

# **Chronology and Documentation**

**2001-2011**

**A Documented History of  
Communications / Transactions between:**

**Neoteric Hovercraft, Inc.**  
Terre Haute, Indiana USA

**and**

**Hi Tech International Srl**  
Gorgonzola, Italy

**KEY:**

MP = Matteo Passoni (*All direct quotations from MP and other HTI personnel appear in red italics*)

CF = Chris Fitzgerald (*All direct quotations from CF and other Neoteric personnel appear in purple italics*)

CGP = Carlo Guido Passoni

AP = Alberto Piccaluga, Phoenix Hovercraft

**NOTE:**

- Direct quotations have not been edited to correct misspellings or incorrect grammar.
- All quotations that may potentially serve as direct evidence for the legal issues at hand appear in bold type.
- All entries in this online Chronology marked as [EXHIBIT #...] appear only in the hard copy and are available upon request. All original documents from which quotations and summaries were taken are also available upon request.

**1999:**

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***Date***

***Action***

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- 27 Jan. 1999 Documented by [www.whois.net](http://www.whois.net), the Neoteric web site domain name NeotericHovercraft.com was registered on this date.
- 8 Oct. 1999 The Neoteric web site is first indexed by the Internet Archive <http://web.archive.org>; therefore it was launched circa April-October 1999.

## 2000:

<i>Date</i>	<i>Action</i>
6 Mar. 2000	Documented by <a href="http://www.whois.net">www.whois.net</a> , the Neoteric alternate domain name rescuehovercraft.com was registered on this date.

## 2001:

<i>Date</i>	<i>Action</i>
27 Sept 2001	<p>Fax from MP to CF: <i>"Subject: Representation Agreement for Italy. Dear Sir, we evaluated your products and we shall include your overcraft in our range of [illegible]. We also will more than happy to represent your Company exclusively for Italy and Europe at your convenience. Please to consider this proposal and return back to us with your comments."</i></p> <p>CF reply: <i>"Yes, we are very interested in a long term relationship. Next week we will contact you again concerning the details of our requirements."</i></p>
2 Oct 2001	CF email to MP: <i>"... From time to time we get inquiries from Europe. We do not have an agent in Europe. If you would like to fill this role you should proceed as follows: You must first learn about the product ... you must get one and use it in your marketplace so you will come to understand how this business can work. If you decide to proceed, then we sign a contract. We also give driver training certification courses. The cost is \$500 and takes one day..."</i>
17 Oct 2001	MP email to CF: <i>"I wish to confirm our meeting of 26 for the training of me and my wife Tatiana ... you'll receive probably in the next days the inquiry coming from the Italian Red Cross, because I already sent to them your pictures and internet data sheet. Would you please consider that under our next representing <b>contract I hope to sign asap.</b>"</i>
18 Oct 2001	CF email to MP: <i>"... <b>We do not have representatives but we do have a dealer application on our web site.</b> You may complete this if you wish. We can finalize details during your visit..."</i>
19 Oct. 2001	<p>MP email to CF: <i>"Please provide to me by fax the invoice of the training who Me and my wife Tatiana Rasskazova will start next 26<sup>th</sup> ... More than this please to prepare a draft agreement <b>for representative contract in Europe case por case, but exclusive dealer for Italian Territory, with commissions, payment...</b>"</i></p> <p>MP purchased Hovortrek Info Pak, Video and Hovercraft Pilot Training Course from Neoteric</p>

26 Oct. 2001

MP received pilot training at Neoteric headquarters; received a signed/dated Hovercraft Pilot Certificate after training by CF. From CF notes during MP training at Neoteric: "... [MP] saw a hovercraft (not a good one) at the National Guard and asked about it. He was told to "contact Neoteric, they make the best." He found our web site."



*Matteo Passoni's passport photo.*



*Photo of Matteo Passoni taken 26 Oct. 2001 at the Wabash River during the Neoteric Hovercraft pilot training course. The photo was taken by his new Russian bride, Tatiana Rasskazova.*

27 Oct. 2001

**MP submitted a signed/dated Neoteric Hovercraft Dealership and Distributorship Agreement** for HTI Srl: MP specifically wrote into the Agreement:

- that it would be binding for **"3 years"** from the date of signature
- that the Agreement shall be automatically renewed for successive periods of **"3 years"** unless either party gives written notice of termination.
- **"This contract will have right of exclusive for each other."**

From CF notes during MP training at Neoteric: **"Gave him video. Wants entire web site. Wants to discuss link changes. Wants exclusivity for 3 years (needs). Wants trademark – tee shirts & hats ..."**

From CF notes subsequent to MP training at Neoteric: **"Completed Dealer Application ... All my efforts to explain dealer problems were totally dismissed. He knew all about everything ... Wants CD of our entire web site ... Wants our logo"**

Late Oct. 2001

Documented by [www.whois.net](http://www.whois.net), the HTI domain name [www.hovercraft.it](http://www.hovercraft.it) was created in late October 2001.

1 Nov. 2001

Upon his return to Italy from Neoteric in the US, MP emailed CF asking that CF change the date on his Hovercraft Pilot Certificate to make it appear he was certified one year earlier: **"Would you please print our License Certificate in date 27 October 2000, one year earlier?"** MP also asked, **"I'm not able to upload efficiently you web page, so please burn a CD-ROM asap and mail it by DHL PRE-PAID envelop I gave you. Please is very urgently."**

In a second email, **MP requested CF send him "a copy of the dealer contract we signed."** In a third email MP asked CF: **"...We just comes back from US and are waiting for the web site CD-Rom and the certificates."**

CF reply: **"... Glad to hear you have returned home safely ...About a copy of our web site. This site cost Neoteric in excess of \$50,000 to develop. You may copy parts of the site and you may link to it. You can use our logo. A complete copy of the site is not possible ... looking forward to a long and successful business relationship."**

2 Nov. 2001

MP again requested via email that CF send him **"the certifications by email and original by mail with the copy of the exclusive representative/dealer contract."** MP again asks for a CD of the Neoteric website: **"...you can easily mail us a copy CD of your website for free, because we will do free publicity for you...Please mail everythis ASAP because we are working very hard for you here."**

CF reply: **"We do not feel comfortable with changing the date on your certification"** and also informs MP **"As I explained in our last email we have invested more than \$50,000 to develop our web site. It is not possible to give you a copy."**

MP reply: **"I will use the web site loading that as it is from your site, so no additional CD needed anymore."**

7 Nov. 2001

MP emailed CF that he **"spent some days in Rome to try to certify your craft and surprise ... up to the 7.5 meters of length they do not need to be certified of registred of what ever ... great so we can start sales!!! ... I'm so happy Chris"**

9 Nov. 2001

CF emailed MP, noting his progress and enthusiasm, and explained **"You signed our dealer application but this does not make you a dealer. You only become a dealer when you purchase one or more Hovercraft™ Hovercraft."** CF also informed MP that we have noticed that the HTI website makes extensive use of material copied from the Neoteric website, and details what steps must be taken: **"We have noticed your use of our web site material. This we will allow for 3 months. If no business is generated by February 02 you must remove everything concerning Neoteric from your web site. In the**

*meantime we insist that you [place a link to] [www.neoterichovercraft.com](http://www.neoterichovercraft.com) on your web site. Contacts from Italy that result from this linkage will be forwarded to you.*

CF also advised MP: *"Your use of an LCAC hovercraft on your home page is deceptive and confusing and might cause future difficulties for us as well as you. You should remove that or put an explanation with it."*

- 12 Nov. 2001 CF airtailed Pilot Certification and **Dealership Agreement to MP.**
- 13 Nov. 2001 MP faxed CF: *"we receive an official commercial inquiry for No. 01 of basic model of your Hovercraft ... Would you please offer it with two years of spare parts separately, escluding our commission and ex works Terre Haute."*
- Neoteric Quote #1355 to HTI for Hovertek™ Model 3498 plus two years' spare parts = \$19,188.20 - \$37.97.64 (20% discount) = \$15,390.50
- 17 Nov. 2001 MP faxed CF: *"Our certificates are not coming and next 21<sup>st</sup> I will have the meeting with the military commission to purchase the Hovercraft. This mean shit! ...Please to consider this extremely important and do that right now, for **our gold sales future.**"*
- 25 Nov. 2001 MP email to CF **requesting CF fax** *"... **all the drawings of the reversing bucket inverters, because I will spend the cash to patent them in Europe for you.**"*
- 26 Nov. 2001 CF email to MP: *"About buyback agreement: We will agree to repurchase 6 hovercraft for up to 1 year after date of purchase. Repurchase price can be agreed at time of purchase. you would cover shipping and any refurbishing costs. We would also agree to the same arrangement for one unit ... **We will not provide any information to support a patent application.** This is not how patents work. You cannot patent something that is already in use.*
- MP reply: ***"Loud and clear."***
- CF email to MP: *"Two options for business dealings: We would agree to a buy-back arrangement. When the customer is finished with the craft we would repurchase the craft at an agreed price less refurbishment costs. Alternatively, we would agree to an irrevocable letter of credit with 3-6 month terms providing 3% is added to the contract."*
- 3 Dec. 2001 CF email to MP: *"Hello Matts. Just wondering how sales are going? Looking forward to your first big order. Did you want a quote for training? Cheers, Chris"*
- 7 Dec. 2001 MP email to CF: *"Hi Chris, I just send the offer away to them for four Hovercraft rescue model and training in terre haute as we decided. Next week I will call to have ideas and answers. In the main time we are doing mailing and marketing operation...everything is working out, but I'm not a magician yet! Ciao, Matteo"*

## **2002:**

**Date**

**Action**

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- Early 2002 As documented by the Internet Archive, HTI's web site, [www.hovercraft.it](http://www.hovercraft.it), is launched. It contains no content of its own but simply links to the Neoteric web site, [www.NeotericHovercraft.com](http://www.NeotericHovercraft.com)
- 16 Jan. 2002 MP email to CF: *"Hi Buddy ... I decided to offer a training free to the Minister of Interior to show him that he is rounding of idiots and also that **HOVERTREK** vehicles are absolutely simple to be driven and handled. Do you agree to guest him and his tsaff for the free trials in Terre haute? I will pay the flight and the guesing. you the training and the gas."*
- CF reply: *"We agree to your request re training."*
- 5 Apr. 2002 MP email to CF: *"do you have any **Hovertrack** in rescue version who could be ship to us for some trials...I mean at very cheap price."*
- 8 Apr. 2002 CF reply: *"We don't have any rescue hovercraft available at a cheap price. Sorry. This would not be a good way to start out. You want the best and most powerful craft if you are going to convince the Italian Government to buy hovercraft for rescue. We are now fitting 65 HP Hirth engine for more performance."*
- MP reply: *"Well one of our major poin of power is that we do use 40HP engine, because in Italy if you do use more than 32HP you'll need the license to drive it. in our case **we currentely can sale Hovertrack without license....do not upgrade the version for Italy**. I'll keep you informed about the visit with the ministerial people in the second half of May of early June."*
- 18 Apr. 2002 CF email to MP: *"Looking forward to your visit in May ... I have been contacted by Giuseppe Loffreda who appears to be with a company who extracts money from the Government and for which they take a commission. According to Loffreda the Italian Gov are willing to consider funding the manufacture of hovercraft either directly or through joint venture. Would you follow up on this and see if it would be worth the effort to develop a proposal?"*
- 25 June 2002 MP email to CF: *Subject: "BINGOOOOOOOOOOOOOOOOOOOOOO! Dear Chris, next September I will come with the people from the Minsterial Commission to certify and approve your **Hovertrack** vehicles. They will come in three and must be certified Pilots with gifts and certificates bla bla bla... I will comew with them to be sure thsy will be exciting a well trained, so I would suggest to guesst them from 15 to 22 so they will have the opportunity to assist at the worls race [World Hovercraft Championship].- Are you happy? So what I need from you is an **Hovertrack** or Rescue available from 12<sup>th</sup> to 24<sup>th</sup> of September to use and show it to the guesst. the number of hovercraft needed by the Italian Govern is 100pcs. approx."*
- CF reply: *"We will try to have a rescue craft available for demonstration purposes in September. Regards, Chris"*
- 26 June 2002 MP email to CF: *"we are going to order you the RESCUE hovercraft and in the main time I like to communicate that our two pilots Dr. Dario Migliorini and Mario Pelizzari to be trained and certificated on it are coming next Sept. 9 and will stay with you up to the 26<sup>th</sup> Sept, helping you in the organization of the World Championship and packaging our hovercraft. They are from Italian Red Cross and tey work fror the Ministry, please take care."*
- CF reply: *... I welcome Dario and Mario. Their help will be much appreciated. We are building a Rescue craft for stock but it will be equipped with a 65HP engine. If I remember correctly, you want the smaller engine. If we are to build a machine for you please inform me as soon as possible all of your required specifications including color. We would need a deposit. You could wire transfer \$1,000, that would be sufficient, or send a credit card # and expiration date. We would not start construction until your deposit is received. Best Wishes, Chris"*

MP faxed HTI Order No. 260702 to CF for Model 3626 Hovertrak™ Rescue Deluxe fully assembled with all options, plus hovercraft pilot training for two persons: \$24,296.00 - \$2,429.60 (10% discount) = \$21,866.40.

MP response to Quote: *"OK Chriss are you able to give us a price around your costs?"* followed by a series of additional emails: *"I mean Criss that we play in the same team and I need the hovercraft just to show it ... I will have no profit for it and no fun ... just iced capital, so please give to me an offer very close to your costs."* followed by *"Please Chriss return to me with a reasonable cheap price because I need the model to show it and not to ride or for fun! We are playing in the same boat."*

5 July 2002

CF reply to MP's 27 June emails: *"... Thanks for your last emails. Good news about your officials attending [the World Hovercraft Championship here in Terre Haute] in September. I would like to offer you a big discount but we can hardly manage to produce craft for the orders we have in hand so to produce a craft for you at a high discount is just not possible. You have our best offer. If you want a demo Rescue craft by September we should receive your order within the next week as we have a potentially big order coming that will delay other orders. Sincerely, Chris"*

31 July 2002

MP fax to CF: *"THIS ORDER WILL REVISE ANY ONES WE HAD SENT BEFORE"* with revised order: \$26,517.00 - \$6,517.00 (discount) = \$22,000.00; after corrections/negotiation, order total is \$23,000.00

- MP doubled everything on the order; new total: \$46,000.00.

12 Aug. 2002

MP email to CF: *"...please to include into the delivery of the craft only an invoice of 5,500 euro each. remember for the custom."*

- Neoteric received 25% deposit (\$10,968.00) from HTI

13 Aug. 2002

MP email to Alisa (Neoteric Office Manager): *"Here how I suggest to mail the invoice: 11,000 USD invoiced as INSTRUCTOR & RESCUE TRAINING FOR ING. MATTEO PASSONI at delivery an invoice of 5,500 USD each hovercraft coming together with the shipment = total 11,000 USD at 60 days other 11,000 USD invoiced as INSTRUCTOR & RESCUE TRAINING FOR ING. MARIO PELIZZARI at 60 days other 11,000 USD invoiced as INSTRUCTOR & RESCUE TRAINING FOR MR. MIGLIORNINI DARIO."*

- Neoteric emailed revised invoice to HTI, total cost \$57,432.00 - \$11,432.00 discount - \$10,960.00 deposit = \$35,040.00 balance due.

MP reply: *"I agree. But Please remember that the invoice who will travel with the craft must be of only 5,500 USD and do not show all things like this one, please."*

22 Aug. 2002

CF email to MP: *"Thanks for your order. We are working on your craft at present. Could you please confirm the names of everyone in your party?"*

MP reply: *"I do have other craft rescue in order but I do not have budget to pay you also those in advance so as soon you'll deliver the two ordered I will come with other two ...oooooooooops I forgot to ask you is one of them can be made on dark blue color. Is it possible?"*

27 Aug. 2002

MP email to CF: *"Tel me what about signing this contract now that I reach the four hovercraft sold."*

28 Aug. 2002 CF reply: *"To be a dealer, please complete our online dealer application. Discount schedule is based on 5 units/year. Terms are strict 25% deposit, balance on delivery. Order is accepted only when deposit is received. Your first unit will be ready as per our Quotation 1545, i.e. when your people arrive."*

29 Aug. 2002 MP email to CF: *"Is the first hovercraft ready for the pickup?"*

1 Sept. 2002 MP email to CF: *"... Today I got a very bad telephone call from the Firefighter Brigade who is waiting for the first **hovertreck** they have a flooding emergency right now and so they are asking a more quickly delivery from you. Is it possible? I mean could be possible to delivery the first rescue vehicle early sept?"*

2 Sept. 2002 CF reply: *"Sorry, no possibility of faster delivery. We have so much business and I am so involved in running the World Championship we cannot do anything to speed things up. Very sorry."*

3 Sept. 2002 MP reply: *"when will be ready for delivery the first our craft?"*

4 Sept. 2002 MP email to CF: *"Chris when we can come to pickup the forst craft you'll finish?"*

CF reply: *"We can ship the first unit during World Hovercraft Week 19<sup>th</sup> Sept. 02. We have to run the machine for 3 hrs then re-torque engine bolts before shipping. I would like to use these 3 hrs for training purposes."*

6 Sept. 2002 MP reply: *"I understand you are very busy, but are too. Considering your advertisement on internet to delivery in 4/5 weeks, if you'll delivery our first craft on 19<sup>th</sup> September means 8 week. Again the consequence of this late delivery will be a penalty for us of 5,000 USD from the Ministry of Interior. You've got to understand that the situation is really critical here and we cannot wait moiré than one week maximum before your first delivery from you ... I hope that the two guys I'm sending to you (15,000USD of cost) will receive a complete training in driving and rescue before to come back and report to the Technical department of Ministry of Interior. Because if you only can give to them 3 hours will be a complee disaster. What they will do from 9<sup>th</sup> to 26<sup>th</sup> of September there? Please follow up with a complete schedule of their activities from their arrival up to their departure. Waiting to hear you very soon."*

CF reply: *"We are frantically busy. Will have your machine together this coming week. The other one is close behind. Training for your rescue team will consist of classroom and 1-2 hours on the water each. We will do maintenance training. I also plan to have them involved in the factory so they will see how things are manufactured. ..."*

12 Sept. 2002 Email from Matteo's wife Tatiana to CF: *"Dear Chris, THE TWO ITALIAN GUYS FROM THE RED CROSS LOOKS HAVING SOME TROUBLE WITH THE CRDIT CARDS. WOULD YOU PLEASE GIVE THEM 1,000 USD IN CASH TO SURVIVE AND INVOICE THOSE TO ME + EXPENSES AT HTI SRL I WILL PAY IT IN ONE WEEK. THANK YOU, TATIANA Customer Service"*

24 Sept. 2002 MP email to CF: *"the first **hovertreck** must be relised today, finish or unfish, because otherways I will have to pay a penalty of 5,000 USD and somebody have to pay for it. So please call the pickup service right now and make you sure that the **hovertrecjk** will be delivered before noon. I'm sure you'll understand."*

- **Neoteric complied and the first Hovertrek™ rescue hovercraft in the HTI order was shipped 24 Sept. 2002.**

Fax from MP to CF: Subject: PAYMENT GUARANTEE *"Dear Sirs, To insure you with the payment we give you our AMEX card so you can hold the money until the wire transfer will be done. In the main time we please you to delivery suddenly the craft as well the Invoice of only 5,000 USD on it. The payment will be done by bank as always on your overdue balance so please send a fax back to me with all the dates for the rest of the payment of this first delivery and the bank information and addresses."*

- **AMEX declined \$14,000 on HTI's credit card.**

27 Sept. 2002

CF emailed copy of invoice to MP: *"Subject: Invoice "PLEASE NOTE TERMS"*

MP reply: *"I re-start the payment including the second craft and so you will get all the cash here attached still due: \$35,040.00 very soon. The wire payment will be made before the end of this week and so you will have it soon as the last time, but please do not change anymore the terms of our contracts or I will be considered unserious from the Board of HTI and you too."*

3 Oct. 2002

CF email to MP: *"... The money has not yet arrived. I am sending the attached Invoice 1545 so you can see the balance owing ... The cost of phone calls made by Mario & Dario will not be known until the phone bill arrives. Balance owing is \$37,559.91 + phone calls. We are close to being ready to ship ..."*

4 Oct. 2002

MP fax to CF: Subject: ORDER the 2<sup>nd</sup> HOVERCRAFT *"We inform you about the delivery the 2<sup>nd</sup> hovercraft. For us is very very urgent to have it for the show with the government people. Please inform us if the delivery is done. Please it is not already sanded we need for the package a protection cage because the first one was damaged on the travel."*

6 Oct. 2002

CF email reply: *"We have received your fax of 4 Oct 02 about shipping. The next machine we will pack better as we were very rushed on the first shipment. We also received your fax about your wire transfer dated the 30 Sept. 02 but this wired money has not arrived at our bank! We sent you via email on the 3 Oct. 02 your copy of invoice 1535. Dario ordered two extra skirt sets, spare fan blades, long range fuel tanks, spare belt and the \$1,000 advance to Dario. This, with discounts, brings the total due to \$37,559.91. As soon as we receive the balance we will immediately refund your credit card. Dario and Mario are fine gentlemen and have a good understanding of hovercraft and will be a good team to **help you create the Italian market**. We are ready to ship the next machine ... If you are planning to order more machines please send us your order as soon as possible along with your deposit. We are very busy and delivery could be long if you are not able to order soon. We only recognize an order when we receive the deposit. **Looking forward to a long business arrangement for Italy and other parts of Europe"***

