingly and voluntarily waive that twenty-one (21) day period by signing this General Release of Claims earlier. Executive also understands that he shall have seven (7) days following the date on which he signs this General Release of Claims within which to revoke it by providing a written notice of his revocation to the Company.

Executive acknowledges that this General Release of Claims will be governed by and construed and enforced in accordance with the internal laws of the State of Florida applicable to contracts made and to be performed entirely within such State.

Executive acknowledges that he has read this General Release of Claims, that he has been advised that he should consult with an attorney before he executes this general release of claims, and that he understands all of its terms and executes it voluntarily and with full knowledge of its significance and the consequences thereof.

This General Release of Claims shall take effect on the eighth day following Executive's execution of this General Release of Claims unless Executive's written revocation is delivered to the Company within seven (7) days after such execution.

_____

_____, 20__

Exhibit 31(i)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert Miller, certify that:

1. I have reviewed this report on Form 10-Q of Sonnen Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 19, 2010

/s/ Robert Miller
Robert Miller
Chief Executive Officer

Exhibit 31(ii)

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO RULE 13a-14 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Costas Takkas, certify that:

1. I have reviewed this report on Form 10-Q of Sonnen Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in the Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: May 19, 2010

/s/ Costas Takkas
Costas Takkas
Chief Financial Officer

Exhibit 32(i)

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the report on Form 10-Q of Sonnen Corporation for the quarterly period ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof, I, Robert Miller, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(1) This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) The information contained in this report fairly presents, in all material respects, the financial condition of the registrant at the end of the period covered by this report and results of operations of the registrant for the period covered by this report.

Date: May 19, 2010

/s/ Robert Miller
Robert Miller
Chief Executive Officer

This certification accompanies this report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for the purposes of §18 of the Securities Exchange Act of 1934, as amended. This certification shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this report), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by §906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(ii)

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the report on Form 10-Q of Sonnen Corporation for the quarterly period ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof, I, Costas Takkas, do hereby certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief:

(3) This report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(4) The information contained in this report fairly presents, in all material respects, the financial condition of the registrant at the end of the period covered by this report and results of operations of the registrant for the period covered by this report.

Date: May 19, 2010

/s/ Costas Takkas
Costas Takkas
Chief Financial Officer

This certification accompanies this report pursuant to §906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the registrant for the purposes of §18 of the Securities Exchange Act of 1934, as amended. This certification shall not be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended (whether made before or after the date of this report), irrespective of any general incorporation language contained in such filing.

A signed original of this written statement required by §906 has been provided to the registrant and will be retained by the registrant and furnished to the Securities and Exchange Commission or its staff upon request.