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7 Attorneys for Plaintiffs

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
9 FOR THE COUNTY OF SAN DIEGO  
10 CENTRAL DIVISION

11 RANDALL SULLIVAN, an individual; BARRY )  
12 RAYKOSKE, an individual; and JACK )  
13 REILLY, an individual, derivatively, on behalf of )  
UNICO, INC. an Arizona corporation, )

14 Plaintiffs, )

15 v. )

16 RAY BROWN, an individual, KEN WIEDRICH, )  
17 an individual; MARK LOPEZ, an individual; )  
18 SHANE TRAVELLER, an individual; JAVELIN )  
ADVISORY GROUP, INC., a Nevada )  
corporation, and DOES 1 - 100, )

19 Defendants, )

20 and )

21 UNICO, INC., an Arizona corporation, )

22 Nominal Defendant. )  
23  
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Case No.: 37-2008-00089801-CU-PN-CTL

DERIVATIVE COMPLAINT

[JURY TRIAL REQUESTED]

1 Plaintiffs, derivatively on behalf of UNICO, INC., an Arizona corporation, allege upon  
2 personal knowledge as to themselves and their acts, and as to all other matters upon information and  
3 belief as identified herein, and based upon the investigation made their attorneys, as follows:

4 **I.**  
5 **NATURE OF THE ACTION**

6 1. This is a shareholder derivative action brought pursuant to Section 800 of the  
7 California Corporations Code on behalf of nominal defendant UNICO, INC. (“UNICO” or the  
8 “Company”) against certain officers and directors of UNICO, a publicly-traded company, and the  
9 Company’s consultants, SHANE TRAVELLER and JAVELIN ADVISORY GROUP INC.  
10 Defendants participated in an illicit scheme whereby hundreds of millions of freely-trading shares  
11 of the Company were issued to third parties without sufficient consideration to the great detriment  
12 of the Company and its shareholders.

13 **II.**  
14 **VENUE**

15 2. Venue lies in this judicial district because the principal place of business of UNICO  
16 and the personal residences of some of the individual defendants are located in this judicial district.

17 **III.**  
18 **THE PARTIES**

19 **A. THE PLAINTIFFS**

20 3. Plaintiff Randall Sullivan resides in Anaheim, California, owns 16,000<sup>1</sup> UNICO  
21 common shares, and has owned UNICO shares continuously since February 2007.

22 4. Plaintiff Barry Raykoske resides in Chandler, AZ, owns 31,471 UNICO common  
23 shares and has owned UNICO shares continuously since May 2006.

24 5. Plaintiff Jack Reilly resides in Ponte Verde Beach, Florida, owns 2000 UNICO  
25 common shares, and has owned UNICO shares continuously since March 2006.

26 **B. THE DEFENDANTS**

27 6. Nominal Defendant UNICO, INC. is an Arizona corporation with its principal place  
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<sup>1</sup>The number of current shares reflects a recent 500-1 reverse split.

1 of business at 8880 Rio San Diego Drive, 8<sup>th</sup> Floor, San Diego, CA 92108.

2 7. Defendant RAY BROWN (hereinafter "BROWN") is an individual. He was, at all  
3 relevant times herein, UNICO's Chairman of the Board. He has extensive experience in banking and  
4 finance.

5 8. Defendant KEN WIEDRICH ("WIEDRICH") is an individual residing in San Diego  
6 County. He has been, since April 2007, UNICO's Chief Financial Officer. Prior to his position as  
7 CFO, WIEDRICH was a consultant to UNICO and served as the controller of defendant JAVELIN  
8 ADVISORY GROUP, INC.

9 9. Defendant MARK LOPEZ ("LOPEZ") is an individual residing in San Diego County.  
10 He was, at all relevant times herein, UNICO's Chief Executive Officer. He is also a vice president  
11 of Investments for a securities broker-dealer, Ashton Capital Management, and is a registered  
12 investment adviser.

13 10. Defendant SHANE TRAVELLER ("TRAVELLER") is an individual residing in  
14 Riverside County, California, and a principal of defendant JAVELIN ADVISORY GROUP, INC.