9 Oct. 2002

MP fax to CF: *"At the fist of October we give to our bank the disposition of payment and with ref to our phone cal of yesterday it will be attached, copy of this payment. Please ship us immediately the second Hovercraft (as you know it is very urgent). Please check that the new Hovercraft will haven't the same trouble of the first. Please ship me with ta second Hovercraft the material I'll need to resolve the problem of the first Hovercraft. In this moment my client stopping all ... Please contact me when you'll arrive in office...Note our new address"*

21 Oct. 2002

CF email to MP: *"Hope your demo went well. We have charged your credit card for the balance owing. If you can wire us the outstanding amount we will refund your credit card \$2545.96. Was the shipping damage very serious? How have the demonstrations worked out? Remember that after ten hours the engine bolts should be retorqued ..."*

28 Oct 2002

MP reply: *"I've no idea of anything because I'm in Arkansas right now so I hope is going all well ... **I still waiting for the exclusive representative contract to sell in Italu and case by case in Europe, when it will arrive from you?"***

30 Oct 2002

MP 2<sup>nd</sup> reply again: *“nobody authorized you to charge my credit card, because now you get paid twice. Please return immediately the cash to my credit card for the 14,000.00 USD you abused. Regards, Ing. Matteo Passoni”*

CF reply: *“The \$14,000 was never collected by us – this was cancelled when we received your wire transfer. However, the balance owing of \$2545.96 was charged to your card as we are waiting for this to be wire transferred. When it arrives we will issue credit. Regarding contract: **You should complete our Dealer & Distributor contract which can be completed online** ... We have a big backlog of orders so if you expect future sales please order early, at least 10 weeks before delivery!”*

MP reply: *“Thank You, I appreciate.”*

29 Nov 2002

MP email to CF: *“... one of the **bucket** pistone, the right one, do not respond at the command and the lights on the computer on his side are not working I mean are switch off. Do you have suggestions? Where can I guy the replacement piston? Are they made here in Europe also?”*

CF reply: *“...Dario & Mario should be familiar with the **reverse bucket** controllers. If there is no light on the computer it is not getting any power. Have you checked the fuse holder which is next to the battery? The 5 amp fuse could be blown or the fuse holder could be sgretched so that the contacts are not touching the glass fuse. It is most important to establish that electrical energy is arriving at the computer. Hope this helps. Once you have power at the computer and the system does not work, then pull the thrust duct and cut the wires to the actuator and switch them to the other side. This will tell you if the actuator is faulty or if the computer is the problem. First however I would check the connections on the potentiometer up front under the driver’s seat to make sure that none of the terminals are broken.”*

1 Dec. 2002

MP email to CF: *“I want my money back for the training of Dario and Mario...they are a disaster! I did everything and the **bucket** is now properly working. Nobody know how long it will work, eh eh eh. The problem is different: here we’re not able to commissioning the creft to the ministry and I need you here to show the cababilities of your crafts, otherways there is no future for the business with the State of Italy...150 craft just with the first tender bid. Now where you’ll be able to spend one week here? Earliest you can? This is strongly important **for our business together.**”*

2 Dec. 2002

CF reply: *“Very sorry to hear that Mario and Dario have not been able to help. Mario at least had some mechanical understanding. Our business has taken off and at present I just cannot cope with business ... I have to take craft by road to California to train the Border Patrol people, then to Long Island to train a Fire Department ... I can see no possibility of getting away at present ... I will start thinking of what we can do. Are you not able to properly demonstrate the craf?. Of course I understand that a student with only a few hours of experience, and this being a much more powerful machine, should not be expected to undertake sales demonstration work which requires the most experienced of all drivers. Are both the hovercraft working properly? I’m glad that you have figured out how to adjust the **buckets. Dario and Mario had many demonstrations of how to do this** so I am surprised that they cannot remember...”*

MP reply: *“Yes Chris the two crafts are working but if you’ll not commission them doesn’t matter. So please choose a week earliest you can and I will more than happy to pay your flight tickets. Let me know.”*

CF reply: *“It is just about impossible for me to get away. I do not understand the steps that will result in an order for 150 units? Will this be a tender bid process? Who will write the specifications? What is the purpose of the demonstrations? Have you done any demonstrations? What happened and do all craft already have a bad reputation? You will have to give me sufficient information about the situation so that I can assess the likelihood of any further business in Italy as a result of a visit from me.”*

MP reply: "...The tender is specified on your specification in internet. The propose of the demonstration is to show that the craft will respond and meet to the performances published in internet. I tried to meet the specs by myselfe by I will have no chances on the official demonstration, sincerely. The craft doesn't have bad reputation because I did not show nothing to the customers. I do not want to fuck up everything because I'm a green pilot. I need you to commissioning those two craft and than all the Italian Departement of FD will start their purchase of **hovertrek** because will be approved. Please try to understand how is important to get this approval for our business together ..."

CF reply: "Is there a special time to demonstrate? Who are the officials that need to see it to make a decision. What time period will elapse between a successful demo and potential order? I can't understand that I just show up and right people will be there ready to evaluate the craft? Hopefully you can explain the process."

MP reply: "No Chris there is no special time to do the demonstration between now and end of January 03. The officials are Ing. Colcerase (Chief of Italian Fire Fighter), Ing. Simonetti (Chief of the vehicled department of FD) and Mr. Romolini (Manager of local unit of FD). After the positive demonstration are the starting orders will be two months only and as I requested they will start to palce orders in group of six craft each maximum. Yes you will run the demonstration and show that the craft meet the specifications showed in internet and they will commissioning and approve the **hovertrek** as vehicle for emergency use."

13 Dec. 2002

MP email to CF: "I receive two inquiries por day of hovercraft from FD's please please let me know when you shall come to commission your machine and let me free to sale them with the omologation and registration of the Ministry. P.S. Do you have a copy of the **hoverctrek** operator and maintenance manuals in word or acrobat?"

28 Dec. 2002

MP email to CF: "**where shall we find the wellnuts used by you? What is the name of the manufacturer?**"

CF reply: "I could find out who makes wellnuts but this would involve considerable work. We buy them from different sources and we have them in stock. I'm sure someone in Italy would stock them."

## **2003:**

**Date**

**Action**

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1 Jan. 2003

MP fax to CF: "I got the letter with including a page of the representative agreement where you did some modifications. We cannot agree with the modification because. The minimum retail requested from you is 199,000 USD when your Company best year of sales in the word is currently 516,390 USD. So are you really asking HTI in Italy the 50% of your best turnover worldwide? The venue of the agreement must be 12 or ata least 10 years because the costs we have to invest in this project will never be paid before. Concerning the two units already delivered we need to fix your coming in Feb. 2003 for the commissioning of the units with the Italian customer who is the ministry of interior. This commissioning will allow the other three units order so as soon you'll come and get the approval we will place an order for other three rescue units. Please to reconsider the attached proposal of representing who is very advantaging specially for Neoteric Hovercraft Inc., where in Italy the market for Netoric was zero before our efforts an investment."

- **MP attached modified Dealership Agreement dated 31 Oct 2002 with his following changes:**

IV Terms of this agreement

A. This agreement shall become effective on the date this contract is signed. It shall remain binding for **10years** and is based on D&D ordering a minimum of **2** units of product or a total annual sales value of

minimum retail US **\$44,000.00**.  
B. The D&D territory shall be **ITALY**.

- 2 Jan. 2003 MP fax to CF: *“with one of the **hovertrek** are testing the C.D.I. UNIT did not send output the negative signal. Would you please **fax us back the diagram of the D.D.I. UNIT?** And why the CDI UNIT is not feeding the negative signal to the Ignition Pump, but give to her just the positive (power) one?”*
- CF reply: *[Gives detailed instructions for resolving the electrical problem] “About the contract, the amount specified was \$100,000 not \$199,000 or 5 units per year! On this size of business we would work on 20%, if you want more you would have to increase the size of your order. We would agree to 5 years and to renegotiations at that time ... In conclusion, I do not understand why the ignition system should fail and this is a big worry for us as this we have not experienced before. Is it possible that something has happened to the computer, we have had one of these fail in the past. You could switch computers to check. Whatever you do, do not do more than one thing at a time. How many hours do you have on each machine?”*
- 4 Jan. 2003 MP email to CF: *“No problem, my engineer solve the trouble fixing better and oxidized contact, now we enclose all the rear electrical parts into a IP/% box so never will happen again. Chris what is the push button on the upper left side of the control border? What it serve for? **Have you faxed back the final agreement with your signature? If not please do it** so I will close this file. Referring your guesing and coming for the commissioning, the Ministry gave to me the time limit on 15<sup>th</sup> of Feb 2003. It is very important that you will take a week to commission those two units ...”*
- CF reply: *“... You were not clear to me what was the cause of the electrical failure, was it a poor electrical connection, if so which one? This problem will go away with the salt water marinization package. The push button on the top left of the instrument panel gives the pilot the ability to operate the siren or the horn without having to look over to the siren radio ... I will return the agreement as soon as possible ... Concerning my proposed visit, this is incredibly difficult. I will try before the 15 Feb. but before then I have to deliver craft to Long Island, NY and do Fire Department Training. I have to deliver craft to Border Patrol in Southern California and do training ... At present we have more than one year’s normal production of orders including a craft for King of Malaysia who I have to visit and train. So you can see the situation, I am doing my very best. The visit to Italy will be very short, just to do demo and perhaps training, 3 days max ... Very pleased that you fixed the electrical difficulty, congratulations to your team.”*
- 5 Jan. 2003 MP email to CF: *“Yes Boss, these days are more than enough so please confirm the dates so I will buy the flight tickets ... is too much important to ha the commissioning of the craft because more larger order are already in our hands. Just a little more question, **do you have a manual with the instructin for setting the reversing cups? Maybe in word or Acrobat format?** Ps. Take a look of the two pics here attached ...*
- 14 Jan. 2003 MP fax to Berlin Fire Brigade: *“Dear Matthias, the 4<sup>th</sup> and 5<sup>th</sup> of Feb. 2003 we will have here in Mailand and execution with Lodi FD who will handle some difficult situation with **hovertrek** vehicles. The Commander of the fire Department kindly invite you and some of your friends to be gusted here for the three or four days of the training so you’ll drive and test the craft together with the Italian Firemen who already have them in use.”*
- MP email to CF: *“Hi Boss, we received the request to modify one of the two craft with motor and power of 102hp. I contacted one of the most important people in Europe who accepted to cooperate with us on it for the modification, **this mechanical engineer will ask you some things in order to project and set the 102hp version with boxer 30ES engine made bu Hirth. Please to give him all the information needed ... we are thinking to install the 102hp, turn and increase the***

**blades of the fax [fan] one step and move the diverter (bottom-motion) from 1/3 to 1/2. If you have some wearing or suggestion please do it sending an email to me and copy to Ing. Umberto Visintini at [info@hti.it](mailto:info@hti.it).”**

CF reply: “... Please go ahead with booking a flight for 10 Feb. for 2-3 days of demo time. About changing the engine: This is a monumental undertaking. The engine we have been looking at using is the 3 cylinder inline liquid cooled Hirth. The duct aerodynamics are very complex. We have spent 4 years of model and full scale testing to try and improve the lift and thrust duct efficiency. Rob Wilson, my engineer partner in Australia, has done nothing else for years. Despite all this effort we have not been successful at improving things much.”

17 Jan. 2003

Umberto Visintini phone message for CF: “**Mr. Passoni wants to know if your patent extends to Italy. They are worried about copyright.**”

21 Jan. 2003

MP email to CF: “... I kindly ask you to bring some weelnutts and the complete certification of origin and **manual of the two crafts, drawings and everything can help the Ing. Umberto Visintini to develop new motorization on your crafts and a final signed copy of our contract** ... may be that Ing. Umberto will call you within today for some info about the craft and possible joint of new motors frames...”

23 Jan. 2003

MP email to CF: “... **please fax to me the US Coast Guard documents for the constructin of hovertrk and the certification of it.**”

27 Jan. 2003

MP email to CF: “...**Have the Hovortrek sea version more taller skirts? Do you ever try to install more taller skirts?**”

CF reply: “... If you increase the skirt depth the craft will become unstable unless a much more complicated skirt system is used which compartments the cushion. I'm afraid you have to sell what we supply. This is already the best available. If you have to improve it then you are asking for more than we are capable of.”

29 Jan. 2003:

MP reply: “...**I'm so happy to sell what you produce** that we are investing time and cash in testing and operation and exercising. The last Saturday and Sunday we went to Lago Trasimeno with a bad wind of 30/40 Km/h and waves of 1600 mm tall...**the Neoteric craft with 65HP hirth motor did a real rescue of a sailboat who lost the sail and the derive....so we are pride to sell hovortrek, just we ask some more things to b e more prepared.**”

3 Feb. 2003

MP email to CF: “you probably received a fax today named RINA. It is in Italian language but refer to the authorization to register **your hovortrek** in Europe as omologated by the Italian Register ... they need to have a clear description and indication of:

- **constructive drawings of the craft**, section of jointing of the skirts to the vessel, percentage of reinforced glass into the resin and data sheet of the laminating of the resin.
- **technical specification of the resin used, reinforced used, results of the mechanical tests on the material sample.**
- **data sheet of electrical plant and fuel plant**

...as soon you'll provide those information **we will be able to certify the hovortrek all around Europe** and it is really important for both.”

15 Feb. 2003

**Excerpts from CF notes upon return from Italy:**

... One of the two rescue craft shipped to Italy was fitted with a 100Hp [Flat?] 4 fuel injected Hirth. Installation was achieved in about one week but was not properly finished. The engineering was overseen by Umberto and the work was done by Maurizio.

*The electronics were managed by Alberto and an electrician was also involved. The other craft was the standard 65 Hp fuel injected. Both craft, I think, belonged to the Lodi Fire Dept.*

*... The following day a delegation from the Ministry of the Interior was coming to certify the craft and to compare the 100Hp & 65Hp craft. The 100Hp would not develop full power and considerable time was spent trying to resolve this ... However, in the end it did not work.*

*... both craft only had 35 hrs. The bucket controls on both worked but were totally out of adjustment ... the cables were fraying and had been replaced from the appearance ... The thrust ducts had been riveted on. The seats had been riveted to the floor...*

*... On one craft I noticed that **16 gauge SS skid rails had been attached**. These ran full length and were overkill.*

*... On the last evening at dinner I discovered ... **that they had changed the fan angle** ... perhaps the fan angle was not set properly.*

*... The 65Hp was not properly prepared for the demonstration which started late ... both craft needed skirt repairs but this was not done. The situation was so typical of past experiences in India and China.*

*... The Ministry would not approve the craft until it performed the "lift-up-and-go" with 4 persons. So the engine must be fixed and I'm to return to Italy for another demo.*

*... The boat trailers in use are massive overkill and require 4 people to load and unload.*

*... **Matteo's father said they believe in the future of our hovercraft** perhaps more than we do ourselves. **They would like long term to build them in Italy** (Have we heard this before?)*

*... It looks like a dangerous undertaking with small returns but Matteo might know something I don't or hasn't thought it completely through.*

15 Feb. 2003: From CF mail to MP in response to **photos MP provided**: **"I have reviewed your photo CD and am impressed by your talent and artistic ability in creating some excellent photo compositions and lighting. There are several shots which I will use on our web site"**.

23 Feb. 2003: **MP replies to CF, giving him express permission to use all HTI photographs on the Neoteric web site: "Please feel free to use all the pics you wish for the web site."**

MP email to CF: **"Tomorrow we will start the first national course for HOVERTREK driver. I'm very exciting ..."**

27 Feb. 2003 MP email to CF: **"next Friday we will have the Commission from the Ministry of Rome coming to Lodi for the 2<sup>nd</sup> test approval. Are you able to take a flight Thu to be here Fri morning? Will be a Big celebration with all the top top dogs and the television...better if you'll fly over on Wen to be here on Thu and check everything..."**

- **CF faxed MP the Dealership Agreement he submitted on 1 Jan 2003, with the following compromises to MP's 1 Jan. modifications:**

IV Terms of this agreement

A. This agreement shall become effective on the date this contract is signed. It shall remain binding for **2 years** and is based on D&D ordering a minimum of **5 units** of product or a total annual sales value of minimum retail US \$**100,000**.

B. The D&D territory shall be **ITALY (EXCLUSIVE) (Can sell in Europe)**

C. This agreement shall be automatically renewed for successive periods of **2 years** unless D&D gives Neoteric or Neoteric gives D&D written notice of termination.

- 28 Feb. 2003 CF email to MP (Sent in Italian): *“My assistant is Tiffany and she can speak Italian. Please do not respond to me in Italian because Tiffany is not always available to help translate. If you are of the opinion that a return visit by me would help gain future orders then I would be willing to make the return trip. I also think that if the demo area is the Lodi boat ramp it should be covered with sand. The craft need to be overhauled. The controls need adjustment and skirts need to be repaired. I would also like to install the new computer chip .... If you are really sure that my visit is absolutely necessary I would have to leave Tuesday late if possible and return Saturday ... Congratulations on your success with certification.”*
- 1 Mar. 2003 MP reply: *“...Take all your cloths and staffs and get the first flight to Milan Chris.”*
- 2 Mar. 2003 CF reply: *“... If I try to rush off to Italy I will have to disappoint a number of customers and make a lot of new arrangements. In addition you have not given me enough confidence that my attendance will make the difference between getting an order and not getting one. Certainly the craft need maintenance work and you would be foolish to stage any public show without repairing everything. If this was happening at our factory we would spend at least two days making adjustments and doing routine maintenance such as greasing the bearings, checking belt tension, repairing the bucket controls and fixing all the skirts. Hovercraft when driven by novices require much maintenance. You cannot disregard this and if you do your whole undertaking will be doomed. I have been in this business for 40 years. I have seen it all. Including many undertakings similar to yours. It's easy to spend a lot of money on such things and quickly end up with nothing. Good luck with the exposition. I guess I cannot see what your mechanism for actually getting the order, perhaps you can explain it to me. Again, best wishes.”*
- 3 Mar. 2003 MP reply: *“OK no problem I will mail you the tape of the day.”*
- 7 Mar. 2003 AP email to CF: *“Thank you for your help tonight. We still have some troubles with ECM controls, but I hope to solve it in a short time. I will inform you about the test results.”*
- 8 Mar. 2003 CF email via Tiffany to MP to ask how the demonstration went.  
MP reply: *“Biiiiiiiiiiiiiiiiig success, we made Bingo! Also the television statins from Rome came to film us. We really had a unique success with the 2 65Hp engines. Now **I urgently need the price for 2 fiberglass bodies** for the school that was born Friday morning: the first school of the Minister of the Interior for half hovercraft. Can you ask Chris how much time and **how much do 2 fiberglass structures of a complete Hovortrek cost?** Because the firefighters will practice manouvres like this. “*
- CF reply via Tiffany: *“Chris has reservations about sending out Hovortrek™ fiberglass frames to anyone, because they could very easily be copied. How is it that firefighters will practice in these shells?”*
- MP reply: *“Yes I understand the problem of chris, but the use is for trainig at the school of the National FD so nobody can copy the craft excluded us eh eh ...”*

- 9 Mar. 2003 MP email to CF: *“Concerning orders, I think that now the Minister is waiting for the relationship of Commander di Rossi to decide how many to buy. The decision will come in June, at least I hope.”*
- MP email to CF: *“...The request is for two bodies made of one central seat, **buckets**, safe net and handle bar only, just to train the people on the floor instead of having them starting with a real craft, nothing more than this ... **Concerning the possibility to build the craft in Italy we have to think about it and discuss about the possibility to pay a royalty to you and build a factory here for the big order coming at the end of this year ... or start a new Company named Neoteric Europe and share it 50% between you and me, buy the building where to start the European production ... But don't be afraid we never will copy your craft, at list we will build them under license.”***
- 10 Mar. 2003: CF reply: *“... **About a European factory, this would be done after sales are established. We should not put the cart before the horse.**”*
- 11 Mar. 2003 MP reply: *“please give to me offer for the static version of the three crafts because I've to offer them. Think to sale a craft as they already have without motors, skirts and electrical parts, because we will use the washed broken skirts not anymore useful for the running. **We will assembly the parts here** so will be more cheap you know.”*
- 13 Mar. 2003: MP email to CF: *“Umberto and we will try to install and test the other two motors 102 four cylinder and 80hp three cylinder, so **we will need other fiberglass hulls, buckets, safe net, motor supports, handle bar not assembled. So basically we will need five complete hulls set ... Would you please make to us an offer and indicate to us the time of delivery?...**”*
- CF reply: *“The cost to produce 5 craft just bodies and hulls with buckets and inline seats etc. would be about \$46,000. Can ship in one 40 foot container. Delivery 4 months. You are embarking on a very expensive journey and it is fraught with uncertainties. **The kind of development work you have outlined on our machine should really be left to us. As a dealer (see our Agreement) you are asked not to alter the machine. I still do not understand how the fire department can save money by training on a mocked-up model??**”*
- 14 Mar. 2003: MP reply: *“Chris you told me 2,500 each not 9,200 each why the price grow so much? I already told them around 3,000 each...mhmm. Yes we need to develop different motorization because is on the tender coming up from the Ministry of Interior for 100 craft in 12 months with available motorization of 65 or 80 or 100 hp. **We also need the bodies to test the different motors**, because the 65hp has already approved. We also need to find a more Gorillas resistant system for the buckets so if you've some suggestion or before experience will be helpful. I'm not asking money for this juge work we are going to do in three months, but **could you please send the five bodies for free as your part of the investment?**”*
- 18 Mar. 2003 MP had Umberto Visintini email CF: *“here some pics that Matteo request to me to mail you. They are the solution we try to solve the broken wire of the bucket command. Please return your comments on our tentative, because **we really need your technical support to go ahead in tis experimental work for the Ministry.**”*
- Message to CF from Tiffany: *“Matteo called ... **He wants 5 hulls cheap, cheap, cheap. He [Passoni] asked me to reassure you that no one would steal your 'bambino' (baby).** I said we trusted him. (Ha ha) He asked if you received photos ... I asked him how one could train someone to fly a craft in a static, motionless hull & he explained that they wanted to show trainees rescue maneuvers (i.e. pulling people out of water etc.) on static craft ... He desires 5 hulls, quick & cheap, for the Minister of the Interior, etc.”*

