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PEIFON FOOD USA, INC., PEIFON FOOD,
LLC, SOUTHERN NOODLE, INC.,
XUQIN HOU and QUIPING ZHANG
Plaintiffs,

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IN THE DISTRICT COURT OF

v.

HARRIS COUNTY, TEXAS

TSAI CAPITAL GROUP, LLC and
BAILY INTERNATIONAL, INC., GEORGE
TSAI and MAX TSAI,
Defendants.

_____ JUDICIAL DISTRICT

PLAINTIFF'S ORIGINAL PETITION

TO THE HONORABLE JUDGE OF THIS COURT:

COME NOW Plaintiffs Peifon Food USA, Inc., Peifon Food, LLC, Xuqin Hou and Quiping Zhang, and for cause of action would show the Court the following:

A. Discovery Control Plan

1 Plaintiff intends to conduct discovery under Level 3 of Texas Rule of Civil Procedure 190.3.

B. Parties

2 Plaintiff, Peifon Food USA, Inc., is a Texas corporation, doing business in Texas and may be contacted through its attorney of record, Anthony E. Farah, P.O. Box 751404, Houston, TX 77275.

3 Plaintiff, Peifon Food, LLC, is a Texas corporation, doing business in Texas and may be contacted through its attorney of record, Anthony E. Farah, P.O. Box 751404, Houston, TX 77275.

4 Plaintiff, Xuqin Hou, is a Texas resident, doing business in Texas and may be contacted through his attorney of record, Anthony E. Farah, P.O. Box 751404, Houston, TX 77275.

5 Plaintiff, Quiping Zhang, is a Texas resident, doing business in Texas and may be contacted through his attorney of record, Anthony E. Farah, P.O. Box 751404, Houston, TX 77275.

6 Defendant, Tsai Capital Group, LLC is an Illinois corporation who may be served with process by serving its registered agent for service of process, George Tsai, 1122 State Route 3, National City, IL 62071.

7 Defendant, Baily International, Inc., is an Illinois corporation who may be served with process by serving its registered agent for service of process, George Tsai, 1122 State Route 3, National City, IL 62071.

8 Defendant, George Tsai, is an individual who may be served with process at 1122 State Route 3, National City, IL 62071.

9 Defendant Max Tsai, is an individual who may be served with process at 498 Bussen Underground Road, St. Louis, MO 63129.

C. Jurisdiction & Venue

. This Court has jurisdiction over each defendant because each defendant is doing business in Texas, has committed a tort in whole or in part in Texas, is a resident and citizen of Texas and/or has continuing minimum contacts with the State of Texas. Each defendant is amenable to service of process by a Texas court. This Court also has jurisdiction over the controversy because the damages are above the minimum jurisdictional limits.

. Venue is proper in Harris County, as defendants have their principal places of business and/or residences in Harris County, all or part of the causes of action accrued in Harris County and because some or all of defendants conduct business in Harris County by distributing, selling, and/or marketing their services in Harris County.

D. Facts

10 Plaintiff entered into a contract with Defendants. Therein, Defendants wanted to purchase Peifun Food USA, Inc., Peifon Food, LLC and Southern Noodle, Inc. (collectively, the “noodle company”). Defendants provided \$50,000 earnest money and Plaintiffs provided access to the noodle company’s manufacturing facility and corporate books and records. The access Plaintiffs provided was supposed to be for Defendants to conduct due diligence on their purchase of the noodle company. Defendants, however, had something else in mind.

11 Unbeknownst to Plaintiffs, Defendants concocted this scheme to steal from Plaintiffs a very special noodle recipe. For years, Plaintiffs have produced an extremely well-received and high quality noodle product. Used throughout the United States, Plaintiffs’ recipe has not been replicated by any other company. Plaintiffs guarded their secret recipe well.

12 Defendants wanted the recipe but could not replicate it. So, Defendants – in the guise of purchasers – decided to steal it from Plaintiffs. When doing their due diligence, Defendants’ agents photographed Plaintiffs’ manufacturing process and stole the recipe from Plaintiffs. Plaintiffs’ very valuable trade secret has been lost. Defendant George Tsai sent his son, Max Tsai to perform these acts.

13 Now, using not only the secret recipe, but also Plaintiffs’ customer list as well, Defendants have begun, or are about to begin, marketing their “new” noodles – which are in reality, Plaintiffs’ secret recipe noodles, made with the stolen recipe. This has taken business and market share away from Plaintiffs as their once secret recipe noodle is now available from another supplier. Plaintiffs have been damaged.

E. Claims for Relief

Count 1 – Conspiracy

14 The Defendants, including George Tsai and Max Tsai conspired to perform the illegal acts described herein. The Defendants agreed and used a legal means to accomplish an illegal end – namely, theft of the secret noodle recipe.

Count 2 – Misappropriation of Trade Secrets

15 Plaintiffs' customer lists and noodle recipe are trade secrets. Plaintiffs and Defendants entered into a confidential relationship where Defendants had unfettered access to all of Plaintiffs' most sensitive information. Defendants' appropriation of Plaintiffs' trade secrets was also otherwise improperly discovered. Subsequently, Defendants used Plaintiffs' trade secret in making and marketing noodles. Plaintiffs have been damaged because they lost sales of their own noodles to their own customers.

Count 3 – Fraud and Negligent Misrepresentation

16 The actions of Defendants also constitute fraud. During the course of Defendants' scheme, Defendants made several false representations to Plaintiffs. Those representations included the false ones made to induce Plaintiffs to give Defendants access to the noodle company.

17 Upon information and belief, Defendants knew these representations were false when made and/or made the representations recklessly without knowledge of the truth and as a positive assertion.

18 Upon information and belief, Defendants made these representations with the intent that they be acted upon by Plaintiffs; Plaintiffs did so act upon the misrepresentations and caused them injury.

Count 4 – Texas Theft Liability Act

19 Defendants' actions also constitute theft under Penal Code section 31.05 and Texas Civil Practice and Remedies Code 134.002(2). Defendants brazenly stole Plaintiffs' trade secret.

Count 5 – Unjust Enrichment

20 Additionally, and in the alternative, Defendants took property from Plaintiff without compensating Plaintiff. Defendants have used and enjoyed Plaintiff's property; Plaintiff has notified Defendants that it is entitled to be paid for its materials and services; Plaintiff is entitled to recover under Quantum Meruit.

F. Jury Demand

21 Plaintiff demands a jury trial and tenders the appropriate fee with this petition.

G. Conditions Precedent

22 All conditions precedent to Plaintiff's claims for relief have been performed or occurred.

H. Request for Disclosure

23 Under Texas Rule of Civil Procedure 194, Plaintiffs request that Defendants disclose, within 50 days of the service of this request, the information or material described in Rule 194.2.

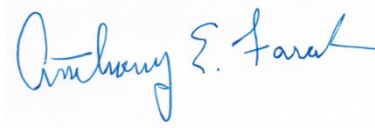
I. Prayer

24 For these reasons, Plaintiff asks the Court to issue citation for Defendants to appear and answer, and that Plaintiff be awarded a judgment against Defendants for the following:

- a. Actual damages.
- b. Prejudgment and postjudgment interest.
- c. Exemplary damages.
- d. Court costs.
- e. Attorney's fees.
- f. All other relief to which Plaintiffs may be entitled.

Respectfully submitted,

ANTHONY E. FARAH



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