15 11. Defendant JAVELIN ADVISORY GROUP, INC. ("JAVELIN") is a Nevada  
16 corporation with its principal place of business in Temecula, CA. It entered into a written consulting  
17 agreement with UNICO on April 1, 2005. JAVELIN is TRAVELLER's alter ego.

18 12. Plaintiffs are unaware of the true names and capacities of defendants sued herein as  
19 DOES 1 through 100, inclusive, and therefore sue these defendants by such fictitious names.  
20 Plaintiffs are informed and believe, and thereon allege, that each of said fictitiously-named  
21 defendants is in some manner responsible for the acts, omissions, injuries and/or damages alleged  
22 herein. Plaintiffs will amend this complaint to allege the true names and capacities of said  
23 fictitiously-named defendants when the same have been ascertained.

24  
25 **IV.**  
26 **SUBSTANTIVE FACTUAL ALLEGATIONS**  
27 **THE ILLICIT SCHEME**

28 13. UNICO is a publicly-traded company whose shares trade on the Over-The-Counter

1 Bulletin Board ("OTCBB.") It purports to be in the business of mining. According to its Securities  
2 and Exchange Commission ("SEC") filings, it has never generated any earnings. This action is  
3 brought to redress insidious dealings over the past four years which has caused great harm to UNICO  
4 and its shareholders.

5 14. Beginning in September 2004 and continuing through present, Defendants have  
6 employed an illicit scheme that has harmed UNICO and enriched "third parties" with hundreds of  
7 millions of freely-trading UNICO shares through dozens of cookie-cutter transactions.

8 15. Each cookie-cutter transaction follows this path: First, UNICO issues a six-month  
9 convertible debenture to a third party in exchange for cash. The convertible debenture provides the  
10 debenture holder with the option to demand repayment of principal, plus 8% interest, or alternatively,  
11 to convert the note to UNICO shares at a price at 50% of the prior day's closing price.

12 16. Despite the debenture holder's right to exercise either of the two options, the  
13 transaction never concludes in this fashion. Instead, UNICO's officers and directors, aided and  
14 abetted by TRAVELLER and JAVELIN, collude with the debenture holders by having the debenture  
15 holder initiate a friendly lawsuit against UNICO. The following day, or shortly thereafter, a  
16 "settlement" is reached by way of a written settlement agreement executed by LOPEZ on behalf of  
17 UNICO. The settlement agreement requires UNICO to issue shares to the debenture holder at a  
18 conversion rate of 8% - 20% of the prior closing price, rather than the previously agreed-upon 50%.  
19 UNICO and the debenture holder then seek judicial approval of the settlement from a state court in  
20 Florida and request that the court deem the shares to be exempt from registration pursuant to Section  
21 3(a)(10) of the Securities Act of 1933.

22 17. Documents arising from one of these transactions are attached hereto as **Exhibit A**.  
23 There, debenture holder Outboard Investments, Ltd. ("Outboard") allegedly paid \$100,000 to  
24 UNICO on August 15, 2006 in connection with UNICO's issuance of Convertible Debenture No.  
25 38. On August 29, 2007, Outboard (represented by attorney Robert Turffs) filed suit against  
26 UNICO in the Twelfth Judicial Circuit in Sarasota County, Florida. On August 30, 2007, UNICO  
27 and Outboard entered into a "Settlement Agreement and Release." The Settlement was executed by  
28 LOPEZ. Also on August 30, 2007, UNICO (represented by attorney Michael Raterink), filed the

1 Answer to the Complaint. On August 31, 2007, the Court entered an order Granting Approval of  
2 the Settlement Agreement and determined that the shares to be issued were exempt from registration  
3 (which Plaintiffs vigorously contest.)

4 18. According to UNICO's SEC filings, UNICO settled **ten** lawsuits with debenture holders  
5 during the fiscal year ended February 28, 2006, **108** lawsuits with debenture holders during the fiscal  
6 year ended February 28, 2007, and **six** lawsuits during the fiscal year February 28, 2008. Each  
7 lawsuit was filed in Sarasota, Florida. Robert Turffs represented each of the debenture holder  
8 Plaintiffs and Michael Raterink represented UNICO in each lawsuit.