- 23 Mar. 2003      The HTI web site with actual content is first indexed by the Internet Archive (<http://web.archive.org>); the majority of pages on the HTI site were directly plagiarized from the Neoteric web site, usually verbatim but for company name. The original pages on the Neoteric web site, as documented by the Internet Archive, have existed on the Internet since late 1999.  
**[SEE EXHIBIT #1 for full documentation of all HTI plagiarism]**
- 24 Mar. 2003      Excerpts from letter CF faxed letter to MP **[EXHIBIT #2]**
- I have decided that **everything must be brought back to comply with our policies, and be put on a strict business basis.***
- According to the dealer agreement ...*
- 5. The D&D shall not modify products in any way, unless so instructed by Neoteric ... If you wish to remain a dealer, you must stop changing the Hovercraft.**
- If we are to develop business in Europe, then everything must be on a strict business footing. We are not Texan cowboys. We are 'I Signori Marconi'. Sorry to have to pull rank, but things are getting a little too disheveled, and we both need to get back on track. **To conclude: no product charges allowed, and pay bills promptly, or send up on a cash advance basis.***
- 26 Mar. 2003      MP email to CF: *"I need a fax to this number [excluded] where Chriss will declare the stratification of the fiberglass and the components with their specific resistance to the fire."*
- 27 Mar. 2003      MP email to CF: *"are you interesting to re-buy-back from us the trailer from Springfield? What is your offer for it?"*
- CF reply: *"We are original equipment manufacturers. We do not deal in used equipment. We resist the temptation to be drawn into this sort of activity. So sorry we cannot get involved in acquiring a used trailer. Cheers, Chris"*
- 28 Mar. 2003      Tiffany email to MP: *"Today I faxed the document you requested ... I am also attaching it to this email."*
- 29 Mar. 2003      MP email to Tiffany: *"That is good but does not specify nothing. The Marine Department of FD need a declaration of the **materials used and thickness of the fiberglass and their mechanical characteristics ... like denais**"*
- 30 Mar. 2003      CF email to MP: *"Sorry the document prepared yesterday was not satisfactory. These documents take a lot of my time to prepare and a lot of messing around in the office to create the final instrument. In other words, they are expensive to prepare and require engineering, it's not just an office task. If you were ordering hovercraft from us then we can carry these costs in the margin. However, **you have only ordered two craft** so we have no means to absorb these costs. If you want special documents in the future then you should be prepared to pay for them. Also, if you could be more specific about what you need it would save wasting a lot of my time, which takes me away from getting hovercraft out the door!*
- When we spoke a week or so back you said that you had wired the money to us for parts. These funds do not appear to have arrived. Please settle this account and in the future I cannot offer you any credit. I do not have the desire, the time nor the resources to pursue HTI for payment. Please settle your account."***

- 31 Mar. 2003 MP reply: ***"WHAT WE NEED IS SO SIMPLY: DECLARATION OF THE MATERIALS USED, THEIR PHISICAL CHARACTERISTICS AND FIBERGLASS LAYERS. THE MONEY HAVE BEENS SENT SO PLEASE CALL AS SOON YOU'LL FIND THEM."***
- 3 Apr. 2003 CF email to MP: *"No sign of payment and you said you would send an email showing your bank transactions. I am sorry to have to keep asking for payment."*
- 4 Apr. 2003 MP email to CF: *"No problem Chris I turned the email to the accounting department they will followup but in the main time delivery the two nets by DHL asap using our credit number."*
- 6 Apr. 2003 MP email to CF: *"please to delivery by DHL with our credit number..."*  
CF reply: *"When we receive payment we will dispatch your two guards."*
- 8 Apr. 2003 CF email to MP: *"Today we received your fax showing a copy of your bank request to wire money. The fee of \$234.00 was a special price we put on the commercial invoice to lower your import duty. The correct cost is shown on our invoice #1753. This is \$337.38, and includes a 20% discount. However, before we ship your two meshes, you will need to pay in advance ... Total owing is \$848.78 plus all wire and bank fees. Nothing will be shipped until full payment is received. If you wire money, you must add \$15.00 for our bank, plus whatever your bank fee is. Often, it is less costly to obtain a bank draft drawn on a US bank, and send it via DHL, FedEx, UPS, or even the post office."*
- 9 Apr. 2003 MP reply: *"This is a difficult relationship Chris. The second bill alredy to the Accounting Department and is in process to be paid, but the times of our offices are different from the needs we have from you, so please delivery the goods right now."*
- 16 Apr. 2003 CF email to MP: *"Yesterday we received your fax notifying us of your instructions to your bank. We will not know how much you actually sent until our bank notifies us (usually 2-3 days after they receive the money). **We have put your account on a cash-with-order basis.** We should never have allowed credit in the first place ... So, in the future, all orders must be accompanied by full payment, including all bank fees. When we receive full payment, then your goods will be dispatched immediately. You will get exceptional service from us. To be very clear: nothing will be shipped to you until we receive FULL payment. If the bank removes their fees, then this must be paid by you before we will ship any goods. I'm sorry to have to spend this much time on this matter, because it gives me no joy."*  
MP reply: ***"CHRIS WE PAID EVERYTHING TO YOUR BANK SO WHAT'S THE PROBLEM? THE ADDITIONAL COSTS ARE ALREADY COVERED BY OUR BANK SO PLEASE RELEASE THE GOODS RIGHT NOW."***
- 21 Apr. 2003 CF email to MP: *"Thanks for payments which we received on Friday. The last payment to our bank did not include our bank charge of \$15. We will ship today as the spinner had to be manufactured."*
- 22 Apr. 2003 CF email to MP: *"Yesterday we shipped your 2 screens and 1 spinner by DHL. Also **we put up some of your photos on our web site. See Rescue Photos. Let me know if I have the captions correct.**"*
- 30 May 2003 CF email via Tiffany to MP: *"Ciao Matteo! Chris would like to know what's the latest news from Italy? How are things going? Any orders?"*

- 31 May 2003 CF email to MP: *"Hello Matteo: No news for so long, what has happened? I thought big tender was to come out in June? What happened with Dr. Schneider's craft? What did you do about damaged engine? Did the screens arrive satisfactorily and could you get them to fit properly? Please give me some idea what is going on? Also if we want to sell craft in Europe can you sign a CE declaration so our craft can be imported and sold? Did the people from Portugal take the training? Hope things are progressing satisfactorily."*
- 1 June 2003 MP reply: *"I tried to call you 100,000 times in Australia but no answers. Here we do have huge problems due to the **buckets** who never run properly and the electrical system who is really delicate ... too much so for a rescue vehicle. Actually we studying those two problems, the rest looks working for the moment. The crafts has 200 hours each."*
- A second MP reply: *"Yes we do have the CE certificatins and actually **we can build and sell in Europe**. yes the pourtugal boy had his training and certificate as well as the CE conformity declaration to register the craft in Pourtugal."*
- 25 June 2003 MP email to CF: *"we need two new computes and piston sets because the ol one are not useful anymore, are they covered by your guarantee?"*
- 26 June 2003 CF reply: *"Option One: Send 2 computers and 2 actuators back to us. You must mark their location ie Port or Starboard and which machine they came off. Give Hull number NUS \_\_ \_\_ \_\_. When we receive these we will test and if defective we will replace at no cost. Option Two: We will send 2 computers and actuators by air, but you would need to pay in advance. 2 #3913 at \$383 and 2 #3737 at \$230. Total F.O.B. Terre Haute \$873. When you return defective computers and actuators, we will return them to the vendor. If they will warrant them, then you will get a full refund. This could take 6 months."*
- 9 Aug. 2003 CF email to MP: *"...I am very concerned that we have not had any news from you for so long. Have you given up? Are you working with other companies? **Are you trying to make craft yourself?** Would like to know what has happened to all the potential orders and positive talk during my visit and before. This hovercraft business is very tough and everyone seems to give up in the end. Of course, this is the worst thing because if you persevere you will succeed. Hope to have some news. Best wishes to you and your father and all your crew."*
- 11 Aug. 2003 MP email to CF: *"Hi Chris **I need some spare parts**, how much will be my price for thoses systems? can you reach 40% of discount considering that many of them must be in guarantees? More I've had two customers who like to come and get training free...they are the Fire Fighters you already know. Is it possible for the early October?"*
- CF reply: *"If you want to make a warranty claim the damaged part(s) have to be returned to us along with a full description of the cause of failure. We could then decide what action to take. We will offer you a 20% discount on any parts ordered. On the reverse thrust system 3501, this includes the buckets, do you want them as well? If so, what color? **Are you building another craft?** About training: this is free in Terre Haute to a customer of a new craft, or \$500 just for the course."*
- 16 Aug. 2003 CF email to MP: *"Hello Matteo. Yesterday we received your email with a list of your parts required. **Why you need so many of these parts is a mystery to us**. For example, the large drive sprocket will last for 1,000 hours, why would you need to replace this? **If you are planning to start manufacturing hovercraft, and in particular our hovercraft, in Europe, then this should be made known to us. I am very dubious about supplying parts of these quantities until I know what your intentions are**. Also, if you are not selling our craft anymore then **you should also take down the Neoteric web site. In the Dealer Agreement you signed you agreed not to copy or manufacture Neoteric Hovercraft. If you have decided to***

*ignore this Agreement then you will stop being our dealer. There could be other implications to follow. Let me know what your plans are as I would really like to establish a workable dealership in Europe”*

17 Aug. 2003

MP reply: **“when I will start to manufacturing hovercraft I will pay you a royalty of 5% for the moment I just provide spare parts and repairing to the old hovercraft the firefighter have still in use model Griffon 375TD. The three large drive sprocket had lost some tiths and so the broken the V-belts very quickly, that is the reason why I need ten, and the shaft re curved because thension of the V-belt was not correct and it unbalanced it. I see that your temporal terms are very different to what we findout here, such as your 1000 hours are our 200 hours, your immortal bucket system is only 50 hours for us ... something wrong dear Chris. Please send to me the goods asap or I will breack the contract with you very soon.”**

CF reply: *“Good morning Matteo, Could you send me a photo of damaged teeth on a large sprocket? Also a photo of the bent fan shaft. If a fan shaft is bent it would shake the entire engine module to bits in just seconds. **None of the Hovertrek parts will fit or work on the Griffon 375TD or any other model for that matter.** Best Regards, Chris”*

18 Aug. 2003

MP reply: *“Thank you Chris also I know that no one part of **Hovertreck** will fit on Griffon Hovercraft, what kind of genius are you? The pics will arrive in early September because no one photographer is open to develop them and scanner all. In the main time would you pleas package my order and mail it?”*

21 Aug. 2003

CF reply: *“**I am suspicious.** If you can give me assurances that these parts will only be used as spares then I will supply them. One way to assure me would be for you to provide a bond. If you give Neoteric a bond of say \$5,000 we will agree to return after one year with interest, **providing we have no evidence of any attempt at production which might be aimed to satisfy the Italian hovercraft market.** This is one possible approach. Perhaps you can think of a better idea, such as the American Mafia! In any event, it has to be more than your just saying trust me. Best wishes, Chris”*

MP reply: *“I really want you to understand that we work with the firefighters of Italy, depending from the Ministry of Interior. I cannot waiting for your humor to supply spare parts or replacement parts. Any more than three weeks that I’m asking deliveries and if I will not have them within tomorrow **I will be forced to produce them by myself as any other part I will need.** I hope my English is clear enough. Personal best regards, Ing. Matteo Passoni”*

22 Aug. 2003

Second MP reply: **“I really think you need to be visited by a doctor. From today please conside that we will build everything we need by ourself.”**

4 Sept. 2003

MP email to CF: **“I move all the bucket computers on one side and ahead close to the steering bar. Now they are working properly without any proble of hidrostatic electricity. The ingection system is really a fucking system so **we change it** in new BING54 carburators and now they are working absolutely magnificent, I feel to get some more horse power too. The gas tank are shit **and I change them** with different one and **I eliminate** the little ball inside the spill nozzle, now it work. Actually the machines works properly from more than one month without any maintenance...not bad.”**

CF reply: *“Pleased that you are sorting out all of the troubles with our hovercraft. Can you send a photo of how you have positioned the computers? ...*

12 Sept. 2003

CF email to MP: **“Hello Matteo. We have gathered more evidence which suggests you are intending to manufacture hovercraft. If this is so, we can no longer support you. You have broken your agreement with us. You are no longer a dealer, representative or agent for Neoteric. Please remove all information from your web site regarding our**

products as soon as possible. We will contact the Italian Ministry of the Interior to inform them of this situation. We are considering running this announcement on our web site. Sincerely, Chris Fitzgerald

13 Sept. 2003

MP reply: ***“Again you have problems, but the way I like to inform you that if you will contact any Italian customer or will crete any kind of damn or trouble to us HTI we will charge you on the Court of Justice of Indiana State and we will get compensation for your acts, be prepared. Pay atencion because in the case of Ministry of Interior you’ll be requested for 6,000,000 USD. In copy this will go to our attorney in Rome who will vigilate since now your activities in Italy. Have a nice day, Matteo.”***

Second threat from MP to CF: ***“I talk with the Ministry people and here lokks like we have a problem because with your declataion of 13<sup>th</sup> Sep. you clearly inform that you’ll not distribute your products anymore and we are running a tender as you know. I think we already have to take our step to limitate the damn you are creating to HTI and to supply anyway the Ministry with different craft from yours. I will let you knowing after to have talk with our legal office. Regards, Ing. Matteo Passoni”***

15 Sept. 2003

Excerpts from CF reply: **[EXHIBIT #3]**

***“Hello Matteo: You will notice in the Dealer Distributorship Agreement, which you signed, see Part Three Dealership & Distributorship (D&D)***

- The D&D agrees not to duplicate or manufacture any parts of or craft designed, developed and manufactured by Neoteric.***
- The D&D shall not modify products in any way, unless instructed by Neoteric.***
- The D&D agrees not to represent any other manufacturer.***
- The D&D agrees not to copy, manufacture, sublicense, or enter into any business relationship which could be considered contrary to the best interests of Neoteric.***

***As you have broken these parts and many more, this contract which you signed leaves us with no option but to cancel your dealership. We will inform any contact that we are familiar with that you are no longer our dealer and we will broadcast the same on our web site. As for taking us to court, this would be impracticable as you have clearly broken our agreement. In 30 years of business we have never been to court and as a dealer you have already agreed not to sue, so what are you doing with such threats? Please remove Neoteric products from your web site immediately... Sincerely, Chris***

16 Sept. 2003:

MP reply: ***“I’m sure you’ll get notice from our attorney Avv. Portolano in Rome.”***

24 Sept. 2003

CF received letter from Francesco Portolano, Esq. **[EXHIBIT #4]** stating in part that Neoteric’s termination of HTI’s dealership agreement ***“is entirely without cause since the alleged breach of the Agreement has not taken place”*** and ***“HTI will suffer significant damages due to Neoteric’s behavior...”*** and threatens legal action.

25 Sept. 2003

CF email to MP: ***“Yesterday we received your attorney’s threatening letter. If you are indeed trying to make hovercraft in competition with us, this would and is totally against the spirit of our Dealer Agreement. You therefore will leave me with no option but to publicize the fact that you are not our Dealer and that in no way do you represent our products. We will begin to find a new dealer for Italy and I regret having spent so much time assisting you to become a competitor. Further, you should remove all reference to Neoteric hovercraft from your web site.”***

30 Sept. 2003

Reply from MP attorney with further threats **[EXHIBIT #5]**

5 Nov. 2003

Two months after the legal threats above, MP emailed CF asking Neoteric to help manufacture HTI hovercraft:

*“Dear Chris, the Italian Govern is going to issue a tender for 100 hovercraft unit with all the specifications we develop in those 18 months with them. **They will not be Hovortrek machines, but different one. To accomplish the job of 100 we will need the support of your factory** in order to produce such number of craft. If you’re interesting we need some paperwork done before the tender will be published, in order to determinate the rules of the companies and the tech specifications and know how. In this case you’ll have to fly here in Italy and sign it against the registration Notary office to be valid. Please let me know asap, Ing. matteo Passoni”*

CF reply: *“Can you tell what specifications the government plans to publish? This is very important. Of course we are interested in quoting for 100 hovercraft and we would want to be involved in training also. The Malaysian government asked for bids to supply 100 rescue craft and 24 companies bidded. So I predict competition will be fierce. **I am still concerned that you are considering manufacturing hovercraft and your web site does not explain that it is our product and web site information that you have copied. Please put a statement that you are displaying Neoteric information.”***

11 Nov. 2003

MP reply: *“...The number you’ll requested is 20/25 craft por year unde the tenders specs ... We will produce the others 20/25 craft por year so the total number of the craft will be 40/50 por year, who is a real number you and me can hanle. The total number of the supply will be 100 cradfts, so we will be busy for two or three years. What we will need is an agreement signed under the Italian laws and registred in Italy to be presented to the Ministry of Interior where we declare our joint-venture and we will guarantee for each side his work done. If you agree I’ve the attorney who will prepare the draft agreement in force for three years or more, depending on the number of crafts they will buy. **You’ll have to modify the molds in some parts, components and the bucket system into the new one we studied** an get approved by the Ministry. The Hirth motors overheated too fasts so we must find a way to keep them cool. Please let me know asap because in case you’ll agree I have few days to prepare the papers and the draft agreement. Than you’ll have to buy the tickets to come to Italy.”*

CF reply: *“I’m thinking: Just a short while ago you were preparing to sue my company! **Your web site is full of lies. You have copied our site and just inferred that what is Neoteric’s history is now hovercraft.it history!! What if your potential customers in Italy find out you are lying? Don’t you think this will harm your credibility and trustworthiness?** Of course we are interested in business but you have made me very suspicious of your modus operandi.*

*A joint venture, who has control? How would we ever profit? We would be playing ball in your back yard and at any time you could throw us over the fence and shut the gate. I cannot see how we could set this up. Perhaps you have a better idea of how this would work, if so I am anxious to hear it. How can you change from the Mafia to a priest?*

*You say that the design must change, what is this all about? Making design changes costs a fortune and always requires more development. What do you mean that you will build half and we will build half? **You can’t build our craft and supply them to the Fire Department.** We would kick up a big fuss in the Italian press and through the US Embassy. This would embarrass the Fire Department. Anything you do would have to be certified by us. We are interested in business but if we get involved it will have to be ironclad with secured guarantees such as letters of credit and the like. Because of past dealings we have grown to mistrust you. I hope you can find some way to change into a saint!!!...”*

12 Nov. 2003:

MP reply: *“the letter of credit as guarantee is not a problem. US embassy has something more important to do instead of hearing the Australian screaming eagles. Nobody can embarrass me because **I will not produce your crafts, but other***

hovercraft as you will request I do. We will provide the know how and drawings and details. I just need a partner because the volume of the order is too big and would use your experience in hovercrafts in joint venture with us. Again, DIFFERENT CRAFTS, DIFFERENT SPECS, two companies HTI & Neoteric...”

CF reply: “I think the starting place is the specifications for the hovercraft which you believe might be ordered by the Fire Department??? How many companies will bid on this? ... What chance do you think you have of getting this order? When will the bid be made public? When will delivery start? What provision will be made for training? Remember the 100 firemen you were sending to Terre Haute for training? How is the training going to work? Training should be a big part of the bid. We do not want to sell craft without a full training program. The different craft and different specs is a big worry. It cost us more than one million dollars to develop our current model. **What happened to Dr. Schneider’s craft? What have you done with his machine?”**

13 Nov. 2003: MP reply: “...I’m still working onto the specs so as soon I will get them I will mail the tender to you. The companies will be Hovertachnics, Amphibious and APGV...and us. Because the request will be very strong and detailed into the specs. I think 75% of possibilities. Yes will be a public bid and I will offer 28,000.00 ? = vat each craft full inclusive. (24,000.00 + 2,400.00 tax + 2,500.00 transportation) for yours 50/year for two years. On my 50 I will gain as much I can. The delivery will start immediately with five craft and than sfter 200 days we will have delivery 20 crafts and than after 200 days other 25 each for the first order of 50pcs. The second order of 50pcs is not sure and will depend very much of the quality and operation of the firs order. The training must be in Lodi and will need 100 pilots trained by you and me at 500.00 each = spenses, using the crafts we will deliver to them. The training is extra not included in the price of the bid. **The new model will be easy for you because you’ll have to buy new molds as the drawings we will mail to you, it will not require studies because we already did it on Dr. Schneider’s craft. We gave the craft to the Research and Development centre of the Fire Fighters in Rome and they develop the new craft based on your model specs. THE NEW ONE IS NOT YOUR CRAFT but have some specs based on it so will not be difficult for you to buy two new sets of new craft molds and mail me one...”**

14 Nov. 2003 CF reply: “...I can’t do much until I see the specs so until then I’ll hold my breath. Cheers, Chris.”

24 Nov. 2003 CF email to MP: “Well, have had no news for some time. I see you have Hovertechnics and CanAir craft on your site. You are going to confuse the hell out of the Fire Department. In this industry you want less options not more. **I’m still very concerned how your web site implies that these are your craft developed over an extended period by HTI!!** When you try to deceive in business this will come back to haunt you. You must be ethical especially if you want to be involved with Neoteric. We are straight shooters. **Please take some action to correcting this situation...”**

MP reply: “there are different hovercraft for different application, Neoteric cannot be the solution for everything. So any different application we will supply his appropriate solution. Please stop watching to the neighbors gardens and be focalized on our 100hovercraft/year. Very soon you’ll receive the proposal draft agreement from our attorney in Rome, and our relationship between you and HTI must be focalized on light hovercraft. Such as we do not represent Scat or other your competition.”

