

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

Cavitation Technologies, Inc.

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **October 12, 2012**



CAVITATION TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of incorporation)

02-9901

(Commission File Number)

20-4907818

(I.R.S. Employer Identification Number)

10019 Canoga Ave.

Chatsworth, California 91311

(Address of principal executive offices including zip code)

(818) 718-0905

(Registrant's telephone number, including area code)

Not Applicable

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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FORWARD LOOKING STATEMENTS

This current report may contain forward-looking statements as that term is defined in the *Private Securities Litigation Reform Act* of 1995. These statements relate to future events or our future results of operation or future financial performance, including, but not limited to, the following: statements relating to our ability to raise sufficient capital to finance our planned operations, our ability to develop brand recognition with resellers and consumers, develop our current and future products, increase sales and our estimates of cash expenditures for the next 12 months. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "intends", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential", or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors", which may cause our or our industry's actual results, levels of activity or performance to be materially different from any future results, levels of activity or performance expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity or performance. You should not place undue reliance on these statements, which speak only as of the date that they were made. These cautionary statements should be considered with any written or oral forward-looking statements that we may issue in the future. Except as required by applicable law, including the securities laws of the United States, we do not intend to update any of the forward-looking statements to conform these statements to reflect actual results, later events or circumstances or to reflect the occurrence of unanticipated events.

As used in this current report and unless otherwise indicated, the terms "we", "us" "CTi" and "our company" refer to Cavitation Technologies, Inc.

Item 5.02(b)(c) Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers

Effective October 12, 2012, Todd Zelek submitted his resignation as Chairman of the Board of Directors, Chief Executive Officer, and Secretary of Cavitation Technologies, Inc. The Company and Mr. Zelek have entered a Separation Agreement and Release which provides for the repayment of funds advanced by Mr. Zelek to the Company, payments for accrued and unpaid salary owed to Mr. Zelek. The agreement also provides for the issuance to Mr. Zelek of a 10 year warrant to purchase 7,500,000 shares of Common Stock at an exercise price of \$0.05 per share in consideration for extending the terms of his loan to the company. Simultaneously, the Company will be cancelling 10,000,000 Common Stock options issued to Mr. Zelek at a purchase price of \$0.03 per share and Mr., Zelek shall surrender and cancel 2,000,000 shares of restricted Common Stock. There is no disagreement with the company, known to an executive officer of the Company, on any matter relating to the Company's operations, policies, or practices. Mr. Zelek's reason for resigning is to pursue other interests. He agrees to provide consulting services to the company if so requested. The position of Chief Executive Officer and Chairman of the Board will remain vacant for the foreseeable future.

Effective October 12, 2012, Mr; Igor Gorodnitsky, President of the corporation, and current member of the Board of Directors, has been appointed by the Board of Directors as Principal Executive Officer of the corporation. He will retain his position as President of the corporation. Biographical information, business experience, and related party transactions are available in our 10-K Annual Report to shareholders. There is no material contract, grant, or award which is entered into in connection with his appointment.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibit is furnished herewith:

Exhibit Number	Description
10.1	Separation Agreement with Mr. Zelek

SIGNATURES

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

Dated: October 12, 2012

By:

/s/ Igor Gordonitsky

Igor Gordonitsky
Principal Executive Officer

EXHIBIT INDEX

**Exhibit
Number**

Description

10.1 [Separation Agreement with Mr. Zelek](#)

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release ("Agreement") is made by and between Todd L. Zelek ("Employee") and Cavtiation Technologies, Inc., a Nevada corporation (the "Company") (collectively referred to as the "Parties" or individually referred to as a "Party").

RECITALS

WHEREAS, Employee was employed by the Company as the Company's Chairman and Chief Executive Officer;

WHEREAS, Employee signed an Confidential Information and Invention Assignment Agreement with the Company on October 10, 2012 (the "Confidentiality Agreement");

WHEREAS, the Company granted Employee an option to purchase 10,000,000 shares of Company common stock at an exercise price of \$0.03 per share (the "Options ");

WHEREAS, the Employee terminated his employment with the Company effective October 12, 2012 (the "Termination Date"); and

WHEREAS, the Parties wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions, and demands that the Employee may have against the Company and any of the Releasees as defined below, including, but not limited to, any and all claims arising out of or in any way related to Employee's employment with or separation from the Company.

