**EXHIBIT 10.38**

**EMPLOYMENT AGREEMENT**

This Employment Agreement (“Agreement”) is entered into between David R. Wells (“Executive”), an individual, and Sionix, Inc. (“Sionix”), a Nevada corporation, effective December 15, 2009 (“Effective Date”).  Sionix and Executive wish to memorialize the terms on which Executive is employed by Sionix, as described in this Agreement.

**1.           Title and Duties.**

1.1           Title. Executive shall be employed as the President and Chief Financial Officer.

1.2           Duties.  Subject to the direction and supervision of the Chairman, Executive shall have the general powers and duties of supervision and management usually vested in the President and Chief Financial Officer of a corporation.

**2.**           **Compensation**

2.1           Salary.  Executive’s salary will be $180,000 per year, less applicable tax and other customary payroll withholdings and deductions. Executive’s salary will be payable every two (2) weeks or twice per month, on such basis as Sionix’ other salaried personnel generally are paid.

2.2           Performance Bonus. Executive will be eligible to participate in a senior executive bonus plan, providing an opportunity for Executive to earn up to an additional 50% of his salary amount as a bonus, to be adopted by the Board and for which other senior executives are similarly eligible. Such bonuses will be paid 50% in cash and 50% in common stock using a Volume Weighted Average Price (“VWAP”) for the period of service under which the task was accomplished, upon the achievement of the following objectives for the 2010 fiscal year:

|  |  |
| --- | --- |
| Ø | Filing of Restatements for all prior periods (20%) |

|  |  |
| --- | --- |
| Ø | All Form 10-Qs and Form 10-K in 2010 filed timely (20%) |

|  |  |
| --- | --- |
| Ø | Proxy – filed and approved (20%) |

|  |  |
| --- | --- |
| Ø | Company achieving booked revenue of $5m in 2010 (20%) |

|  |  |
| --- | --- |
| Ø | Executive completing Calendar 2010 in the position defined in this agreement (20%) |

2.3           Benefits.  Subject to the satisfaction of any general eligibility criteria, Executive will be permitted to participate in such benefits as Sionix offers to other senior executive officers, subject to the terms of the applicable benefit plan.  Such benefits may include, for example, life, health, dental, accident, disability, or other insurance programs; pension, profit-sharing, 401(k), savings, or other retirement programs; but Sionix is not obligated by this Agreement to adopt or maintain any particular benefit programs.  Executive shall be entitled to four (4) weeks of vacation per year, exclusive of Sionix holidays.

2.4           Expense Reimbursement. Sionix will pay directly or advance funds to or reimburse Executive for reasonable travel and other business expenses incurred by him in connection with the performance of services under this Agreement in accordance with Sionix’ general policies applicable to its other senior executives, as those policies may be amended from time to time, upon presentation of expense statements or vouchers or such other supporting information as Sionix may reasonably request.

2.5           Audit Committee Review.  Executive agrees that if the  Company’s  cash or cash equivalents fall below $50,000 at any time, then the Audit Committee of the Board of Directors may, at its discretion, exercise its right to pre-approve cash disbursements of the Company.

2.6      Equity Compensation: Sionix shall grant to Executive as compensation for his services an

option to purchase 400,000 shares of its Common Stock, at a price of $0.15 per share (the “Signing Option”), and for the first year will grant an additional option to purchase 400,000

shares at the beginning of each fiscal quarter at a price equal to the trailing VWAP of the Company’s common stock as quoted on the OTCBB market, but in any event no less than $0.15 per share (“Quarterly Options”, and collectively the “Options”). All shares with respect to the Options will vest immediately upon receipt. Thereafter, the Board will review the Equity

compensation to the Executive. The detailed items and provisions of the Options shall be governed by a definitive stock option agreement which will include all of the terms outlined in

this Section 4, along with additional terms that are in the Company’s standard stock option agreement. Once that stock option agreement has been executed by both Sionix and Executive, its terms and those of the Sionix’ stock option plan under which the Option is granted, shall control in place of this Section 4.

2.7      Ordinary Vesting Schedule. The Options described in Section 2.2 will vest immediately upon their receipt by the Executive.

**3.           Term and Termination of Employment**

3.1           Term.  The initial term of Executive’s employment will be for one year from the Effective Date.  Unless Sionix gives written notice to Executive not less than six (6) months prior to the expiration of the employment term, commencing on the date six months prior to such scheduled expiration, the duration of the employment term shall be extended an additional day for each day that passes, so that at any time, unless Sionix has given written notice of termination, there will be not less than six months remaining in the employment term.

3.2           Early Termination Without Cause.  Notwithstanding Section 3.1, Sionix may terminate employment under this Agreement at any time, without Cause, provided that it continues nonetheless to compensate Executive for a period of six months following such termination, with salary and benefits under Sections 2.1 and 2.3.  Executive shall also be entitled to reimbursement of otherwise allowable expenses incurred or committed prior to the date of termination.