19 Dec. 2003 MP email to CF: “Are the hard top covers mountable after the delivery of the crafts? I mean on the two craft we have is possible to install the two hardtop white color? What is the price for us? Time of delivery?”

22 Dec. 2003 CF reply: “...What happened to the production agreement? **Now you want cabins!** Yes, you can install on existing craft. However, **I’m very concerned about shipping cabins so you can splash mold off and copy the design. So I am unwilling to supply them to you.** Regards, Chris”

23 Dec. 2003

MP reply: *"the licensing agreement is on my table and I still had no chance to read it and sign. The two cabins are needed very urgently and **if you persist in not sale I must build them as new by myself, making molds and veryrthing I will need. Please let me know asap.**"*

## 2004:

<u>Date</u>	<u>Action</u>
7 Jan. 2004	MP email to CF: <i>"I cannot wait anylonger, please quote to me the herdtops."</i>
8 Jan. 2004	CF emailed to MP quote for 2 Cabin Assemblies, total \$4290.00
19 Jan. 2004	MP email to CF order as quoted 8 Jan. <i>"Cash on the way."</i>
14 Feb. 2004	CF email to MP: <i>"... How are the 100 Rescue Hovercraft doing?"</i>  MP reply: <i>"The actual problem is that do not exist something like in Europe so the Ministry is looking at lest two more Companies (with different crafts) interesting to bid to compete an European tender. The European constructor of hovercraft already knows that the specified craft <b>will be Neoteric model</b> and so they are not interesting in wasting time. The fastest solution will be that <b>Neoteric will declare HTI the European Exclusive Distributor</b>, so will not exist more reason to open an European tender..."</i>
18 Feb. 2004	MP email to CF: <i>"we got the hard top, thank you. Today I delivered the hard top and the people in Lodi ask me this question: referring to the diods on the wire between the CPU and the piston of the bucket "what they are useful for what? Shall they take them away?"</i>  CF reply: <i>"We have a lot of trouble with CPU's failing. We do not know why but we think it is because of static electricity. The diods are our attempt to suppress voltage spikes. We are not sure how well they work but if your computers have not failed, I would not take them off."</i>
19 Feb. 2004	MP email to CF: <i>"Too late they alredy took away the diods and the <b>buckets</b> today does not stay in operation longer than one minute. Chris please <b>send to me quickly the layout of the diods</b> and I will restore the diods in their position. Shit."</i>
23 Feb. 2004	MP email to CF: <i>"I'm sending you the final resul of the steering handle bar with the <b>bucket control as develop for the ministry of interior</b>. Please to install it on one of your craft and send me back your comments or suggestions. Please no later than 30 days.</i>  CF reply: <i>"Controls arrived today: Have not had a chance to evaluate in any detail but it looks impressive. We will do some tests and keep you informed on the outcome."</i>
5 Mar. 2004	CF email to MP: <i>"... We have studied your design and are most impressed. Within the next few days we will fit this to our Prototype craft and start some testing ..."</i>

- MP reply: *"I have a lot of respect of your comments and experience and **this is only one of the modifications we develop with the Ministry of Interior Dep. As soon I will get your report about it I will proceed in mailing you the other parts and modifications to be tested too...**"*
- 30 Mar. 2004 MP email to CF: *"Please to delivery to us no. 02 kits complete of sea skirts, the tollest one you have, at 450,00 \$ each."*
- 1 Apr. 2004 CF reply: *"How to ship and payment arrangements re skirts. We can ship immediately. We are still testing your handle bar system. Will report soon."*
- 2 Apr. 2004 MP reply: *"please fax or email the invoice and we will pay normally in advance as usually ..."*
- CF reply: *"Please find attached your invoice for skirts. They are ready to ship just need confirmation of TT. How are hovercraft sales doing? Is the Department of the Interior still interested? Are they looking at other hovercraft manufacturers? What is happening? **Are you still thinking of getting into the hovercraft manufacturing as well as sales business?**"*
- 5 Apr. 2004 MP reply: *"I'd like you'll delivery two **kits of skirts every month for the next three months**. We are still in testing and making trials to determinate the complete affidability in rescue of the craft. HTI already spent 300,000 Euros without any income or profict in this development. The Minister is verymuch interested but the results are sloly coming up. The next step will be to retun in trials with the **two craft with the new handle controls, new motors (Bosh) uncer the buckets of 300 kg each and new ERC specifically made** for this application. **We already changed the motor into 3203V Hirth carburatos with TH eoptional hand starter too and cancelled definitively the injection system. The stretcher support have been remodeled and built in corbonium with different shape**, buy it nee to be tested. So we are still in troble and testing and adjust the errors trying to learn from the mistakes we do. It is really heavy work, but I will transfert to you all the information as soon they will be definitive, be patient...nothing happen by a magician touch. Please let me know your opinion about the handle bar so we will procede to mail you **all the other definitive parts we develop on the craft ...**"*
- CF reply: *"Thanks for your update. We are testing your hand controls. For years we have been testing and developing the reverse control system. Recently in conjunction with another control company we have developed a totally new computer control. This unit is just 1 computer, digital and has full diagnostics. It has more features than existing systems and is self programmable with memory. We are testing your handlebar with this new computer. We will be pleased to study the system you have developed and hopefully it is more advanced than our developments."*
- MP reply: *"Yes we have to work together to develop the perfect craft. Thank You for your trust and support."*
- 13 Apr. 2004 CF email to MP: *"Wondering when we would receive payment for the two sets of skirts? Cost was total of \$954.25."*
- MP reply: *"Bomb Away Chris but the Easter here in Italy is national Hollyday for three or four days so it take longer time than normal. Tomorrow I will fax you the payment done from the bank, but it doesn't mean you get the money on your account yet. Chris do you have schedule for the 2004 endurance world championship?"*
- 14 Apr. 2004 MP email to CF: *"Chris did you get the fax and the money? Please if you'll receive a phone call from DHL do not give them any kind of information because they are trying to let me paying 3,400 USD for the transportation of the two hard top for the firefighter....Jesus!"*

- CF reply: "... Did not receive any notification today by fax or email that payment has been dispatched."
- 15 April 2004 CF email to MP: "Again any news about your skirt order payment? We did not receive notification yesterday."  
16 Apr. 2004 CF email to MP: "It's Friday in the US and Saturday in Italy. We never received any notification of payment for the skirts. Can you tell us when we can expect to receive the transfer?"
- 18 Apr. 2004 CF email to MP: "... Any news on the wire transfer of funds for the skirts you have on order? Or can we charge your credit card? You said in your email of the 14<sup>th</sup> April, "Did we get the fax and the money"??? What did you mean by this, of course we never received the fax or the money!!"
- 19 Apr. 2004 MP reply: "Please Chris watch again in you bank because the transfer have been made on 5<sup>th</sup> April ...incredible...I'll re-fax the payment today."  
CF reply: "... We have checked at our bank once again but there is nothing there from Italy. Your fax showing the transfer will be helpful."
- 22 Apr. 2004: CF email to MP: "Have your fax showing bank application for \$954.25 US so far as we can tell because we do not understand Italian. However, no money has arrived at our bank. They have no record of any transactions and your piece of paper shows 5<sup>th</sup> April 04. What is going on? Has the bank sent the money? We can't understand this transaction at all."  
MP reply: "Today is too late but tomorrow morning I will cal the bank! Incredible!"
- 25 Apr. 2004: CF email to MP: "Can't figure out what's going on with respect to your payment. Is this some sort of game? Has the bank sent the wire, if so our bank does not know anything about it. Was this sent on the 5<sup>th</sup> April 04? If so this is ridiculous, the banks are playing with our money. Let me know what you can find out please?"
- 26 Apr. 2004: MP reply: "I'm so mad about it, and I mad a terrible telephone call to my bank, they said that there was aproblem of wire transferring and so you will get the money from your bank tomorrow maxium...I do not trust them anymore but we will see."
- 27 Apr. 2004: CF email to MP: "Well? We still have no news or understanding. Why don't you give us your credit card number and we can forget about the bank wire?"
- 28 Apr. 2004 CF email to MP: "Today your payment arrived in our bank. We received \$924.25, thank you. The skirts were shipped on the 5<sup>th</sup> April 04, Insured. They could arrive any day, the Post Office said 4-5 weeks. We have tracking insurance number VB 075 268 997 US. Let me know when you want next shipment. Good luck with business."
- 7 May 2004: MP email to CF: "**what about of cutting the exost pipe and let it blowing under the inside air flowing on the craft, it will reduce the noise of the craft, isn't it?**"  
CF reply: "There are regulations which bar feeding exhaust into the cushion duct or under the hull. A risk of explosion exists if a stociametric mixture should develop which could lead to an explosion. It might reduce the noise slightly but very slightly."
- 14 May 2004: MP reply: "OK Chris the **modification to the exostpipe** reduced the noise to 63/68dbA...not bad. We are still working on the protection of the wires. Chris have you more information about the new computer for the buckets because it will solve to us a lot of troubles. **Please do not forget to send me the Italian customers...**"

- 16 May 2004: CF reply: *"You may wish to contact this gentleman: Massimo Fersini who has the following email [m.fersini@tiscali.it](mailto:m.fersini@tiscali.it)"*
- 30 June 2004: CF email to MP: *"We just received your 2<sup>nd</sup> email concerning the skirts. The bank transfer last time was \$954.25 but by the time the bank took out their fees, we only received \$924.25 so payment was short \$30.00. With this order you need to transfer the \$954.25 plus enough to cover the bank fees from last time and this time. That means \$30.00 to cover the last bill and \$30.00 to cover this bill, a total of \$1114.25."*
- 8 Aug. 2004 MP email to CF: ***"do you have any other distributor or retiler in Italy more than us?"***
- CF reply: *"Thanks for your recent skirt order. These were shipped shortly after receiving payment. No, you are our only dealer in Italy. How's business?"*
- 9 Aug. 2004 MP reply: ***"Still testing: now we're testing a mix of two layers of Kevlar and carbonium glued by epossidic resin, at 170 gr/mq each...but I can tell you that the back fluid device must be made in carbonium all completely. I hope you'll be able to make the craft when we will finish (smile) Of course the price will be different."***
- 12 Aug. 2004 CF received telephone message from Derek Jones: "Says he knows something that you would be interested in knowing." Instructed to call Dave Van Dam, who says **30 units of our [Neoteric] craft are being built in Italy.**
- From CF's notes from phone conversation with Dave Van Dam: *"He has a mechanic with them (HTI?) for training, Manamillio (25 year old, black hair). They have visited in the past & would be back soon for RINA certificates. **Manamillio said they [HTI] are building 30 units & showed a picture of our craft. It's in a Fire Dept catalog. Matteo is an arms dealer!** RINA will not pass info on to third party if you write and ask them. They are visiting in Sept for RINA certification."*
- 13 Aug. 2004 MP email to CF: ***"those are the contract we need to get signed to go ahead with the project of Italian VVF. I had develop them together with the law expert to avoid any European tender or international bid in order to allow the Italian Ministry to place order directly to us. Please take a look and return your comments."***
- This email follows MP's 8 Aug fax to CF of "Lot 6 Hovercraft: Technical Specification For Hovercraft" from Italian Ministry of Administration and Interior with fax cover sheet: "Dear Chris would you please submit your best quotation for those goods hereinafter specified within the 31<sup>st</sup> of August 2004 ...."**
- **NOTE: The above-referenced document, however, refers in several places to Romania, and not once to Italy or to the Ministry of the Interior (other than in the heading):**
    - "...Romanian Car Registry..."
    - "...the retailer in Romania..."
    - "The seller's retailer in Romania..."
    - "...one copy in the Romanian language..."
- 14 Aug. 2004 CF email to MP: ***"Got your HTI contract. We have no idea what this is about. If you are redesigning and building our hovercraft in Italy what is the advantage to us to sign "your" contract? Perhaps you could explain what your thinking is. We also cannot understand why you are redesigning our craft in Kevlar."***
- 15 Aug. 2004 MP reply: ***"I'm thinking two different contract. One for the normal distribution in exclusive for Italy for your normal products. When I say normal I mean civilian, recreational... The second contract for this new craft we are developing on the old***

*craft frame, with all the modification requesting by the State of Italy and the National Hovercraft Commission of VVF. The second will be only for military of law enforcement use and the 100 crafts / year will be produced 50% in US by Neoteric and 50% in Italy by HTI. This is the idea of the two draft contracts.”*

CF reply: *“We are not interested in this bid. This income is much too hard to obtain. It calls for 4 cycle engine. This we don’t have. **Looks like It’s written around HoverTechnic craft.** This is a bad specification written by a Government employee with no experience or understanding. After one year none of these craft will be used and they will have spent \$100,000 on each unit including training and all of the other rubbish. Perhaps your company HTI could design and build something to meet the contract.”*

MP reply: *“Hi Boss, no I’ve no time to develop a craft for the Romanian State. I could do that for 100 units as we are doing in Italy with you, but not for six craft. Shall you install a 4 stroke motor on your craft? It will meet all the request specs, isn’t it?”*

- 24 Aug. 2004 CF email to MP: *“...we are going through your contract. However this is back the front and we don’t understand the need for this contractual document. **You have signed our Dealer Contract, that is sufficient.** There is no need for additional contracts. We do not sign contracts sent to us by Dealers. We appoint you and you sign our contract. **You are not appointing us, we are not agreeing to your terms, you as our Dealer are agreeing to the Neoteric terms...**”*
- 26 Aug. 2004 MP reply: *“Easy: the project with the Italian State is to supply their craft specs at 30,000 euro each, because **we are the exclusive distributor in Europe** so they are not forced to run an European tender to buy the crafts. If you watch in internet at <http://www.craftima.com/> you’ll find out that we HTI aren’t the exclusive distributor, so the Italian State if will recognize that will legally forced to open an European tender to purchase the craft. This mean that Scat, Griffon, ... will run in competition against us at very cheap price...cheaper than 30,000 euro for sure. Conclusion if we will not entitle of exclusive representation and or license manufacturer the good and profitable business will become a shit and poor fighting operation. I’m sure you’ll have a clear picture now.”*
- 27 Aug. 2004 CF reply: *“**Our Finnish dealer has sold many more hovercraft than the two units we shipped to you in Italy. On what basis should we award exclusive rights to HTI?** Future possible business? What would you do in this situation?”*
- 28 Aug. 2004 MP reply: *“Chris I’m not looking to the effective meaning of it but to the formal procedure, public information and burocracy. By the way you are able to write and read and I gave you a clear picture of the situation, you’ll decide.”*
- 2 Sept. 2004 CF receives a customer inquiry from Italy: *“I’m writing from Italy and I leave close to a lagoon. I’m very interested to aq hovercraft but I never saw any in this area. Are they allowed in Europe and in italy? regards, cesare zambelli”*
- CF replies to the customer, referring him to HTI: *“Hello Mr. Zambelli: Thank you for contacting us. **We have a dealer located close to you. His website is hovercraft.it.** Please contact him. If you have any further questions, feel free to contact us.”*
- MP response to CF upon receiving copy of CF’s customer response above: *“Chris what about Mariah 425 for the Romanian tender?”*
- CF reply to MP: *“You might want to see if Mariah can help. I do know the company and the owner. My feeling is that before such a contract is awarded the Romanian authorities will demand absolute proof that the craft exists and is of a proven design with other similar craft operating in service. I think Mariah, like us, would be struggling with such a task. Griffon on the other*

*hand can do it. My feeling about these larger sized craft is that for the price of one you can buy 10 our our craft and the smaller units are far more versatile and practical than the bigger units. Time will tell who is right.”*

MP reply to CF: *“I did and they quote the craft. The Ministry of Romania is very glad of this craft proposal...we hope.”*

22 Oct. 2004:

CF email to MP: *“How is business, any progress with the Italian order for rescue hovercraft?”*

MP reply: *“Yes, finally we had determinate the craft in any details and aspects...now is still missing the evaluation about the affordability and the real scenery operative. Also the didactic part of the basic and advanced training have been accomplished. I can say we are in very good shape. As soon the report will be protocol and reported to the head quarter they will start in purchasing the craft as planned three ago...it is a long way Chris.”*

## **2005:**

<b>Date</b>	<b>Action</b>
18 Jan. 2005	CF email to MP: <i>“Thanks for sending the pictures of the hovercraft at the parade, looks great. As we have had so little news from you for such a long time we are curious as to what is happening? If you are not ordering any craft from us are you ordering any from Hovertechnics? Are you building hovercraft?”</i>
19 Jan. 2005	MP reply: <i>“Not yet, eh eh eh...Hovertechnics had sold one hovercraft to the FD of Padova troughs their rep in Italy, who is not HTI of course, and still it have problems. This crate a certain untrust feeling with the hovercraft but we are still in developing process with the Ministry which is determining the exactly configuration of the final version. At the end of this work an European tender will come up and will compete to get it together with you. Believe me this is still far a way...I'll keep you informed.”</i>  CF reply: <i>“Got your note today, thanks. Do you know what trouble has occurred with the Hovertechnics craft? If no can you find out for us? We have resolved the reverse thrust bucket computer issues with a tremendous system that so far is performing impressively. We are moving on the 6 seat 100 Hp model. You can see some info about this under Work in Progress “Tom Dienhart’s craft.” Sorry to learn that the Italian tender is stil so far off in the future.”</i>
20 Jan. 2005	MP reply: <i>“The Hovertechnics doesn’t lift up...this is the main problem, and second they do not have any control compared to yours crafts.”</i>
26 Jan. 2005	CF email to MP: <i>“Thanks for your order which we received online. Can you indicate what color the cabin part 3675 should be? <b>You qualify for a 20% dealer discount.</b> What shipping method should we use? Surface or air?”</i>
27 Jan. 2006	MP reply: <i>“Hi Boss, than you for online system it is working properly. The colour of the cabin part 3675 is white...”</i>
30 Jan. 2005	MP email to CF: <i>“Hi Boss, do you have longer skirts, I mean taller one?”</i>

1 Feb. 2005 CF reply: *"Special skirts can be designed to increase the hoverheight but the penalty is the hovercraft will have a tendency to fall over, it will roll more easily, plow in more often and be more difficult to control in calm and worse in wind. Do you want to proceed?"*

MP reply: *"Hi Boss, the idea is to have more lift and reach 500mm is it possible? I would need your technical comments to be delivered to the Ministry of Interior and wait for their answer."*

2 Feb. 2005 CF email to MP: *"We have discussed your requirements and would like to ask: Why do you think bigger skirts will be an advantage? What obstacles do you wish to traverse, i.e. height, shape, detailed description or photos needed."*

MP reply: *"Height of 500mm ay list."*

6 Feb. 2005 CF reply: *"We are mystified why you want to hover at 500 mm? To do this we will require stability skirts and a complete new skirt design. Also the hovercraft drag will be high and the stability will not be all that good. The skirts will balloon out so the craft will be wider and longer."*

4 Mar. 2005 MP email to CF: *"Have you information about the delivery of our last order of spare parts?"*

6 Mar. 2005 CF email to MP: *"We should be shipping the three cabs on the 9<sup>th</sup> March 05 together with the other items. Sorry this has taken us so long, we are just extremely busy. Also we have not charged your credit card because of the delay on our end. We will charge when we ship. How is your hovercraft project going, are you selling any machines? What is the current status? We thought your handlebar reverse bucket design system was a masterful piece of design, beautifully machined and constructed. Why we cannot use this:*

- 1. It is too heavy*
- 2. It does not look very nice*
- 3. It hangs down and catches on the pilot's legs*
- 4. It will be very expensive to manufacture*
- 5. We do not have failures with the present system even in salt water! So why change it?*
- 6. Our system has been totally changed and the wiring of the pots has been simplified."*

11 Mar. 2005 MP email to CF: *"If you've problem with the delivery of the goods we had ordered, please contact Greg Berklay and ask to him to handle it for me. Do not delivery by DHL please."*

29 Mar. 2005 CF email to Greg Berklay via Barb (Neoteric Office Manager): *"We have been asked by our client to contact you in regards to a shipment to Gorgonzola. The shipment is 110 lbs., 60"L x 33"W x 32"H. The shipment contains Fiberglass Windshield partial cabins for a hovercraft. Could you get us a quote for both surface and air."*