NOW, THEREFORE, in consideration of the mutual promises made herein, the Company and Employee hereby agree as follows:

1. Consideration.

a. Payment. The parties acknowledge that the Employee has accrued earned but unpaid salary and other compensation in the amount of \$203,843.97 . through October 12, 2012 The parties agree that the Employee shall be paid his accrued salary and bonuses in an amount equal to that paid to any other Company employees in that particular month for their previously accrued salaries. In all cases above, each payment shall reduce the accrued amount owed to Employee until Employee shall have an outstanding balance of zero dollars owed. The payments shall be processed in accordance with the Company's normal payroll practices. If executives of the Company are awarded cash bonuses after October 1, 2012, executives will be paid only after all accrued salary and benefits (set forth in 1(b) have been paid to the Employee. If for some reason an executive is paid an accrued amount that is in excess of that received by other executives, Employee will receive that higher amount.

b. Accrued Benefits. The parties acknowledge that Employee has accrued \$16,500 in unpaid employee benefits. These benefits shall be repaid in a flat amount equal to the same accrued amount paid to any other Company employees in a particular month as payment for accrued benefits.

c. Warrant. As consideration for extending the terms of the Employee Loan, the Company will grant Executive a warrant to purchase 7,500,000 shares of Common Stock at an exercise price of \$0.05 per share and the Employee will immediately forfeit 10,000,000 Options that were previously granted to Employee. The warrant shall contain cashless exercise provisions and have a 10 year term.

d. Restricted Stock. The Company has previously issued the Employee 2,000,000 shares of restricted common stock. The Employee will return the 2,000,000 shares to the Company for cancellation along with medallion stock powers. This stock will be returned as soon as the Employee receives the warrant mentioned above in Section 1(c).

e. Employee Loan. The parties acknowledge that the Employee has previously loaned the Company the sum of \$100,000.00 which, with interest, has accumulated to a total of \$109,000.00 (the "Employee Loan"). The Company may not incur new indebtedness that is senior to the Employee loan without repaying the Employee Loan in full. The parties agree on the following repayment plan for the Employee loan

1. Accrued interest of \$9,000.00 will be repaid at a rate of \$3,000.00 per month during the months of October, November and December of 2012;
2. Continuing interest at a rate of \$1,250 per month (15% per annum) will be paid monthly in arrears on the first day of each month beginning November 1, 2012.
3. If the Company receives cash in any month (regardless of source) in excess of \$125,000 per month, the Company will make a principal reduction payment on the Employee Note in an amount equal to 25% of the cash received in that month in excess of \$125,000.00 (the "Excess Cash").
4. The balance of the Employee Note which is left over after all Excess Cash reductions shall become fully due and payable on October 1, 2013. If the Employee Note is not paid in full prior to October 1, 2013, the Employee shall have the right to convert the outstanding principal amounts into shares of the Company's Common Stock at a conversion price per share equal to the lowest closing price of the Company's Common Stock in the 30 days prior to conversion multiplied by 0.6. Also, if the Employee Note is not paid in full prior to October 1, 2013, other terms and conditions may be renegotiated if both parties agree.
5. the Company has the right to pre-pay the loan at any time.
6. Should the Company enter into any new financing arrangement, the Employee will have the option of exchanging the remaining principal of the Employee Note for a similar instrument with the terms and conditions of that new financing.

2. Indemnification of Employee. Employee will be entitled to Indemnification in accordance with Company bylaws and Nevada law and the Company's D&O policy. The Company shall pay all legal fees incurred by Employee in defending a third party lawsuit where the Employee is named as a consequence of his participation as an officer and director of the Company, except as limited by law and public policy.

3. Release of Claims. Employee agrees that the foregoing consideration represents settlement in full of all outstanding obligations owed to Employee by the Company and its current and former officers, directors, employees, agents, investors, attorneys, shareholders, administrators, affiliates, benefit plans, plan administrators, insurers, trustees, divisions, and subsidiaries, and predecessor and successor corporations and assigns (collectively, the "Releasees"). Employee, on his own behalf and on behalf of his respective heirs, family members, executors, agents, and assigns, hereby and forever releases the Releasees from, and agrees not to sue concerning, or in any manner to institute, prosecute, or pursue, any claim, complaint, charge, duty, obligation, demand, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that Employee may possess against any of the Releasees arising from any omissions, acts, facts, or damages that have occurred up until and including the Effective Date of this Agreement, including, without limitation:

- a. any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;
- b. any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;
- c. any and all claims for wrongful discharge of employment; termination in violation of public policy; discrimination; harassment; retaliation; breach of contract, both express and implied; breach of covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; fraud; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; conversion; and disability benefits;
- d. any and all claims for violation of any federal, state, or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Rehabilitation Act of 1973; the Americans with Disabilities Act of 1990; the Equal Pay Act; the Fair Labor Standards Act; the Fair Credit Reporting Act; the Age Discrimination in Employment Act of 1967; the Older Workers Benefit Protection Act; the Employee Retirement Income Security Act of 1974; the Worker Adjustment and Retraining Notification Act; the Family and Medical Leave Act; the Sarbanes-Oxley Act of 2002; the California Family Rights Act; the California Labor Code; the California Workers' Compensation Act; and the California Fair Employment and Housing Act;
- e. any and all claims for violation of the federal or any state constitution;
- f. any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;
- g. any claim for any loss, cost, damage, or expense arising out of any dispute over the nonwithholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and
- h. any and all claims for attorneys' fees and costs.

Employee agrees that the release set forth in this section will be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement. This release does not release claims that cannot be released as a matter of law, including, but not limited to, Employee's right to file a charge with or participate in a charge by the Equal Employment Opportunity Commission, or any other local, state, or federal administrative body or government agency that is authorized to enforce or administer laws related to employment, against the Company (with the understanding that any such filing or participation does not give Employee the right to recover any monetary damages against the Company; Employee's release of claims herein bars Employee from recovering such monetary relief from the Company).

4. Acknowledgment of Waiver of Claims under ADEA. Employee acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), and that this waiver and release is knowing and voluntary. Employee agrees that this waiver and release does not apply to any rights or claims that may arise under the ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he has been advised by this writing that: (a) he should consult with an attorney prior to executing this Agreement; (b) he has twenty-one (21) days within which to consider this Agreement; (c) he has seven (7) days following his execution of this Agreement to revoke this Agreement; (d) this Agreement will not be effective until after the revocation period has expired; and (e) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under the ADEA, nor does it impose any condition precedent, penalties, or costs for doing so, unless specifically authorized by federal law. In the event Employee signs this Agreement and returns it to the Company in less than the 21-day period identified above, Employee hereby acknowledges that he has freely and voluntarily chosen to waive the time period allotted for considering this Agreement.

5. California Civil Code Section 1542. Employee acknowledges that he has been advised to consult with legal counsel and is familiar with the provisions of California Civil Code Section 1542, a statute that otherwise prohibits the release of unknown claims, which provides as follows:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Employee, being aware of said code section, agrees to expressly waive any rights he may have thereunder, as well as under any other statute or common law principles of similar effect.

6. No Pending or Future Lawsuits. Employee represents that he has no lawsuits, claims, or actions pending in his name, or on behalf of any other person or entity, against the Company or any of the other Releasees. Employee also represents that he does not intend to bring any claims on his own behalf or on behalf of any other person or entity against the Company or any of the other Releasees.

7. Confidentiality. Employee agrees to maintain in complete confidence the existence of this Agreement, the contents and terms of this Agreement, and the consideration for this Agreement (hereinafter collectively referred to as "Separation Information"). Except as required by law, Employee may disclose Separation Information only to his immediate family members, the Court in any proceedings to enforce the terms of this Agreement, Employee's attorney(s), and Employee's accountant and any professional tax advisor to the extent that they need to know the Separation Information in order to provide advice on tax treatment or to prepare tax returns, and must prevent disclosure of any Separation Information to all other third parties. Employee agrees that he will not publicize, directly or indirectly, any Separation Information.

8. Trade Secrets and Confidential Information/Company Property. Employee reaffirms and agrees to observe and abide by the terms of the Confidentiality Agreement, specifically including the provisions therein regarding nondisclosure of the Company's trade secrets and confidential and proprietary information, and nonsolicitation of Company employees. Employee's signature below constitutes his certification under penalty of perjury that he has returned all documents and other items provided to Employee by the Company, developed or obtained by Employee in connection with his employment with the Company, or otherwise belonging to the Company.

9. No Cooperation. Employee agrees that he will not knowingly encourage, counsel, or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against any of the Releasees, unless under a subpoena or other court order to do so or as related directly to the ADEA waiver in this Agreement. Employee agrees both to immediately notify the Company upon receipt of any such subpoena or court order, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or other court order. If approached by anyone for counsel or assistance in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints against any of the Releasees, Employee will state no more than that he cannot provide counsel or assistance.