3.3           Early Termination With Cause.  Notwithstanding Section 3.1 and Section 3.2, Sionix may terminate employment under this Agreement at any time, for Cause, in which case Executive shall be entitled to no additional cash compensation other than salary and vacation pay accrued through the date of termination, and reimbursement of otherwise allowable expenses incurred or committed prior to the date of termination.

3.4           Death.  The term of employment created by this Agreement shall automatically terminate upon the death of Executive. Upon termination due to death, Sionix shall pay to Executive’s devisee, legatee, or if there is no such designee, to his estate, the salary, vacation pay and expense reimbursement accrued prior to death and the base pay and (to the extent eligible)  benefits under Sections 2.1 and 2.3 that would have been payable for a period of six months following death.  The devisee, legatee, or estate shall also be entitled to reimbursement of otherwise allowable expenses incurred or committed prior to the date of death.

3.5           Resignation Without Good Reason.  Executive may resign at any time, but will use reasonable efforts to give not less than 30 days prior notice of such resignation to Sionix.  Upon resignation, Executive shall be entitled to no cash compensation other than salary and vacation pay accrued through the effective date of resignation, and reimbursement of otherwise allowable expenses incurred prior to the effective date of the resignation, or committed prior to the date that such resignation is tendered.

3.6           Resignation from Board Upon Dismissal.  If a majority of the Board of Directors votes to terminate the Executive’s employment for any reason, the Executive agrees to simultaneously tender his resignation from the Board of Directors.

**4.**           **Company Location**.

Sionix' current headquarters is located in Anaheim, California.  From time to time it is understood that the headquarters location might change. The executive team will be expected to spend significant amounts of time meeting at that headquarters, regardless of place of residence.  Executive will not be required to relocate his residence as a condition of employment.  Should Sionix relocate further than 50 miles from Executive’s residence, business travel for attendance at Sionix meetings will be at the expense of Sionix.

**5.           Indemnification and Insurance.**

5.1           Indemnification. Sionix will enter into a customary form of Officer Indemnification Agreement with Executive.

5.2           Insurance. Sionix will use commercially reasonable efforts to procure and maintain prudent level of Officer Liability Insurance coverage for Executive.

**6.           Definitions**

6.1           Cause. “Cause” will exist if Sionix terminates Executive’s employment for any of the following reasons, as determined by unanimous decision of those members of the Board other than Executive:

(a)           Executive willfully fails to substantially perform his duties or willfully acts in a manner contrary to direction from the Chief Executive Officer or Board of Directors, and such willful failure or action is not remedied within ten (10) business days after written notice from the CEO or the Board, which written notice shall state that failure to remedy such conduct may result in an involuntary termination for Cause;

(b)           Executive engages in willful and serious misconduct that causes material injury to Sionix; or

(c)           Executive is convicted of or enters a plea of guilty or nolo contendere to a felony.6.2Good Reason. “Good Reason” means: (a) a decrease in Executive’s base salary (other than as part of a cost-cutting effort that proportionately affects other senior executive officers and is unanimously approved by the Board of Directors, including Executive); or (b) loss of the title of Chief Administration Officer.

**7.           Miscellaneous**

7.1           Notices.All notices, requests, and other communications to any party provided for, under, or made in connection with this Agreement must be in writing and will be effective on the sooner of delivery to, if by personal delivery, or actual receipt by, if by prepaid registered mail, return receipt requested, each of the appropriate recipients.

If to Executive:

David R. Wells

2673 34th Street

Santa Monica, CA 90405

(866) 212-6489 Fax

If to Sionix:

Board of Directors

Sionix, Inc.

3886 Eagle Drive

Anaheim, CA 92807

8.2           Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to any conflict of law principle that might permit or require the application of some other law.

8.3           Integrated Agreement. This Agreement, along with the definitive stock option agreement referred to in Section 4.1, if and when executed by the parties hereafter,constitutes the entire agreement between the parties with respect to their subject matter and merges and supersedes all prior discussions, agreements, and understandings of every kind and nature between the parties.

8.4           Amendments and Waivers. This Agreement may not be modified, amended, or terminated, except in writing, signed by both parties. Either party may waive compliance by the other party with any provision of this Agreement only by an instrument in writing similarly executed, provided, however that such waiver shall not operate as a waiver of, or estoppel with respect to, any other or subsequent failure.

**[Signature Page Follows]**

IN WITNESS HEREOF, Executive has signed this Agreement, and Sionix has caused this Agreement to be signed by its authorized officer to take effect as of the Effective Date.

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DAVID R. WELLS

SIONIX, INC.

By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Title:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_