31 Mar. 2005: CF email to MP: *"Very sorry to have taken so long with your order. We have so much work that we cannot manage at present. It just took us a long time to manufacture the Front Cabs then to crate them and then I tried to get the best shipping price. I contacted greg@berklay and Schenkers. I asked both for air AND surface quote but they each only send air. Greg quoted from our door to Milan Airport \$563.30. Schenker quoted \$408.59. Our office decided to ship by air through Schenker before I had time to get them to give us surface quote so I am sorry but this is not too bad of a cost. I do not know what surface would be but probably not much less. Shipment left today freight collect to Milan Airport. I will try to have shipping docs sent to you tomorrow. Thanks for the order."*

1 Apr. 2005 MP reply: *"I appreciate."*

29 Apr. 2005 MP email to CF: *"We like to order ... 6 Fabric Storage Cover for Deluxe Hovertrek ... Balance Due: \$1,884.32. Payment by AMEX already in USE and delivery asap."*

30 April 2005 CF email to MP: *"Thanks for your cover order. Can you tell me what color the covers should be, do you want light pockets etc.?"*

2 May 2005 MP reply: *"Yes I need them blu as the color blu used in the french flag and they must be shaped for rescue with pockets for strobolights."*

5 May 2005 CF reply: *"The cover design has to incorporate pockets for the various lights which are fitted to our Rescue Hovercraft. The standard light bar is a rectangular box shape but we have different lights such as a Vector Pod which has a totally different pocket shape. If the craft are fitted with a search light then a pocket has to be provided to accommodate this light. If you don't care we can just supply our basic rescue cover with the rectangular light bar pocket..."*

MP reply: *"Exactly I do need six covers waterproof colour blue as the blue of the French flag for the shape of the rescue hovercraft you had delivered to me, with the rectangular pocket only on the top."*

30 May 2005 CF email to MP: *"Covers should be shipped on Tuesday the 31 May 05. Also, we don't understand why you want 6 covers in French Blue? Are you selling Neoteric Hovercraft to the French? If so, you should be paying us a royalty to offset costs of 30 years of development, research and study."*

31 May 2005 MP reply: *"No Chris the French Blue is the name of the color...please delivery the covers and get paid by my credit card you stil hold."*

14 July 2005 MP email to CF: *"where are the six covers???"*

CF reply via Barb: *"We sent the covers on June 3<sup>rd</sup>. They left O'Hare International Airport in Chicago, IL on 5 June at 10:05 am. There is no further info available through tracking, so now we will go to the post office and fill in the correct forms to see if we can find anything else out. We will let you know as soon as we find out."*

27 July 2005 CF email to MP via Barb: *"Have you ever received the covers? We have gone to the post office and filed a missing package report but have not heard anything yet."*

30 July 2005 CF email to MP: *"Covers appear to have been lost in the mail system. Could be stuck in Italian Customs, who knows. We have lodged an insurance claim. Next time we will ship by DHL or some other courier. The extra cost is worth it. Very sorry for so much trouble for both of us. How is the hovercraft business? What happened to the big order from the Italian Fire Department?"*

5 Aug. 2005 MP email to CF: *"Chris would you please provide all the informations in order to trace where the package is located?"*

CF reply via Barb: *"The tracking number is ve318274224us. The only thing it will tell you is that the package left O'Hare International Airport at 10:05 am on June 5<sup>th</sup>. Maybe you can find something more on your end."*

- 8 Aug. 2005 CF email to MP: *"Today the box with the covers was returned to our office with no explanation! Now we will have to find out who is responsible. We will reship by DHL once we figure out if the post office will refund the first shipping cost."*
- 9 Aug. 2005 CF email to MP via Barb: *"The covers were returned to us. The package was sent to Italy, stamped as not claimed and returned to us so we are now out \$164.00 postage. What do you want done now?"*
- 13 Aug. 2005 CF email to MP: *"The shipment of covers was returned to our office the 8<sup>th</sup> August. The box was stamped not claimed. This seems to suggest that you were notified that the goods had arrived in Italy but nobody collected them so they were returned to us! What are your instructions? Barb in our office wrote to you about this on the 9<sup>th</sup> Aug 05 but we have not had any response from your end."*
- 20 Aug. 2005 CF reply: *"Please delivery URGENTLY to: [HTI address]. Do use www.DHL.com service and delivery collect on our no. 963034546. Than invoice to me the 164.00 but believe that the NOR CLAIMED is a bu."*
- 22 Aug. 2005 Neoteric reshipped HTI covers via DHL.
- 7 Nov. 2005 MP email to CF: *"Hi Chris, next year may be we will be requested to supply a good number of crafts. I need to know the real potencial of supply you may guarantee."*
- CF reply: *"Good hearing from you after such a long time. Hope all goes well with you and your family. You might be able to see from our Work in Progress section on the web site that we are still very busy with orders. However we are at last getting the factory organized for more throughput which I hope will enable us to at least double next year's production. What craft and what sort of numbers are you thinking about? We are starting to get a lot of orders for our 6 seater. **How are your Neoteric machines holding up in the Italian Fire Department?** We have developed a new computer control system which to date seems to have eliminated all of the earlier difficulties."*
- MP reply: *"Well Chris we did a lot of tests and I personally invested more than 300,000 euros in developing our ideas. Finally we do have a Kevlar blades fan propeller, with a machine made joint customized to the shaft which is star connected with the joint of the fan. **We doubled the potentiometers, the computers and the pistons** which are working together two by two. **We made a new wiring** to be more safe and dived into the floor of the craft. **We redesign the push and pull cable** for the driving blades. **We designed custom made tank** to triple the gas capacity. **We did installed four version motors:** 65hp 2 cycles, 102hp 2 cycles, 120hp 4 cycles and 145hp 4 cycles. I would like to show you what we did in the last three years, by the way **tell more about the six seats**"*
- CF reply: *"We would very much enjoy seeing the fruits of your hard work and big expenditure. We welcome any pictures you care to forward. Some of your improvements also sound interesting. You can see some pictures of our 6 seat model by clicking the 6 seat photo on the left side of our home page."*
- 8 Nov. 2005 MP reply: *"Thank You Chris, I hope to visit you soon to discuss **our modification** and get comments and suggestion."*
- CF reply: *"Looking forward to seeing you soon. Just give a little notice because these days I am moving around quite a lot with training programs."*
- 9 Nov. 2005 MP reply: *"Chris, what about the second half of jan 2006? Will you be in town?"*

- 10 Nov. 2005 CF reply: *"Have scheduled your visit for around 25<sup>th</sup> Jan 06. Hope to see you then."*
- MP reply: *"U BET!"*
- 8 Dec. 2005 Ryan Dagey, Neoteric Vice President, sent the following email to MP:
- "I have noticed that you **have directly copied material from Neoteric's website to use on your hovercraft.it website**. This is not advisable as it keeps information about our craft out of synch (when we update, you do not.) The best solution is to link to our pages so that your website is always serving the most up-to-date information.*
- Further, we have noticed a series of mistaken claims on your website, including "HTI is the original light hovercraft manufacturer and the Hovortrek is the culmination of HTI's 40 years of experience in light hovercraft design, development and engineering."** Please correct these mistakes as soon as possible."*
- 13 Dec. 2005 MP reply: *"Hi Ryan, thank you for your email. Next Jan we will come to visit Chris and review the **new hi tech updating we made to the project of hoverescue. In that time would be appropriate to watch into the web site and note the correction you need.** Have a wonderful Christmas, Mat."*
- 16 Dec. 2005 MP email to CF: *"Hi Boss, I got this inquiry from a strange guy who request spares for Neoteric Hovercraft in France destined to Africa ??? Please handle: Don Jacques Peretti 0033491330405, 0033491547992. I cannot sell in Africa." [Message included in Italian from G. Bonalumi {Ecology}]*
- CF email to Tiffany in Italy: *"...This just came in from Matteo; could you translate the message from Bonalumi?... I plan to get back with you about Matteo soon. He says he is coming to visit us in Jan so **I would like to have established proof of "rippoffness"**. I plan to ask you to contact the Ministry of the Interior, who I believe control the fire fighting services. Want to find out they are purchasing hovercraft from HTI ... ie Matteo. If so, when and how many? ..."*

## **2006:**

<b>Date</b>	<b>Action</b>
23 Jan. 2006	CF email to MP: <i>"I received your email .... concerned your proposed visit in February. This will be satisfactory and as of now my only commitment is 10, 11 and 12<sup>th</sup> when I will be away doing training. If you can let me know what dates you propose and I can confirm."</i>
18 Feb. 2006	CF email to MP: <i>"Are you still visiting this month?"</i>
28 Feb. 2006	MP reply: <b>[EXHIBIT #6]</b> <i>"I wish but because of Turin 2006 <a href="http://www.skirescue.it">www.skirescue.it</a> I cannot. <b>Chris I need a fax to this number ... certified I have been to you on 26 Oct. 2001 and we decided to work together on this huge project of the Italian purchase of hovercraft, in order to develop the crafts necessary for them. Please do it and I will explain when we get together ... The idea is that we run into many tests crafts and develop three hovercrafts sizes: model 425 ... model 525 ... model 725 ... of course we have not done yet</b> and we still are developing the different request coming up from the</i>

*State ...Please findout a possible date in april after the 9<sup>th</sup> so I will come with my engineers for a three days full immersions. Please do not forget the fax which is very important. I miss you Boss, Personal best regards, mat."*

CF reply: **[EXHIBIT #7]** *"When you visited my company we agreed that you would be our dealer. You purchased 2 hovercraft and no more. This hardly constitutes the continuation of a dealership and certainly there was nothing about working together on a range of different sized hovercraft. I cannot send a fax stating something we did not agree on! Perhaps when you visit after the 9<sup>th</sup> of April you can explain to me what your ideas are?"*

Dave Galka of the Hoverclub of America, Inc. (CF is founder & past President) forwarded to CF an email he received from MP. Matteo's email stated *"Dave, our Company is looking for some representatives in your Country, can you suggest some? Regards, mat. ..."*

**After visiting the HTI website and noticing that HTI's hovercraft were essentially identical to the Neoteric Hovertrek™, Dave's email to Chris stated, "Chris, My this machine looks familiar." [EXHIBIT #8]**

2 Mar. 2006

MP reply to 28 Feb. CF email: **[EXHIBIT #7]** *"No problem, I will proceed on my own only, but just to let you know the two craft designed and detailed for rescue and that I bought from you were rejected by the state commission, just to know. The reason of our huge investment in developing the trustable hovercraft in re is that the State strongly request it. I cannot teach you how to work but trust me you will sell only what the customer want to buy, not what you wish to sell. Please let me know if you are together with me in this enterprise or I will be [illegible]. If you decide to stay together fax the declaration to me so I will show up we (illegible) our steps together if not is fine. Thank You, Mat."*

7 Apr. 2006

CF email to MP: *"Just wondered if you still intended visiting our company in April?"*

8 Apr. 2006

MP reply: *"Yes, but you still did not answer to my last email."*

20 Apr. 2006

MP email to CF: *"the Italian gentleman from Phoenix Rescue Hovercraft whatever, the same guy who copied our buckets, just communicate to the State of Italy that Neoteric and HTI are not cooperating in business and that Neoteric is going to act legally against HTI. The hovercraft project have been suspended. This will not help our together business and is a great damage to our investment. Our Attorney Office in Italy will start a legal action against this gentlemen asking the 700,000 euros, we already invested in this project, just for the beginning as well our office Becker & McKenzie of Chicago receive instruction to react if case this information will be confirmed from your side. Please inform asap."*

CF reply: *"Phoenix asked us if they could service our craft. They said in order for this to happen they needed authorization. We gave them authorization to service our craft. I knew this would be OK because they were doing the service work when I visited them during my demonstration trip to Italy ... When you visit soon we can discuss all such issues."*

MP reply: *"Please withdraw immediately the autorization because it is in violation of HTI/NEOTERIC contract. PHOENIX never did service to Neoteric craft and they are not authorized to do it."*

MP further reply: *"Chris if you still want to operate with HTI I kindly suggest to stay far from the political games running in our Country or you will fuckup everything as you are doing release this authorization, with has no sense. Why you did something so stupid? Phoenix never services the Neoteric craft they only rent to us the space for the warehouse !!! Thank to you your*

*authorization Phoenix will show up theirself as what they are not !!! Withdraw the authorization immediately !!! I'm not joking you did a real disaster !!!"*

21 Apr. 2006

MP email to CF: **[EXHIBIT #9]** *"I have to inform you that giving authorization to servicing Neoteric hovercraft to someone just to create troubles to me is really un-professional. More than this I have to inform that you violate our distributor agreement and **I'm asking a damage of 750,000.00 USD just to cover or first claim. You are right when you say that HTI beginning the development of its own hovercrafts from your craft**, because we had a lot of respect of you and your initial potential. You are wrong when you say that HTI copied your craft because here there is a list of parts which are different from yours ... Please withdraw immediately the authorization to the "smart guy" from Phoenix or I will be forced into a legal action against you and your properties ... I will be more than glad to host you in Italy in order to show our progress and crafts and evaluate a possible cooperation in business at the quality level"*

1 May 2006

MP email to CF: *"Hi Chris, this coming October 2006 will empire **our exclusive sole distribution contract for Italy**. I think it's time to decide what to do and where to go together or not. **HTI will more than glad to distribute your products in Europe** as well you will distribute our products in America. I see a long term agreement possible for mutual benefits. Please find a way to come here in Milan and have a meeting together to decide the abovementioned matters, more than this you will test our progress and developments. I will more than glad to provide flights and lodging free for you and your wife, and opera tickets."*

19 May 2006

Email to CF from Matteo Manghi, HTI Product Manager: *"Hi Chris, as promised I am sending you the photos of the hovercraft that had problems with the fan and that we are going to repair to Lodi FireBrigade. This is a typical problem of the hovercraft but as you can see with our hub (**we completely redesigned it**) doesn't creek and doesn't explode but the blades still have this problem..... In the beginning the fan broke from the creeks generated in the hub by the vibrations, but after **we built up our own HTI hub** we solved that problem but we still had the problem of the blades .... hope you appreciated my email, and please have a look at the doc where there are the pictures taken from Alberto's web site. I think that no comments are needed. I really hope that we will manage to meet soon, in the beginning of June, and that we will find a way to go on working together. My desire, and Matteo's desire too, is to cooperate not to fight. **We know that the contract will be over in October so we hope to extend it**. I want to show you **all the developments that we made in the hovercraft hoping that they could be useful also for you, no secrets at all.**"*

23 May 2006

CF reply to Matteo Manghi: *"... I have not had a chance yet to look into Alberto's web site as I am too busy with "real" business. We are familiar with the fan failure problem. It is a great pity that we were not informed when the Lodi fan exploded the first time because we know what to do for correcting this problem. Do you have the broken Multi-Wing Fan hub from the first failure? If so we would very much appreciate if you would kindly send this to us for our inspection. You are welcome to visit with us anytime to discuss your ideas for the future."*

30 May 2006

CF email to Matteo Manghi: *"We have been discussing your fan failures. Can you tell us what is the speed of rotation? What is the hp? Are the fans balanced statically or dynamically?"*

2 June 2006

Matteo Manghi reply to CF: *"... The speed we have with the new engine is about 5200 RPM. But the failures that Lodi FB had happened with a 65CV Hirth engine so the RPM are about 3500 or something like that. I wish to inform You that next week I'll be in the US and that I could visit You on the 9<sup>th</sup> or on the 12<sup>th</sup> of June, for me it's better the 9<sup>th</sup>. By the way let me know if You have got a chance to meet me so that we can discuss a little about our future cooperation."*

CF reply to Matteo Manghi: "... I am looking forward to meeting with you on the 9<sup>th</sup>. Concerning your fan failures, can you indicate the actual fan rotational speed? The Lodi craft could be as simple as excessive interference between the blade tips and the intake bell. Increase this clearance. I would also like to know the number of operating hours on the actual plastic blades that failed."

Neoteric received an email inquiry from hovercraft@virgilio.it: "Hi Chris, are you an original PHOENIX company? Suspecting that the email was actually sent by Matteo Passoni, CF replied: "We received your email on June 2<sup>nd</sup> 06 and the answer to your question is: **www.hovercraft.it, in Italy, started as our Dealer** after purchasing 2 hovercraft around 2002 **but went on to copy and produce copies of our craft** for sale in Italy and elsewhere. All this without authority from Neoteric. In the process www.hovercraft.it contracted with www.Phoenixhovercraft.it to help them build craft which copied our products. Phoenix has been negotiating with us to see if they could make a suitable Italian dealer. However to become a dealer they have to purchase a minimum of 2 units to qualify as a dealer and this has not happened. It would be helpful if you would kindly forward your full contact information, name, address, ph/fax. This will help with future communications. Could you also explain your requirements?"

- 4 June 2006 Neoteric received the following reply to the CF email above from hovercraft@virgilio.it, confirming, in CF opinion, that these emails originated from Matteo Passoni at HTI: "Well we have a lot of trust in www.hovercraft.it but they are not able yet to sell the hovercrafts because they are still developing and solving some problems. But what I heard and saw about www.Phoenixhovercraft.it is really bad. So I will wait."
- 10 June 2006 HTI Engineer, Matteo Manghi, visits Neoteric Hovercraft factory and meets with Chris Fitzgerald.
- 16 June 2006 Matteo Manghi email to CF: "I would like to thank you once again for giving me the chance of meeting you and your hospitality. Here attached you can find the proposal that Mr. Passoni [Carlo Guido] senior decided to make to you. Feel free to revise it, we really hope that we will find an agreement and that you'll be able to come to Italy as our guest."

**Excerpts from Carlo Guido Passoni proposal [EXHIBIT #10]:**

- We wish to propose to You 10,000 USD for Your technical consultancy during the past two years for the design of the hovercraft, and other 10,000 USD in advance for the next two years.
- ... it's not our intention, and that HTI will never do it, to sell or propose hovercrafts constructed by means of your technical consultancy in the US.
- The HTI market territory for the hovercrafts constructed by means of your technical consultancy will be EUROPE and the country facing the Mediterranean Sea.
- ... we won't construct anymore a hovercraft having an engine of 65Hp...
- **We would like to go on selling Your hovercraft on the private market here in Italy...**
- ... there must be a promise that will not ever give to mr. Alberto Piccaluga, or company run by him, or anyone connected to him, neither the possibility of selling and promoting the Neoteric hovercrafts nor the possibility of repairing the Neoteric hovercrafts; and that you'll give us the right to enforce this forbiddance.

- 23 June 2006 CF email to Matteo Manghi: "During your recent visit you answer to my question about HTI sales was three hovercraft. **One for a Police Dept. and 2 for the Fire Depts.** During a recent Italian magazine advertisement about the HTI Rescue Hovercraft it stated that more than 20 had been sold to Fire Departments etc. What is the actual number of units that HTI has built and sold? This will help us decide about our future agreement."

27 June 2006

Excerpts from Matteo Manghi reply to CF: **[EXHIBIT #11]**

- ...we would like that you trusted us and not someone else words, also because this someone else is causing great damage to the Italian hovercraft market as well as to neoteric image. Mr. Piccaluga...
- ...it's up to you if you want to have mr. Piccaluga as partner, we cannot prohibit you from doing this but at least we would like to have written communication from your side as **there is still a contract executed with HTI.**
- ...I don't know which magazine advertising you are referring to reading but I am sure that the title says "More than 20 hovercrafts are operative with Fire Brigades – ASL – Police Dep. – Civil Protection in Italy and Europe."
- ...**three were built by us**, three were bought from you, three are our demo units that were given on gratuitous loan for 6 months to all the fire brigades, civil protection agencies or police dep. that requested a test period and one was given for definitive gratuitous use to a volunteer association.
- At the moment we have an order for one hovercraft ... and shortly an order of six hovercrafts for the European market will be given to HTI
- I confirm our intention of proposing to You 10,000 USD for Your technical consultancy for the design of the hovercraft during the past two years, and other 10,000 USD in advance for the next two years. But ....there must be a promise that will not ever give to mr. Alberto Piccaluga, or company run by him, or anyone connected to him, neither the possibility of selling and promoting the Neoteric hovercrafts nor the possibility of repairing the Neoteric hovercrafts; and that you'll give us the right to enforce this forbiddance.