10. Nondisparagement. Employee agrees to refrain from any disparagement, defamation, libel, or slander of any of the Releasees, and agrees to refrain from any tortious interference with the contracts and relationships of any of the Releasees.

11. Breach. In addition to the rights provided in the "Attorneys' Fees" section below, Employee acknowledges and agrees that any material breach of this Agreement, unless such breach constitutes a legal action by Employee challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA, or of any provision of the Confidentiality Agreement will entitle the Company immediately to recover and/or cease providing the consideration provided to Employee under this Agreement and to obtain damages, except as provided by law.

12. No Admission of Liability. Employee understands and acknowledges that this Agreement constitutes a compromise and settlement of any and all actual or potential disputed claims by Employee. No action taken by the Company hereto, either previously or in connection with this Agreement, will be deemed or construed to be (a) an admission of the truth or falsity of any actual or potential claims or (b) an acknowledgment or admission by the Company of any fault or liability whatsoever to Employee or to any third party.

13. Costs. The Parties will each bear their own costs, attorneys' fees, and other fees incurred in connection with the preparation of this Agreement.

14. Indemnification. Employee agrees to indemnify and hold harmless the Company from and against any and all loss, costs, damages, or expenses, including, without limitation, attorneys' fees or expenses incurred by the Company arising out of the breach of this Agreement by Employee, or from any false representation made herein by Employee, or from any action or proceeding that may be commenced, prosecuted, or threatened by Employee or for Employee's benefit, upon Employee's initiative, direct or indirect, contrary to the provisions of this Agreement. Employee further agrees that in any such action or proceeding, this Agreement may be pled by the Company as a complete defense, or may be asserted by way of counterclaim or cross-claim.

15. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

16. No Representations. Employee represents that he has had an opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Employee has not relied upon any representations or statements made by the Company that are not specifically set forth in this Agreement.

17. Severability. In the event that any provision or any portion of any provision hereof or any surviving agreement made a part hereof becomes or is declared by a court of competent jurisdiction or arbitrator to be illegal, unenforceable, or void, this Agreement will continue in full force and effect without said provision or portion of provision.

18. Attorneys' Fees. Except with regard to a legal action challenging or seeking a determination in good faith of the validity of the waiver herein under the ADEA, in the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing Party will be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, and reasonable attorneys' fees incurred in connection with such an action.

19. Entire Agreement. This Agreement represents the entire agreement and understanding between the Company and Employee concerning the subject matter of this Agreement and Employee's employment with and separation from the Company and the events leading thereto and associated therewith, and supersedes and replaces any and all prior agreements and understandings concerning the subject matter of this Agreement and Employee's relationship with the Company, with the exception of the Confidentiality Agreement and the warrant Agreement.

20. No Oral Modification. This Agreement may only be amended in a writing signed by Employee and the Company.

21. Governing Law. This Agreement will be governed by the laws of the State of California, without regard for choice-of-law provisions. The Parties consent to personal and exclusive jurisdiction and venue in the State of California.

22. Effective Date. Employee understands that this Agreement will be null and void if not executed by him within 48 hours of the date set forth on the first page. This Agreement will become effective on the eighth (8th) day after Employee signed this Agreement, so long as it has been signed by the Parties and has not been revoked by either Party before that date (the "Effective Date").

23. Counterparts. This Agreement may be executed in counterparts and by facsimile, and each counterpart and facsimile will have the same force and effect as an original and will constitute an effective, binding agreement on the part of each of the undersigned.

24. Voluntary Execution of Agreement. Employee understands and agrees that he executed this Agreement voluntarily, without any duress or undue influence on the part or behalf of the Company or any third party, with the full intent of releasing all of his claims against the Company and any of the other Releasees. Employee acknowledges that:

- a. he has read this Agreement;
 - b. he has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of his own choice or has elected not to retain legal counsel;
 - c. he understands the terms and consequences of this Agreement and of the releases it contains; and
 - d. he is fully aware of the legal and binding effect of this Agreement.
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IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

/s/ Todd L. Zelek
Todd L. Zelek, an individual

Dated: October 12, 2012

CAVITATION TECHNOLOGIES, INC.

Dated: October 12, 2012

By /s/ Igor Gorodnitsky
Igor Gorodnitsky
President