6 July 2006

Matteo Manghi email to CF: *"I wish to ask if you had a chance of thinking about our proposal. My president is willing to receive and answer from your side because we have to set up our future strategies for the hovercraft market, and we desire to make it shortly."*

8 July 2006

Email from Ralph Weas, Neoteric Business Manager, to Matteo Manghi: *"At this time, could you provide us a listing of the Fire Brigades and Police Departments that have purchased hovercraft from HTI? This would help in our understanding of who actually is operating Neoteric hovercraft. We have received conflicting information, so we just want to understand the true situation. Thank you."*

11 July 2006

Email from Matteo Manghi to CF: *"I am again asking if you decided about the proposal we made you..."*

CF reply: *"... sorry you have to keep reminding me about our future possible arrangements. I have to discuss and think about this business when time permits so this is reason for taking so long. I would really like to establish, accurately, what craft you have produced and sold and a list of your customers. I find it difficult to understand that you have sold three craft and have two additional craft on consignment. Your advertisements in La Protezione Civile Italiana states "Ad Oggi Piu Di 20 Hovercraft HTI" etc. Is this correct? What is the correct number of craft sold by HiTech? When you provide this information then I can decide what I should want to do."*

17 July 2006

Matteo Manghi reply: *"... I thought I had been clear when I listed the hovercraft that we produced ... The meaning of our ad is that we sold or gave for a test period our hovercrafts in more than twenty places. Also my president find it difficult to stand the fact that we have just one hovercraft on consignment and that an order for few others is simply forecasted ... We are here waiting for the good moment when the orders will come ... But we have never asked Neoteric to support our efforts to establish a market in Italy and Europe... We cannot withdraw at this time, we want to go on and reach at least the break even point and if the business will be good to go further...That's why we defined the proposal for our future collaboration in the terms of a technical consultancy for the design of the hovercraft..."*

- 28 July 2006 CF email to Matteo Manghi: "...Today our clippings service sent us an article from a Magazine "Civile Protezione", Augusto 2006. It shows a photo of Matteo Passoni signing a contract for 6 hovercraft for Romania Frontier Police. Does this mean you have actually sold 9 craft in total? I would like clarification on this matter before I decide to proceed."
- 2 Aug. 2006 Matteo Manghi reply to CF: "...we too spend a lot of time outside to promote the craft which is continuously hampered by the bad working beetle of mr. Piccaluga. I am surprised by your efficient clipping service because I wouldn't be able to find a copy of the "La Protezione Civile" if the journalist didn't send me one copy each time we pay for a publication ... By the way if you want I can send you the copies of all our publications from January on that cost to the company a marketing investment of 15,000 euro ... the crafts in order to be bought by the Romanian Police Boarder must be compulsory produced in Europe ... it was requested a four stroke engine, so for the Neoteric crafts, produced in US and equipped with a two stroke engine, there was no chance to participate...I confirm You that the crafts sold by HTI will be nine ... our proposal of technical collaboration is oriented towards a technical consultancy for the design of the hovercraft unbound from the number of hovercrafts produced as the sales are not so great at the moment, rather focused on a tight collaboration and mutual trust....Regarding our future collaboration there is an Italian man who is asking us an hovercraft with two engines similar to the Coast Guard one that you showed me. Are you interested in selling another one? We are not interested in producing, it's easier for us to sell it."
- 18 Aug. 2006 CF reply: "... I would really like to get to the bottom of how many units you have sold. Originally you said three but now it is nine. The reason for seeking such information is because we must determine the financial loss to Neoteric. This gives us some indication of the relative value of the \$20,000 you have offered. Once we are confident of your numbers we will then decide on our involvement. You suggested that you would be willing to send us the copies of the publications in which you have invested advertising. We would be pleased to see such marketing material."
- 25 Aug. 2006 Matteo Manghi reply: "I have to tell you that we were a little bit surprised by your request when you had mention a "loss." ...there is no loss at all, as well **nobody have requested to purchase your crafts, but we only received requests related to our crafts. All the enquiries we received for your crafts** have been suddenly turned to you by Matteo P. via email, as you know, and we only handled enquiries for hovercraft produced in Europe ...Our proposal of collaboration is oriented towards to a technical consultancy for the design of the hovercraft unbound from the number of hovercrafts produced. ... in the main time we **want to go with an exclusive partnership for the sale and the maintenance of your hovercrafts**. Regarding this we heard a rumour that you have already signed a contract with mr. Piccaluga. ... we kindly need your declaration that you have not signed any type of contract with mr. Piccaluga or anyone connected to him otherwise there is no sense to go further on discussing."
- 25 Sept. 2006 **[EXHIBIT #12]** An eBay auction for the "HTI 425" hovercraft was discovered, which **features photos of Neoteric Hovortrek™**, as well as **false claims/plagiarisms:** ("HTI is the original light hovercraft manufacturer and our crafts are the culmination of HTI's 40 years of experience in light hovecraft design..." etc. and **text, diagrams and specifications plagiarized directly from Neoteric's web site.**
- 23 Oct. 2006 MP email to CF: "Dear Chris, of course I do not have any more respect for you, but any how be so king to remove the picture of our hovercraft made by HTI and sold by us from your page of your Italian representative. They are a lie!  
[https://www.neoterichovercraft.com/about\\_neoteric/dealers.htm](https://www.neoterichovercraft.com/about_neoteric/dealers.htm) I kindly give you 24hours than you will get contacted by our attorney is US at your expenses."

## 2007:

<b>Date</b>	<b>Action</b>
15 Jan. 2007	<p>Except from letter to CF from Alberto Piccaluga, President of Phoenix Rescue Systems in Milan, Italy:</p> <p><i>“You mention that to be a dealer we have to satisfy the dealer terms and buy two Neoteric Hovercrafts; we ask you to note that <b>as long as HTI is allowed to affirm they are the only Italian manufacturer of high tech hovercrafts making reference to Neoteric expertise as their own background, and as long as they may sell crafts which do not “look alike” the Neoteric ones, but <u>are</u> vehicles designed by Neoteric</b>, it is rather difficult to sell your crafts, competing with products which had no engineering and development costs: having sold some 15 hovercrafts (they say 20) <b>they prevented selling your original products for about 300/400 thousand dollars or more.</b></i></p> <p><i>... we are starting a legal action against HTI ... because of their unfair, aggressive and fraudulent commercial competition ... which creates a formal common interest in prosecuting the <b>HTI activities infringing Neoteric rights</b> ... which may force HTI to stop their commercially fraudulent activities against both of us.”</i></p>
25 April 2007	<p><b>Excerpt from email to CF from an acquaintance in Malaysia, directing him to a Malaysian newspaper article about HTI: “Following is an article in today’s Star newspaper. These are the people ripping off your product isn’t it?”</b></p>
26 April 2007	<p>Neoteric first exhibits a notice on its web site alerting customers that unauthorized facsimiles of the Neoteric Hovortrek™ are being marketed in Italy by HTI. <b>[SEE EXHIBIT #16 under “Trade Disparagement / Libel]</b></p>
22 May 2007	<p>Phoenix Rescue Systems alerts CF of his discovery that two separate web directories display “Neoteric Hovercraft” links that fraudulently point to the HTI web site: <a href="http://www.realizzazioni sitiweb.net/milano/">www.realizzazioni sitiweb.net/milano/</a> and <a href="http://www.vegafolio.it">www.vegafolio.it</a>. The links appear as:</p> <p><b>Neoteric Hovercraft</b> <a href="http://www.hovercraft.it">http://www.hovercraft.it</a></p> <p>Azienda di Gessage in provincia di Milano specializzata nella distribuzione degli Hovercraft, veicoli anfibi per il soccorso.</p>
14 June 2007	<p><b>Excerpts from email CF received from Marco Dugnani, Attorney, <a href="http://www.studiodugnani.com">www.studiodugnani.com</a>: [EXHIBIT #14]</b></p> <ul style="list-style-type: none"><li><i>... you’re legally not authorised to report and to mention the name of the company HTI ... the name of its owner, President, CEO ... on your website. Such illegal use constitutes an heavy violation of the American copyright and property of the name’ laws ... of the commercial competition American laws, addressing to your website the client who type Hti name on the Internet search engines.</i></li><li><i>Such illegal use constitutes a clear libel case ...I point out you have illegally libeled Hti referring by e-mail to a French client that “Hti policy is based on a criminal procedure” causing big economical damages ...</i></li><li><i>In the case of permanence of such mentions and references I will not hesitate to bring in the interest of the company a legal action against you and Neoteric Inc. for an amount of 4.000.000 US dollars as damages compensations. With my personal best regards Avv Marco Dugnani”</i></li></ul>
6 July 2007	<p>CF received “Cease and Desist” letter from Gary P. Barket, and Arkansas attorney representing HTI. <b>[EXHIBIT #14]</b></p> <p><b>The following excerpts are false claims</b> either made knowingly by Mr. Barket, or resulting from dishonest information provided by his client, HTI and Matteo Passoni:</p>

**“In 1995 HTI began development of its hovercraft rescue program.”**  
(This did not begin until after HTI’s initial contact with Neoteric in 2001.)

**“In 2000 HTI completed its design for HTI hovercraft models 425 and 525 and 725.”**  
(These three models were not developed until after HTI became a Neoteric Dealer and purchased two Neoteric Hovertrek™; these three models did not appear on the HTI web site until 2003.)

**“... Neoteric constructed three prototype hovercraft for HTI.”**  
(Neoteric has never constructed “prototype” hovercraft for HTI. HTI purchased three standard Neoteric Hovertrek™ hovercraft.)

**“... two red prototypes of Hoverescue craft to HTI (which had been marked without HTI authorization as Hovertrek) ...**  
(Again, the two red hovercraft Neoteric manufactured for HTI as a Neoteric Dealer were not “prototypes”; Neoteric manufactures ONLY Hovertrek™ hovercraft and all Neoteric hovercraft bear Neoteric Hovertrek™ decals.)

**“... in the 2001-2003 time period ... Mr. Passoni advises he severed his relationship with you and Neoteric.”**  
(As clearly evidenced in this Chronology, this is a false claim.)

**“... in 2003 HTI began to manufacture its hovercraft ...”**  
(The hovercraft HTI began to manufacture, as evidenced in this Chronology through Mr. Passoni’s own communications, were not designed by HTI but resulted from HTI’s theft of technology and trade secrets from Neoteric Hovercraft, Inc. during Matteo Passoni’s tenure as a Neoteric Hovercraft Dealer.)

**“... In 2004 HTI discovered Neoteric was selling hovercraft using the HTI specifications and design.”**  
(This Chronology clearly disproves this outrageous claim. Neoteric Hovercraft, Inc. was incorporated in 1975 and its Hovertrek™ specifications and design have been utilized worldwide in more than 50 nations for decades prior to HTI’s entry into the hovercraft industry.)

**“... the allegations that HTI was a “Neoteric dealer” are untrue.”**  
(This Chronology, as well as the Neoteric Dealer Contract signed by Matteo Passoni, disprove this claim.)

**“... The further reference that “HTI acquired two dealer demonstration units from Neoteric and subsequently purchased a used unit in the US market” are categorically untrue...”**  
(As evidenced by this Chronology, as well as by purchase orders and financial records on file, this is a false claim.)

**“... Neoteric attempted to manufacture the white and two red prototype hovercraft per the specifications of HTI. HTI paid Neoteric for this work. These hovercraft were not Neoteric dealer demonstration units.”**  
(This claim is clearly disproven by this Chronology as well as by purchase orders and financial records on file.)

June/July 2007

A “Buyers Beware” notice first appears on the HTI web site, **directly plagiarized from the Neoteric web site.**  
**[SEE EXHIBIT #16 under “Trade Disparagement / Libel”]** In addition to consisting entirely of false claims, the plagiarized HTI notice includes:

- A defaced copy of Neoteric's trademarked corporate logo, used without Neoteric's consent and used in negative context;
- Numerous trade disparagements of Neoteric products that have been safely used for decades throughout the world; i.e. ***"[Hovertek™] explode in the fan and overheat the engine, ARE DANGEROUS NOT TO BE USE IN RESCUE OR SERIOUS DUTY."***

- 29 June 2007 Phoenix Rescue Systems email notifies CF that **in searches on Google in Italian for "Neoteric" are returning the HTI web site in first position in the search results**, and that **HTI has put "Neoteric" into hidden text on their web site, which is emphatically prohibited by search engines**. He also lists **four more web sites with Neoteric links that point to the HTI web site**, and states *"and this is result of 3 minutes search"*
- 30 July 2007 **Haluk Yalinkaya in Dubai notifies CF that he has received an email from HTI denigrating Neoteric.** *"Good morning Chris, I just received this mail from your old pals in Italy. Let me know what you think ..."* The HTI email states:  
  
*"Please prevent toys purchase instead of professional craft and pls. make these news links rounding to the interested and appropriate managers involve in vehicle purchase for better information. This is for your State interest:* [followed by link to the HTI web site displaying the X'd out Neoteric logo above disparaging remarks about Neoteric]  
  
**Bryce Woods in New Zealand notifies CF that he has received the same email from HTI denigrating Neoteric.**
- 5 August 2007 Neoteric attorney C. Don Nattkemper forwards to CF a list of photos on the Neoteric web site that MP of HTI claims were stolen by Neoteric (*"Here the pics stolen by Neoteric from HTI web site and published on Neoteric web site"*) These are the same photos that MP emailed to CF and invited him to display them all on the Neoteric web site.
- 13 August 2007 **[EXHIBIT #15]** Chris Fitzgerald/Neoteric Hovercraft, Inc. responds to the above mentioned "Cease and Desist" letter, submitting documented proof that clearly disproves all HTI claims, and providing indisputable evidence that HTI has committed offenses including:
- **Plagiarism / Intellectual Property Infringement / False or Misleading Representations of Fact**
  - **Economic Espionage / Theft of Technology and Trade Secrets (Industrial Espionage)**
  - **Unethical Search Engine Optimization**
  - **Trade Disparagement / Libel**
- 29 Aug. 2007 HTI attorney Gary Barket's response to Neoteric's 13 August letter: *"... Mr. Passoni includes in his settlement offer of removing references to Netoteric on the HTI web site, that Neoteric remove all HTI references and HTI pictures from the Neoteric web site. This is Mr. Passoni'e last, final and best offer to settle this matter..."*
- 4 Sept. 2007 Email to CF from Ross McLeod of Airlift Hovercraft in Australia, alerting CF to the Malaysian newspaper HTI article (See 25 April 2007 above): *"Hi Chris, This has just come to my attention. It looks like your design. Do you have anything to do with these people?"*
- It also came to Neoteric's attention on this date that the web site of the Italian Navy League, [www.leganavale.it](http://www.leganavale.it), **features a link to Neoteric Hovercraft, displaying the Neoteric trademarked logo, that was placed by HTI and gives only HTI's address, contact information and links to the HTI web site. [EXHIBIT 17]**

- 5 Sept. 2007 Email to CF from Bill Baker of BBV Hovercraft in England: *“Chris, I was in Sweden over this last weekend at the last leg of the European championships when I picked up **rumours of a rip off of one of your craft by some Italians** ? I don't know what if anything I can do if you confirm the above, apart from make people aware of the **illegal production**, But if I can be of help let me know . Regards Bill.”*
- Another email to CF from Ross McLeod of Airlift Hovercraft in Australia regarding HTI and the Malaysian newspaper article: *“**I would guess that others have complained about the lies in it** and most probably the news paper concerned has now had an opportunity to check the facts in the article. There were many outlandish claims. **I recognised the hovercraft as the Neoteric and since then I have looked at the HTI web site. I then tipped off my friends in Malaysia that it was a rip off** and I think they may have informed the publishers as they are pretty hot on this sort of thing.*
- “The whole business looks really frightening, the **abundance of lies on their web site just astounds me** and it worries me that they seem to be able to do it so easily and apparently sell quite a few units. The people behind it must have enormous egos and be totally shameless ... you have my full sympathy. I just found another link to the same article <http://biz.thestar.com.my/news/story.asp?file=/2007/4/25/business/17538006&sec=business/> Best Regards, Ross McLeod”*
- 25 Sept. 2007 Email to CF from Alberto Piccaluga of Phoenix Hovercraft: *“Dear Chris, Everyday I discover a **new unauthorized link, where HTI presence is under the voice of NEOTERIC HOVERCRAFT**. Please take a look to: [http://www.milanoexplorer.it/ricerca\\_aziende.php?search\\_keys=hovercraft&type=fast&section=business](http://www.milanoexplorer.it/ricerca_aziende.php?search_keys=hovercraft&type=fast&section=business). Do You think useful if I will signal it to commerce department of the American embassy in Italy?”*
- September 2007 The HTI web site reverts to an earlier design; however, excepting the plagiarized “Buyer’s Beware” notice, all other text plagiarized by HTI from the Neoteric website remains on [www.hovercraft.it](http://www.hovercraft.it) as of 12 Oct. 2007.
- 5 Oct. 2007 Neoteric obtains a copy of the email sent to HTI from the office of the Prime Minister of the United Kingdom thanking HTI for the use of their hovercraft in the Gloucestershire flood, stating *“...the undoubted efficacy of the hovercraft demonstrated during the summer provides us with considerable evidence for any future decisions.”*
- The hovercraft utilized in Gloucestershire were Neoteric Hovercraft reverse-engineered by HTI ... the same hovercraft disparaged widely by HTI as **“DANGEROUS NOT TO BE USE IN RESCUE OR SERIOUS DUTY”**
- 15 Nov. 2007 Email to CF from Alberto Piccaluga of Phoenix Hovercraft: *“... Yesterday I was called in Rome by a Police fgvc investigator. Somebody (...) sent a letter to Rome tribunal with my false signature, denouncing all fire dept management in Rome for corruption and other false facts!”... I think Matteo is now passing all limits!”*
- Mr. Piccaluga urges CF to **“signal all facts to FBI, who can proceed with Italian investigators for economic espionage and product copy.”**
- 15 Nov. 2007 CF received an email from BUFO Hovercraft in Slovenia, stating *“I see ... that Italians copied your product ... same people contact me months ago ...”*
- 15 Nov. 2007 Neoteric received an email from Edita Ubartaite, the European Development Product Manager for the Indiana Economic Development Corporation, advising CF: *“I regret that your company has to deal with the counterfeiting case. We did some*

*research on your case. We would strongly suggest you contact federal enforcement agencies, FBI in particular. FBI has an authority to assist your company in this matter ...”*

- 27 Nov. 2007 Alberto Piccaluga of Phoenix Hovercraft, Milan, Italy reported HTI to the anticounterfeiting division of the Italian National Institute for Foreign Trade, stating, in part, *“HTI ...promotes the products named 425 and 525. These products are INTEGRAL COPIES of American originals, which are visible on the Neoteric web site [www.neoterichovercraft.com](http://www.neoterichovercraft.com). Former Neoteric dealer, HTI, began a process of unauthorized copying and manufacture, using splash-mold techniques, of Neoteric products. This company also continues to plagiarize copyrighted content from the Neoteric web site ...”*
- 11 Dec. 2007 After Alberto Piccaluga of Phoenix Hovercraft filed a request for intervention, L’Autorità Garante della Concorrenza e del Mercato in Italy finds that HTI has committed unlawful comparative advertising, orders the removing of the offending material from the HTI web site, and imposes an administrative penalty upon HTI.
- Mr. Piccaluga emails Neoteric: *“Attached please find the first sentence against HTI. The Italian Authority of Competition and the Market has condemned HTI to remove [plagiarized] movies and phrases from their website. They also condemned HTI to pay 19.600 Euro fine ... Matteo cannot ignore the sentence. I just receive notice that other competitors do the same action against HTI.”*

## **2008:**

<b>Date</b>	<b>Action</b>
9 Jan. 2008	As one example of the global concern among hovercraft manufacturers about HTI’s illegal activities, Neoteric received an email from Bill Baker of BBV Hovercraft in the United Kingdom, notifying Neoteric that he reported HTI’s copyrighting offenses against Neoteric to the U.S. Commercial Service in London. The agency responded: <i>“We spoke on the phone today regarding the copyright infringement issue between Neoteric Hovercraft, Inc. and an Italian-owned firm. To assist with your enquiry, we encourage you or a representative from Neoteric to make initial contact with their local U.S. Export Assistance Center (USEAC).</i>
16 Jan. 2008	Dusan Marinkovic, International Trade Specialist at the U.S. Export Assistance Center notifies Neoteric: <i>“I have informed the U.S. Patent &amp; Trademark Office, the Italy desk of one of our sister agencies that assists in these situations called Market Access and Compliance. We will also work with our colleagues at the U.S. Embassy in Rome to see how we could assist Neoteric ...”</i>
14 May 2008	Regarding the UK Gloucestershire Fire and Rescue Service awarding the public tender to HTI over three reputable bidders, John Gifford of Griffon Hovercraft UK emails Neoteric: <i>“... It certainly seems strange they were so positive to just one supplier.”</i>
20 May 2008	As another example of the numerous emails received by Neoteric from hovercraft manufacturers throughout the world concerned about HTI’s unlawful business practices, the following email was received from Mike Glanville of HovPod Hovercraft in England:  <i>Hi Chris, Hov Pod here. We noticed this news story and wondered whether it has any bearing on your problems with Italy-based Hi-Tech International SRL. This link describes the award of an order this morning:</i> <a href="http://www.cotswoldjournal.co.uk/news/local/2280439.New_hovercraft_set_to_give_firefighters_extra_boost/">http://www.cotswoldjournal.co.uk/news/local/2280439.New_hovercraft_set_to_give_firefighters_extra_boost/</a>

*Or have you resolved these issues? We notice they are also claiming European patents. We believe these may be a copy of yours and a patent cannot be applied after technology is in current domain. I myself know how hard a patent is to get even before the technology is in the public domain. It could be an application they have made but they cannot claim a patent unless granted. We wonder about a lot they seem to claim. TUV approval brings up no information. We believe their site even uses your sketches!!!! See below!!! [http://www.hovercraft.it/eng/page\\_id\\_9/index.htm](http://www.hovercraft.it/eng/page_id_9/index.htm)*

**Note: The graphic and content on the HTI page above is a direct plagiarism of the Neoteric web site page [http://neoterichovercraft.com/general\\_info/hovercraft\\_principle.htm](http://neoterichovercraft.com/general_info/hovercraft_principle.htm)**

- 11 June 2008 Neoteric files a formal complaint with the Unfair Trade Practices Directorate of the Autorità Garante Della Concorrenza e Del Mercato in Rome, Italy against HTI for “Unfair commercial practices: Misleading and comparative advertising.” The full text of the complaint appears at <http://worldhovercraft.org/antitrustauthority.html>
- 19 June 2008 Mike Glanville of Hov Pod Hovercraft UK, notifies Neoteric that on 30 August 2007- in advance of the Gloucestershire Fire and Rescue Service acceptance of HTI’s bid – he notified Gloucestershire of the “*known issue*” with the HTI hovercraft they were considering: that **HTI hovercraft are “unauthorized, substandard copies of the Neoteric Hovertek™”**
- 2 July 2008 Neoteric notifies the Rt. Hon. Gordon Brown, Prime Minister of the United Kingdom, that the HTI web site features a letter with his signature that may not be authentic, as well as the Prime Minister’s seal, and expresses the concerns of the hovercraft industry that the known safety issues of HTI hovercraft purchased by the Gloucestershire Fire and Rescue Service may endanger the lives of rescuers and victims. The full text of the letter appears at <http://worldhovercraft.org/primeministerletter.html>
- NOTE: The Prime Minister’s seal is promptly removed from HTI’s web site, [www.hovercraft.it](http://www.hovercraft.it), replaced by the British flag.**
- 2 Sept. 2008 Neoteric receives notification from a customer that HTI **has further plagiarized Neoteric’s technical diagram for the patented Neoteric Hovertek™** to promote HTI hovercraft on the following Czech Republic web site: <http://www.vznasedla.com/princip-vznasedla/>
- 3 Sept. 2008 Neoteric receives an email alert from Albert Ilardi of New York USA that HTI is listing its business on the following four web pages by **illegally using the Neoteric Hovercraft logo** and the Neoteric Hovercraft name to link to the HTI web site, and by incorporating text plagiarized from the Neoteric web site:  
<http://www.leganavale.it/portale/cantieri.asp>  
<http://www.nauticexpo.com/prod/hi-tech-international/hovercraft-29134-186681.html>  
[http://pdf.nauticexpo.com/pdf/hi-tech-international/general-catalogue/29134-8499-\\_4.html](http://pdf.nauticexpo.com/pdf/hi-tech-international/general-catalogue/29134-8499-_4.html)  
<http://www.nauticexpo.com/prod/hi-tech-international/hovercraft-29134-186682.html>
- NOTE: When the web sites above learned of HTI’s activities, they removed all links to HTI from their sites.**
- 25 Sept. 2008 Neoteric receives a terse response to its 19 August 2008 letter of courtesy to Gloucestershire Fire and Rescue Service in which Neoteric detailed global concerns about the safety of HTI hovercraft. Neoteric’s letter appears at <http://worldhovercraft.org/gloucestershire.html>  
Gloucestershire’s response may be read at <http://worldhovercraft.org/gloucestershireresponse.html>

- 4 Oct. 2008 Alberto Piccaluga of Phoenix Rescue Systems, Italy, received an email from France inquiring if the hovercraft purchased by Gloucestershire Fire and Rescue were "**copies of the Neoteric sold by HTI**"  
Mr. Piccaluga's response: "**Yes, this is the copy of the Neoteric craft. HTI is using advertising from the last flood to sell their pirate copies everywhere in Europe ... I promise to Neoteric all support possible from Italy.**"
- 26 Oct. 2008 Neoteric receives the following email from Marco Mastrangeli of Servizi Operativi Anfibi in Italy:  
"**... we have noted the growth of HTI Hi Tech International activities and of its administrator Matteo Passoni without any regard for commercial correctness, always using a mix of truth and false, not understanding was of HTI and what of Neoteric. We have often denounced their use of logos and trademarks with no reliance and no authorization ...**
- We have taken note of [their copying] of Hovortrek hovercrafts and we were expecting that you would intervene strongly and with efficacy against these activities. We read with attention the "Documented History of Communications/Transactions between Neoteric Hovercraft, Inc. and Hi Tech International."* and we found the missing parts to understand the complete story ... **HTI activities and its questionable commercial actions have seriously damaged our companies and we decided to leave disgusted such a polluted market.**
- HTI is now at the Euronaval Fair in Paris, an important international defence and security fair, and it is not possible that our community bears that a firm based on piracy and counterfeit exposes to the public what it has copied.*
- We have sent a communication to Euronaval management with reference to your denouncement to the authorities ...*
- We would like that incorrect behaviors be stopped. Consider us ready to do any action; we are not frightened to denounce illegal activities and **soon we will ask Italian authorities to control (HTI's) sale contracts.***"
- 31 Oct. 2008 Neoteric receives the following email from Alberto Piccaluga of Phoenix Rescue Systems, Italy:  
"*I have [attached] the correct office where you can claim your rights vs. Matteo Passoni and HTI. I hope they can give you the right solution to your (our) troubles with them. **We are conducting a parallel action against their "cloned" patent.***"
- 5 Dec. 2008 Neoteric notifies numerous web sites linking to the HTI web site that "*I note with concern that your web site contains links to [www.hovercraft.it](http://www.hovercraft.it), the site of the Italian hovercraft 'manufacturer' Hi Tech International S.r.l. (HTI). Since a number of successful legal actions have been taken against HTI, and more are forthcoming, the World Hovercraft Organization is contacting web sites linking to this company in order to provide information that may prevent you from adversely affecting your site's credibility.*"  
**Upon investigating HTI, the web sites remove their links to the HTI web site.**

## **2009:**

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<b>Date</b>	<b>Action</b>
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- 12 Jan. 2009 Neoteric files a "Notice of Copyright/Trademark Infringement" with the major Internet search engines, including Google and Yahoo, verifying that "In addition to other offenses documented at <http://worldhovercraft.org/hi-tech-international.html>, evidence shows that in violation of the Digital Millennium Copyright Act, more than 62% of the content on two web sites owned by Hi Tech International S.r.l. - [www.hovercraft.it](http://www.hovercraft.it) and [www.hoverrescue.com](http://www.hoverrescue.com) - infringes upon copyrighted Neoteric material from the Neoteric Hovercraft, Inc. web site [www.neoterichovercraft.com](http://www.neoterichovercraft.com)."
- The search engines verified that HTI had plagiarized from the Neoteric web site and banned the HTI web site's plagiarized pages from online search results.**
- June 2009 Neoteric received from Alberto Piccaluga of Phoenix Hovercraft a translated copy of relevant sections of a 15 June 2009 **court ruling** against an HTI employee sponsored by Matteo Passoni who physically attacked Piccaluga while the HTI employee was breaking into the Phoenix Hovercraft factory. The court ruled that the **HTI employee, under the awareness or even the direction of Matteo Passoni, had conducted "a nighttime raid at the headquarters of the company Phoenix, in order to search, even among the items now abandoned by the company and set aside for disposal, for relevant information to use against its competitor,"** i.e. industrial/economic espionage.
- 25 Nov. 2009 Chris Fitzgerald receives a telephone call from Mr. M. Thompson in the UK, who distributes police equipment. He states that Matteo Passoni of HTI perpetrated a scam against Mr. Thompson's company by purchasing goods via credit card, then cancelling the credit card after the goods were received.
- 9 Dec. 2009 Neoteric receives an email from a citizen of the Gloucestershire region of the UK expressing safety concerns about the two hovercraft that HTI pirated from Neoteric through industrial espionage and theft of trade secrets then sold to Gloucestershire Fire and Rescue Service.
- 15 Dec. 2009 In follow up to his 25 Nov. telephone call, Mr. M. Thompson explained the Matteo Passoni/HTI scam against his company in more detail to Chris Fitzgerald. During this conversation, numerous other false claims made by Passoni were divulged, including Passoni claiming to have a PhD from MIT and listing many organizations in which he holds influential positions, none of which is factual. Thompson claimed that Matteo Passoni and his father, Carlo Guido Passoni, perpetrate a scam by making credit card purchases on eBay using many different names and were able to receive the goods while blocking payment.
- Thompson was successful in forcing Passoni to remit the funds he still owed from scamming Mr. Thompson's company in this manner: Thompson personally visited Passoni's factory at Via Michelangelo Buonarroti in Gorgonzola, Italy, accompanied by the local police, who were familiar with Passoni. Thompson had also contacted the British Embassy in Milan for help with this matter, who intimated that they were familiar with Passoni.
- 16 Dec. 2009 HTI's Matteo Passoni telephoned Chris Fitzgerald as if there were no history of problems between HTI and Neoteric and asked Neoteric to manufacture 50 hovercraft hulls to HTI's specifications. Passoni stated he has an order for Malaysia and an order for 100 military hovercraft in England and does not want to set up extra production "in case next year's market drops" and wanted Neoteric to take up the production capacity. In order to glean more information about the legitimacy of HTI's activities, Fitzgerald told Passoni he would think about it and let him know.
- 20 Dec. 2009 Neoteric received an order via fax from HTI for five HTI Hoverrescue model 425 hulls and five Hoverrescue 525 hulls to be shipped by 31 January, 2010. The fax claims that HTI has ISO 9000-2000 certification, signed Phd Ing, ITS and MIT Matteo

Passoni. No record of Matteo Passoni ever attending the Massachusetts Institute of Technology (MIT) can be found.

Neoteric further researches Passoni's claim that he is a graduate of MIT and learns that there is, in fact, a Matteo Passoni associated with MIT, but it is an entirely different person than HTI's Matteo Passoni. It appears as if Passoni may be using another person's credentials.

21 Dec. 2009

Alberto Piccaluga of Phoenix Hovercraft, Italy, emailed Chris Fitzgerald a graphic that summarizes the [illegal offenses committed by Matteo Passoni/HTI](#) against various entities, including Phoenix Hovercraft and WLP S.r.l. of Italy and Neoteric Hovercraft, Inc., USA. Those offenses include but are not limited to:

- **Falsification of academic credentials:** Passoni claims to be an engineer, a Ph.D and a professor; he is none of these.
- **Falsification of military credentials:** Photographic evidence shows Passoni impersonating military personnel by appearing in the uniform of a lieutenant in the Italian army as well as a midshipman in the Italian navy. He is neither; such impersonation is strictly forbidden by law in Italy.
- **False diplomatic claims:** Passoni distributes business cards claiming that he is an "Honorary Ambassador of the State of Arkansas" and has claimed to be a resident of Arkansas. Neither are true and the state of Arkansas has notified Passoni that he must cease making these false claims.
- **Unauthorized use of trademarks and logos to falsify credentials:** In addition to the unauthorized use of the Neoteric Hovercraft logo, the HTI web site makes unauthorized use of other organizations' trademarks, logos and official seals. The International Maritime Organization (IMO); the Italian Nautical Register (RINA) and the International Civil Aviation Organization (ICAO) have repeatedly ordered HTI to remove their seals from its web site.
- **Industrial espionage / theft of trade secrets** perpetrated against WLP S.r.l. and Neoteric Hovercraft, Inc.
- **Intellectual property infringement / unfair competitive practices:** HTI has been found guilty in Italian courts as well as by the major international search engines (Google, Yahoo, etc.) for extensive plagiarism, intellectual property infringement and unfair competitive practices against WLP S.r.l., Phoenix Hovercraft and Neoteric Hovercraft, Inc.
- **Breaking and entering:** An HTI employee, Massimiliano Bianzina, under the direction of Matteo Passoni, was found guilty by an Italian court after being caught in the act of illegally entering the Phoenix Hovercraft premises to steal company property and trade secrets.

24 Dec. 2009

Chris Fitzgerald receives a Christmas card from Matteo Passoni!

30 Dec. 2009

Matteo Passoni calls Chris Fitzgerald from Sydney, Australia. He states he will be ordering 5-15 hovercraft shells per month from Neoteric and provides more specs.

## **2010:**

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***Date***

***Action***

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13 Jan. 2010

Matteo Passoni emailed Chris Fitzgerald: *"Hi Chris, have you the prices for the open hulls made in Kevlar/carbon for HTI425 and HTI525?"* In continuing to gather knowledge of HTI's illegal activities, Fitzgerald asks Passoni to send him digital files of

the patented Neoteric hovercraft design he has stolen: *“Can you send us your digital files for the body and hull because we are concerned that our tooling is not exactly the same shape as yours since you have changed it slightly?...”*

26 Jan. 2010

HTI's engineer Andrea Cattaneo sent Neoteric a link to download HTI's digital files. This gave Neoteric further tangible evidence of the body and hull design, with very minor changes, that Matteo Passoni/HTI pirated from Neoteric Hovercraft through industrial espionage and theft of trade secrets when Passoni posed as a Neoteric Hovercraft dealer.

16 Feb. 2010

Neoteric received an email from Mr. C. McBee of Syagen Technology, Inc. expressing great concern about being approached by Matteo Passoni who visited Syagen's headquarters in California and made various claims that McBee considered to be outrageous. As a result, McBee researched Passoni and discovered the history of HTI and Neoteric on WorldHovercraft.org and consequently contacted Neoteric.

Among the claims, Passoni told McBee that he was a Commando and that he had an American wife and child in California.

Jan. – Feb. 2010

Neoteric was engaged in a lengthy tender bid process for one hovercraft for the Canadian Department of Defense. Because none of the bidders were compliant, all bids were dismissed. One of the companies who wanted to bid but did not have a hovercraft was Keltic Marine Group of Nova Scotia, Canada. Neoteric Hovercraft was contacted by Bob Upshon of Keltic Marine who proposed that he act as our representative in the bidding process. After numerous communications, Chris Fitzgerald politely declined the offer via the following email:

*Hello Bob:*

*Many thanks for all your efforts and information concerning this project. We appreciate the detailed report today following your meeting with Ms Pilon and others.*

*I have had several discussions with Magnus Ivanoff and I took the liberty of forwarding your email today.*

*I have thoroughly studied the Bid documents and as a result have many questions which I have just managed to forward this evening to Ms Pilon.*

*In matching Magnus' craft to the TSOR there are discrepancies which will require DND's change agreement. For example craft dimensions, lack of reverse thrust, non integrated design and then there is the delivery time.*

*From what we can see our craft closely matches the specifications and we can comply with the proposed delivery schedule. There are still a number of areas where we can't comply so I have asked for possible specifications waivers. Until we know the sympathies, respecting changes, of the DND people we cannot move forward. For example, we know that we cannot meet the height and width specifications. If it is not possible for a variance to be granted then we are out and would not put forth the large time commitment needed to prepare this proposal.*

*Until we have a better feel for the strictness of the bid we cannot move. If there is flexibility then we will submit our bid within the bid time frame. If everything collapses then I would propose a renewed effort to promote Magnus's craft which would necessitate your involvement and assistance.*

*I will keep you informed as things develop and if there is an obvious need for your assistance we will respectively request it.*

*Many thanks for all your efforts so far.*

*Best Regards,  
Chris*

8 Mar. 2010

From an Internet news bulletin, Neoteric learned that Bob Upshon and the [Keltic Marine Group](#) are going to market HTI 's counterfeited Neoteric hovercraft from Canada under the business name "HTI America".

9 Mar 2010

As a courtesy, Chris Fitzgerald emailed Bob Upshon to caution him about involvement with HTI and refer him to this HTI documentation in World Hovercraft Organization's Hovercraft Ripoff Report. Fitzgerald's email and Upshon's reply are reprinted below:

*Hello Bob:*

*Yesterday news arrived at our office that Keltic Marine Group was to manufacture HTI Hovercraft in North America.*

*Do you realize what a Hornets Nest and a Hive without Honey you are entering? If you want to be a dealer of ours in Canada that is possible since we do not have any real Canadian representation. This would make better long term business sense than getting involved with an Italian criminal.*

*Have you looked at the link on our web site about HTI Passoni's activities? Ref <http://worldhovercraft.org/hi-tech-international.html>*

*We have done everything possible to avoid getting a Legal program started because of the high cost however we are now starting down this road.*

*Chris*

*Dear Mr. Fitzgerald:*

*This is to acknowledge receipt of you email of today's date.*

- 1. The Keltic Marine Group are not in the business of manufacturing hovercraft in North America.*
- 2. You are aware that we did approach you last January regarding a possible form of joint venture but you indicated very strongly that you did not need our help.*
- 3. As a result of your decision, we are proceeding to design and develop hovercraft to the requirements of our international clientele and in the meantime we are marketing HTI products, the design and production of which are the only light hovercraft with ISO approval, a prerequisite quality assurance demanded by our discerning customers.*

4. We confirm having read your diatribe on the Neoteric web site, is it not time you grew up and accepted the fact that you missed the boat. We were unable to find any hovercraft patents held by yourself or Neoteric. In fact the hovercraft was patented in the UK and that has long expired.

5. I believe under United States law and certainly Canadian law your statement getting involved with an Italian Criminal” is tantamount to slander and certainly contravenes international race relations legislature. I am sure you will be hearing further from Mr. Passoni on this matter.

Sincerely yours  
Bob Upshon

10 Mar. 2010 Neoteric began preparation of yet another “Notice of Copyright/Trademark Infringement” complaint against HTI to submit to the major Internet search engines in the United States and abroad. The following is a partial list of HTI site pages that, as of 10 March 2010, are plagiarized from the Neoteric Hovercraft web site:

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**HTI pages containing plagiarism:**

[http://hovercraft.it/Neoteric\\_Hovercraft.pdf](http://hovercraft.it/Neoteric_Hovercraft.pdf)  
(This page also contains unauthorized use of the trademarked Neoteric Hovercraft, Inc. logo.)

[http://www.hovercraft.it/eng/page\\_id\\_9/index.htm](http://www.hovercraft.it/eng/page_id_9/index.htm)  
<http://hovercraft.it/adm/repository/file/file45.pdf>

[http://hovercraft.it/lang\\_id\\_2/page\\_id\\_4/index.htm](http://hovercraft.it/lang_id_2/page_id_4/index.htm)

[http://hovercraft.it/lang\\_id\\_2/page\\_id\\_15/index.htm](http://hovercraft.it/lang_id_2/page_id_15/index.htm)  
[http://hovercraft.it/lang\\_id\\_2/page\\_id\\_21/index.htm](http://hovercraft.it/lang_id_2/page_id_21/index.htm)

**Neoteric pages from which HTI plagiarized:**

<http://neoterichovercraft.com/products/TechnicalAlerts.htm>

[http://neoterichovercraft.com/general\\_info/hovercraft\\_principle.htm](http://neoterichovercraft.com/general_info/hovercraft_principle.htm)

<http://neoterichovercraft.com/specifications/4Lspecifications.htm>  
<http://neoterichovercraft.com/specifications/4Rspecifications.htm>  
<http://neoterichovercraft.com/specifications/4Cspecifications.htm>  
<http://neoterichovercraft.com/specifications/4Mspecifications.htm>  
<http://neoterichovercraft.com/specifications/6Lspecifications.htm>  
<http://neoterichovercraft.com/specifications/6Rspecifications.htm>  
<http://neoterichovercraft.com/specifications/6Cspecifications.htm>  
<http://neoterichovercraft.com/specifications/6Mspecifications.htm>

These HTI pages modify a few words to essentially plagiarize the same 8 Neoteric pages listed above.

As the Internet Archive’s [Wayback Machine](#) indisputably proves, all the material on the pages listed above was written by Neoteric Hovercraft and appeared on the Neoteric web site as early as 1999. The HTI web site was not established until 15 November, 2001 and by June 2002, HTI had initially duplicated the Neoteric Hovercraft web site word-for-word, as evidenced by the [Internet Archive June 03, 2002 link](#). After Neoteric demanded that HTI cease and desist its use of the actual Neoteric web site, HTI made alterations to its site but continues to violate intellectual property law by retaining much of the plagiarized Neoteric material.

In addition, the HTI [Legal Notice](#) page states, “The intellectual property rights, including the copyrights, in the material contained in this Web site and

any HTI trade marks and brands included in that material belongs to HTI ...". This is a false claim, since much of the material on the HTI website, in fact, was copyrighted and/or trademarked two decades ago by Neoteric Hovercraft, Inc. and was illegally plagiarized by HTI.

*NOTE:* A thorough reading of HTI's Legal Notice page makes it apparent that HTI plagiarized most of this content from other web sites. For instance, the page makes such statements as, "The reservations feature of this Web site is provided solely to permit User to determine the availability of travel-related goods and services and to make legitimate reservations ...". The HTI web site has nothing whatsoever to do with making travel reservations, so this material was likely plagiarized from a travel services site..

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- 13 Mar. 2010 Even after Mr. B. Upshon of Keltic Marine Group forwards to Matteo Passoni Chris Fitzgerald's 9 March email warning Upshon of the illegal activities of Matteo Passoni/HTI, Fitzgerald receives the following email from Passoni as if Passoni's years of offenses against Neoteric do not exist: *"Dear Chris, I could not get any answer from our Eng Dep so pls. make your best quotation for 55 hulls Kevlar/carbon/foam with your tools and time of delivery. Size HTI425 and size HTI525, TOTAL 110 HULLS COMPLETE. Please offer also the full cabin cover for booth sizes in kavlar/carbon. You already have all the specs for layer schedule. Thank You, Matt"*
- 25 March 2010 WLP S.r.l. in Italy notifies Neoteric that HTI was again defeated in an Italian court. Matteo Passoni of HTI attempted to illegally copy a patent owned by WLP and then filed an infringement action against WLP, the actual owner of the patent. The court ruled against HTI, finding that "There are no grounds for an infringement."
- As WLP S.r.l. stated in their email to Neoteric, "As always, our dear Passoni family has copied patents of other companies."
- 16 Apr. 2010 Neoteric dealer Roberto Bellini of Hovercraft Italia notifies Chris Fitzgerald, stating: *"Passoni (now he's a hovercraft engineer!!) publicly declares that he will begin production in Venice considering that he has the greatest number of international patents on the hovercraft! (That is incredible!!) When will he stop? Today I charge a person with doing investigation on HTI and Passoni."* The email links to the news article [The Hovercraft Project is Presented in Venice](#), published in *Una Grande Città*. The article reports on a press conference with Venice officials at which Matteo Passoni and a political candidate for advisor to the city of Venice sign a letter of intent to produce HTI's hovercraft (products resulting from industrial espionage) in Venice, and to use HTI hovercraft for transportation in the canals/lagoon of Venice.
- The false statements made by Matteo Passoni to the press include:
- Passoni presents himself as an Engineer, when the evidence indicates that assumed this identity from a separate Dr. Matteo Passoni who, in fact, is an engineer.
  - The article states, *"this extraordinary hovercraft technology is exclusively possessed by HTI thanks to his ownership of most of the international patents"*. The HTI hovercraft is, in fact, the Neoteric Hovortrek™ and the patent is owned by Neoteric Hovercraft, Inc.; the design and technology were stolen by Matteo Passoni via industrial espionage and theft of trade secrets when he posed as a dealer for Neoteric Hovercraft.
- 19 Apr. 2010 Neoteric dealer Roberto Bellini notifies Chris Fitzgerald that Matteo Passoni has listed HTI in the Italian business telephone directory as the distributor in Italy for both Neoteric Hovercraft and Griffon Hoverwork. He is neither and, in fact, is illegally marketing counterfeit copies of the Neoteric Hovortrek™ he obtained through industrial espionage and theft of trade secrets.
- 5 May 2010 Neoteric dealer Roberto Bellini emailed Chris Fitzgerald, excerpted below:

*"Dear Chris, I can't stop thinking about you and Passoni. I have asked some friends to help me to find out information about him ... all the information I am discovering about him - it's really a lot - and lots are the lies and the frauds that he is using. I discovered about his presentation in Russia, about his "traffic" in Romania and about the lies that he has told to the Italian politicians to have their support in Venice. Now his target is to open a shipyard in Venice. He has told in public that he has the patents.*

*I have talked also with Griffon's agent and he cannot wait to put an end to the career of Passoni. All consider him a rogue, but nobody has done anything to open a discussion about his mischiefs.*

*I have done research on the Engineer List and I have found out that Passoni is [not an engineer]. In these last 10 days of searching I have found lots of compromising information for Mr. Passoni."*

- 6 May 2010 Neoteric discovers that Matteo Passoni has a [Facebook page](#) on which he falsely claims to be a resident of Little Rock, Arkansas.
- 9 May 2010 Neoteric Director of Marketing conducts research revealing via allwhois.com that www.arkansatraveler.it is a fraudulent website created and owned by Matteo Passoni. The site content has been plagiarized from other sites, such as [http://www.netstate.com/states/intro/ar\\_intro.htm](http://www.netstate.com/states/intro/ar_intro.htm). On www.arkansatraveler.it, Passoni again falsely presents himself as an engineer / Ph.D and publishes [photos](#) of himself illegally wearing various Italian military uniforms. The state of Arkansas has notified Passoni to cease his false claims of being an "Honorary Ambassador to the State of Arkansas."
- 13 May 2010 The Matteo Passoni who is a credentialed Ph.D, engineer and professor at the [Politecnico di Milano](#) in Milan, Italy, is notified by Neoteric Hovercraft, Inc. that the Matteo Passoni of Hi Tech International S.r.l. appears to be fraudulently claiming Dr. Passoni's academic credentials.
- 24 May 2010 Neoteric receives an email from Matteo Passoni stating,  
*"Dear Chris, we come up with the conclusion that you need to make the tools on our design we emailed to you. Pls. provide your best price for HTI425 and HTI525 in quantity of 50 pcs each por year. Kind Regards, PhD Eng Matteo Passoni CEO / Amministratore Delegato"*
- 28 May 2010 Four days later Neoteric receives the following email from Matteo Passoni, objecting to this HTI Chronology of Offenses, even though the entire Chronology consists of documented actions by and actual quotes from Mr. Passoni:  
*"Dear Mr. Fitzgerald, yesterday my daughter seven year old was surfing on internet and typing my name she find this web page <http://www.worldhovercraft.org/HTI-Chronology.pdf> with my name surname and clear referring to me, on that page I had pictures and distorted facts you are not authorize to use and abuse. Because she informed me about it and I read the page I had find all your miserable slandering against me, my wife and the company I work for.*  
*The above named web site is your property and you are legally responsible. More than this you recently sent an email to Mr. Bob Upshon with racism against the Italians. I understand you have problem but I do not feel any pity for your situation and your envies, especially when it comes against of my family, me and my world wide good reputation. Not for you and not for your disciples well mentioned in that page, including Mr. Roberto Bellini we know very well.*

*I'm going to report all those crimes to the US Ministry of Justice and in the main time I ask you to remove all the references to me, my Family or the Company I work with immediately, because you are not authorized to abuse and use them.*

*Kind Regards, PhD Eng Matteo Passoni CEO / Amministratore Delegato”*

- 28 May 2010 Neoteric receives a letter attached to an email from a Robin H. Upshon demanding that Neoteric 1) Remove references to Keltic Marine Group's activities/associations with HTI from this document or 2) The World Hovercraft Organization publish the full content of Bob Upshon's emails rather than excerpts and 3) That Bob Upshon be given access to Neoteric's web sites in order to leave comments. The full content of both Chris Fitzgerald's and Bob Upshon's emails have been published as per request in previous Chronology entries. [Read the full text of Upshon's 28 May letter](#)
- 15 June 2010 Neoteric received the following email from Alberto Piccaluga of Phoenix Rescue Systems, Italy, reporting yet another court ruling against Hi Tech International S.r.l. in the Italian courts:
- “Dear Chris,  
Finally the last false complaint by the barber was resolved. The court in Monza said that there were no illegal acts of unfair competition by Phoenix Rescue, and the court has certified that the Phoenix product is completely different technical solutions, recognized by the Italian patent lodged by Alberto Piccaluga.*
- Now it's my turn to ask the court if it was (and certainly has been) a pirate trying to kill a competitor in the cradle, using mafia methods and slander to build a series of troubles from the penal code for my person and for my company. It will seem incredible, but I found that into the criminal police headquarter in Rome there was a dossier on me, generated from false complaints by that gentleman of our "friend". I have sent to Rome a copy of all documentation of the court, to clear all the files! But I thought these things only happen in fiction on TV!”*
- 6 July 2010 Neoteric serves a [Cease and Desist Order against HTI](#). Among other actions, the Order requires that a) HTI remove from its websites the extensive material plagiarized from the Neoteric website; b) HTI remove Neoteric's trademarked business name from the meta tags on their websites; and c) HTI cease the manufacture and sale of hovercraft that were illegally pirated from Neoteric through economic/industrial espionage and theft of trade secrets by Matteo Passoni/HTI.
- 7 July 2010 Neoteric serves a [Cease and Desist Order against Keltic Marine Group](#). The Order requires that a) Keltic Marine remove from its website the technical diagrams HTI plagiarized from the Neoteric website; b) Keltic Marine remove all false and misleading statements from its website; and c) Keltic Marine, operating as “HTI America”, cease the manufacture and sale of hovercraft that were illegally pirated from Neoteric through economic/industrial espionage and theft of trade secrets by Matteo Passoni/HTI.
- 16 July 2010 After HTI ignores Neoteric's Cease and Desist Order, Neoteric files a [DMCA Complaint against HTI](#) with all major global search engines for its repeated violation of the Digital Millennium Copyright Act.
- Google immediately finds that more than 700 URLs on the HTI website unlawfully infringe upon copyrighted/trademarked material from the Neoteric website. Google bans each of those 700 HTI pages from its search engine, replacing them with the following example notice in search results:

*In response to a complaint we received under the US Digital Millennium Copyright Act, we have removed 5 result(s) from this page. If you wish, you may read the DMCA complaint that caused the removal(s) at [ChillingEffects.org](http://ChillingEffects.org).*

2 August 2010

Keltic Marine Group complies with two demands presented in Neoteric's 7 July 2010 [Cease and Desist Order](#) by a) removing the copyrighted technical diagrams plagiarized from Neoteric's website and replacing them with photos of HTI's pirated Neoteric hovercraft and b) removing the false statement that HTI has been manufacturing hovercraft since 1995. However, Keltic Marine Group apparently plans to continue to operate as "HTI America" to manufacture and market hovercraft that were illegally counterfeited from Neoteric through economic/industrial espionage and theft of trade secrets committed by Matteo Passoni/HTI.

Neoteric continues to work with the Counterintelligence Division of the FBI and other national/international governmental and private agencies to protect its intellectual property and trademarked products from espionage committed by Hi Tech International S.r.l.

August 2010

*Slipstream*, a newsletter of hovercraft operations around the world, publishes an article about the economic/industrial espionage committed against Neoteric Hovercraft by Hi Tech International S.r.l., stating in reference to HTI: "There would seem to be no understanding of the 'copyright' concept in China, nor, apparently, in Italy." [Read the Slipstream article](#)

14 Sept. 2010

Neoteric is notified that Hovertech SA in Poland is having similar "unfair competition" problems with HTI and that HTI is planning to establish a hovercraft factory in Poland:

*Dear Chris Fitzgerald,*

*Our company HOVERTECH SA is the largest and most experienced manufacturer of rescue hovercrafts in Poland. We work for 10 years, we are building devices, we implement their use in rescue services, we provide trainings for pilots and mechanics.*

*We monitor your problems with the Italian company copies yours solutions. The Italian manufacturer is planning to run a hovercraft's factory in Poland. We have similar problems with unfair competition in the local market so we suggest you starting with cooperating in order to increase the potential of our companies in the fight against unfair competition.*

*Best regards from Poland,  
Andrzej Lodzinski  
HOVERTECH S.A*

24 Sept. 2010

Neoteric receives the following email from a UK citizen concerned about the HTI counterfeit hovercraft sold to Gloucestershire Fire and Rescue Service and possibly to be sold to Burnham-on-Sea Area Rescue Boat in Somerset, UK:

*Hi Chris,*

*Let me introduce myself my name is Paul Newland I live in the UK and have a wide interest in small hovercraft from around the world. I have followed your company's development of the Hovortrek over a number of years and also the fight you are having with HTI after they counterfeited it and unfortunately sold two craft to Gloucestershire Fire and Rescue Service.*

*It now seems that another rescue organisation BARB (Burnham on Sea Area Rescue Boat) [may purchase] a similar craft to Gloucestershire Fire and rescue which I guess is the HTI forgery. This craft has cost £60,000 paid for by public donation and a*

*lot of fundraising from people from the local area and around the world.*

*I believe this is wrong and would like to get the information out to the wider public about this decision and the crimes HTI have committed against Neoteric so that no more of these craft will be sold in the UK. I have managed to get a local newspaper reporter interested in the story but obviously he needs as much information as he can get as his paper is concerned about getting sued if the information is wrong. I have given him as much information as I can but I was hoping you with your contacts might be able to send him more information to carry the story forward.*

*Like I have said I believe this is an HTI craft but I know you have got an agent in Italy and also Phoenix hovercraft sell a similar rescue craft so we need to know the craft is not coming from them. I have immense respect for you and your company for the development of the light hovercraft you have undertaken over the last 50 years and so would like to help in any way I can to stop any more of these counterfeit craft coming to the UK.*

*The reporter interested in the story is James Franklin from the Weston & Somerset Mercury also the local BBC news team have reported on the buying of the craft but not on it being a forgery so if we can get the information out there it could be broadcast nationwide.*

*I hope you don't mind my involvement in this story and if I have got any of the facts wrong please let me know as I say the story will not be published until the full facts are known.*

*Kind regards,  
Paul Newland*

01 Oct. 2010

As a result of Paul Newland's efforts, the [Weston Mercury](#) publishes the following expose of Hi Tech International Srl:

**BARB counterfeit hovercraft fears**

BURNHAM'S new rescue hovercraft may be a 'counterfeit' - which experts have warned could endanger the public.

Italian company HTI International, which has already supplied two rescue craft to Gloucestershire Fire and Rescue, is in the frame to provide a new craft to Burnham Area Rescue Boat (BARB).

HTI has been in a legal dispute with US manufacturer Neoteric, who claims the Gorgonzola-based company has stolen patented designs and replicated them - an allegation HTI denies.

BARB has raised over £60,000 through donations to pay for the new hovercraft, which will replace the retiring Light of Elizabeth in spring next year.

BARB is deciding whether to purchase the International 425 craft after Gloucestershire Fire and Rescue purchased two of the same model in 2008.

[Indiana]-based Neoteric has several legal actions open against HTI over its 'unlawful business practices', and has warned the counterfeit craft may endanger the public.

In particular Neoteric is concerned about HTI's installation of 145 horse power engines in the hovercrafts, which are deemed to

be too powerful for the size of the vessel.

HTI contributed two craft to the flood operations in Gloucestershire in 2008, but was later reprimanded for using then-Prime Minister Gordon Brown's official logo on its website to advertise its products.

John Robertson, of Hoverclub UK, is one of several hovercraft owners who believe the Italian craft is unsuitable for the work carried out by BARB - and could even be dangerous.

He said: "As experienced hovercraft operators, we are very concerned by this situation. We have made several efforts to open discussions and to offer help or guidance to BARB but without success.

"We are concerned with the suitability of these craft for rescue operations. This could end up putting people's lives at risk.

"None of the other UK rescue operators use this make of craft - there are good reasons for this."

BARB has declined to comment.

01 Oct. 2010

The *Weston Mercury* article attracts attention from hovercraft manufacturers and others concerned about HTI. A strong [discussion about HTI's unlawful activities](#) begins on the Hoverclub of America Forum.

02 Oct. 2010

Neoteric begins receiving copies of comments sent to the *Weston Mercury* by concerned citizens. The examples below are reprinted here with permission:

Dear Sir,

*Your recent article regarding the BARB hovercraft has been brought to our attention. I am writing to you to provide a warning to those in BARB whom may be considering dealing with a fraudulent supplier in purchasing an HTI hovercraft. We have been designing and building hovercraft for more than 30 years and we have seen many counterfeiters come and go from this industry. They have affected most genuine designers and builders of hovercraft in this industry, but none of them last for long.*

*Counterfeiters in general usually have a short merry existence. They have neither the ability to create an original piece of work nor the intention to stay in the market any longer than they can profit from someone else's creation. When they have exhausted the profitability of their copy, or when things get 'too hot' for them, they simply close up shop and move on, usually leaving a trail of destruction behind them. They are often very talented as salesmen and often they completely lack any sort of remorse for the lies that they tell or the damage that they cause to others by their actions. For this reason alone, BARB would be well advised to deal only with the original supplier (Neoteric) who has been in business for a long time and who has the ability and the intention of continuing support for their genuine clients for a long time to come.*

*Another issue concerns me, particularly with a hovercraft built for the purpose of saving lives. During the design of any vehicle the designers must deal with constraints relating to performance and safety. I have often seen hovercraft modified 'post delivery' by unwary enthusiasts and often this compromises both the performance and safety of that hovercraft. Counterfeiters like HTI are no different, they have not the intelligence to create their own design and they foolishly modify a well proven design to meet customer demands (like increasing engine power), with no real appreciation of the compromises. They may also cut corners in other areas to increase their profits or simply be ignorant of the engineering and safety issues that are properly dealt with in the original item.*

I do not know if there is any price difference between the offering for the original or the counterfeit hovercraft but I recommend the buyer (BARB) to investigate very carefully the backgrounds of the companies involved and to think long and hard if any apparent 'discount' is really worth it in the long term. Often cheapest is the most expensive so they should be careful to weigh up all factors such as safety, durability, support from the supplier and many things.

Sincerely,  
Ross McLeod  
Airlift Hovercraft  
Australia

P.S.

Genuine hovercraft manufacturers work in a competitive environment to sell their products, but I think you will find that they will support each other each other in cases of counterfeiting. In this respect we are no different, we compete with Neoteric in some market segments, but we are all decent people and willing to give credit where it is due.

.....  
I was surprised to read that BARB are considering buying a hovercraft from an Italian company amidst the allegations that the hovercraft might be a counterfeit copy of a Neoteric design. Also, it is surprising that the Gloucester F&S service have potentially dangerous craft. The website of the Italian company continues to show the letter from Gordon Brown which was supposed to have been withdrawn. We regularly read that Trading Standards Departments raid market stalls and prosecute trader dealing in fake cigarettes, spirits, DVDs, clothing etc. and Customs are forever seizing fake goods stashed within shipping containers and elsewhere. Surely Trading Standards and Customs should work together to get to the bottom of the allegation of plagiarism. The allegation has been ongoing for some years.

Ken Pemberton  
Publisher, Slipstream  
United Kingdom

.....

December 2010

Keltic Marine Group ("HTI America") forwards to Neoteric a series of emails and documents to and from Matteo Passoni at Hi Tech International Srl (HTI) in Italy. As Keltic Marine Group states, these emails "**sever all connections with Mr. Passoni and his Italian Company due to very questionable activities including evidence of counterfeiting and forgery practices in his business dealings**".

Keltic Marine Group also stated to Passoni that they had lost orders to the Canadian Government because of HTI's "**history of unethical trading practices**" and to other potential customers as well, who "**checked you out and found that your character was far from honest.**"

The following excerpts from Keltic Marine Group's emails to Matteo Passoni detail further reasons why Keltic Marine Group has severed their business relationship with Hi Tech International Srl:

**"behavior unbecoming an Officer and Director of the Company"**

**"refusal to meet financial obligations and ethical responsibilities"**

***“continuing inflow of evidence of inappropriate business activities”***

***“most distasteful business dealings”***

***“your bad reputation in the UK, USA and Canada”***

***“No one will deal with you because of your reputation as a con artist, a fact that we have now personally experienced.”***

***“Trying to open false e-bay accounts in the company name ... is certainly not indicative of someone who is legitimate.”***

## **2011:**

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<b><i>Date</i></b>	<b><i>Action</i></b>
February 2011	<p>Agents from the Counterintelligence/Economic Espionage Division of the FBI contacted Neoteric, stating, <i>“We recently received some information about your company, Neoteric Hovercraft, Inc. and an Italian company named Hi Tech International that may be involved in criminal activity against your company. We would like to come to your Terre Haute facility to meet with you regarding these activities.”</i></p> <p>FBI Special Agents Matthew Malinowski and Robert A. Woessner met with Neoteric on 14 February and began their investigation into what actions may be taken to curtail both HTI’s plagiarism of Neoteric’s website and HTI’s piracy of Neoteric’s hovercraft design.</p>
March 2011	<p>A former FBI agent whose investigative firm has been retained by Neoteric to coordinate with Italian and U.S. agencies in actions against HTI submitted the following statement to Google and the major search engines. This statement assures that all pages of the HTI website that were plagiarized from the Neoteric website will remain banned from search results:</p> <p><i>“I’m a former FBI Agent that has been retained by Neoteric Hovercraft to assist them with their intellectual property problems involving Hi Tech International. I have been working with the FBI, U.S. Department of Commerce, Italian government agencies and attorneys in Italy to address the apparent piracy actions of Hi Tech International Srl. We anticipate that formal action will take place in the near future.”</i></p> <p><i>Robert C. Fay President The Fay Group</i></p>
April 2011	<p>At the 2011 International Boat Show in Shanghai, China, Stephen Preest, President of <a href="#">Pacific Hovercraft NZ Ltd.</a>, New</p>

Zealand, confronted Matteo Passoni of Hi Tech International, S.r.l. regarding Passoni's intellectual property infringement and other offenses against Neoteric. Preest described the incident in his email response to a journalist:

*"Neoteric Hovercraft, Inc. has a problem with the Italian company HTI who has stolen the Neoteric craft design "lock, stock, and barrel" after becoming a sales agent. HTI also plagiarised Neoteric's brochures, photos and Videos for their own promotion. You will see quite a lot of information about this company on the [World Hovercraft Organization](#) website.*

*I met Mr. Matteo Passoni, CEO of HTI, at the Shanghai Boat Show at his booth in the Italian section. After realizing who he was, I told him that he was a liar and a thief! He would not talk to me but instead turned his back and walked away from his booth, leaving others in charge until I left the scene. The Italian Trade Delegation was actually touring at the same time and was clearly informed of this man's dodgy dealings."*

Mr. Preest sent Neoteric the following photos of the HTI booth at the Boat Show. The exhibits in the booth are enlargements of the brochure HTI plagiarized from Neoteric copyrighted material, which also illegally appears on the [HTI website](#). (Note: After Google found HTI guilty of violating the Digital Millennium Copyright Act, this page, as well as many other HTI website pages, was banned from all major search engines.)



After the close of the Boat Show, Mr. Preest emailed the following questions to the show's organizers:

*"... the Italian company HTI at booth A001 is also guilty of producing pirated copies of hovercraft from the USA company Neoteric Hovercraft, Inc. - see [BARB Counterfeit Hovercraft Fears](#) and [Hovercraft Rip-off Report: Hi Tech International, S.r.l.](#)*

*Please explain why your organization appeared to do nothing about these problems. Please inform me if you will allow illegal manufacturers to participate freely in your show again next year?"*