9 19. As a result of these collusive acts, the debenture holders have reaped extraordinary  
10 profits by dumping the freely-traded shares, which they acquire for 8% to 20% of the current trading  
11 price, into the market. The consequences of these collusive settlements are extraordinarily harmful  
12 to the corporation and its shareholders. In the case of the transaction described in Exhibit A, the  
13 Settlement called for the issuance of 950,000,000 shares by UNICO to Outboard. The closing  
14 trading price the day before the settlement agreement was executed was \$.0014. The amount owed  
15 by UNICO to Outboard was approximately \$108,000 (\$100,000 principal plus \$8000 interest.)  
16 Thus, the parties agreed to a conversion rate of \$.000113 per share (eight percent (8%) of the actual  
17 trading price.) Had the parties complied with the terms of the debenture (rather than "settling")  
18 Outboard would have received shares at a conversion rate of \$.0007 (fifty percent (50%) of the actual  
19 trading price) which would have provided for the issuance of 154,285,714 shares to it. The benefit  
20 to the third party debenture holder, Outboard, for this **one** particular note is remarkable:

	<u>Conversion Rate</u>	<u>No. of Shares</u>	<u>Market Value (at \$.0014)</u>
21 Settlement	.000113	950,000,000	\$ 1,330,000
22 Note Terms	.0007	154,285,714	<u>\$ 216,000</u>
23 Additional Benefit			<b>\$ 1,114,000</b>

24 20. Considering the initial investment of \$100,000, the \$1,330,000 market value of the  
25 shares issued to Outboard provided it with a **1,230%** return in one year. Again, this pattern of  
26 activity has occurred dozens of times, and many times, the transaction generated much more than  
27 this transaction generated.  
28

1 **THE THIRD PARTY DEBENTURE HOLDERS**

2 21. A list of the debentures that UNICO has issued to date is attached hereto as **Exhibit B**.  
3 On some occasions, the debenture holder assigned the notes (fully or partially) to other related third  
4 parties. A list of assignees of the notes is attached hereto as **Exhibit C**. Each of the third party  
5 debenture holders and the assignees are related and controlled by the same persons. Most of the third  
6 party debenture holders are allegedly offshore entities with addresses in the Turks & Caicos.

7 **BADGES OF ILLICIT BEHAVIOR**

8 22. This scheme was developed by WIEDRICH and TRAVELLER and proposed to  
9 UNICO's board and to LOPEZ. The "settlements" have been reviewed and facilitated by  
10 WIEDRICH, TRAVELLER and JAVELIN. LOPEZ directly approved each transaction by  
11 personally executing the promissory notes and executing the settlement agreements. BROWN, as  
12 the Chairman of the Board, directly approved the settlements and the issuances of hundreds of  
13 millions of shares to the debenture holders.

14 23. These transactions do not represent arms-length negotiations with legitimate lenders.  
15 Instead, the defendants have facilitated and encouraged the issuances of the debentures knowing full  
16 well that they intended to severely and unnecessarily dilute the shares of the common shareholders  
17 through a sham settlement for the benefit of the third party debenture holders at a later point in time.  
18 This knowledge and lack of independence is evidenced, in part, by the following facts:

19 a) UNICO has settled with the debenture holders on at least 124 occasions and further notes  
20 have been issued and are outstanding.

21 b) Each lawsuit resolving these debentures was filed in state court in Sarasota, FL, which has  
22 no connection to any of the parties or transactions.

23 c) Michael Raterink of Sarasota, FL represented UNICO in each of the lawsuits and  
24 settlements; Attorney Robert Turffs of Sarasota, FL represented the debenture holders in each of the  
25 lawsuit and settlements. **Turffs and Raterink share office space at 1444 1<sup>st</sup> Street Ste B,**  
26 **Sarasota, FL 34236.**

27 d) Defendants TRAVELLER and WIEDRICH have been officers and/or directors of three  
28 publicly-traded companies ("issuers"): S3 Investment Company, Inc., Global Travel Exchange

1 (“GRTREX, Inc.”), and CLX Investment , Inc. These issuer have utilized this same exact process  
2 with the same debenture holders, the same attorneys, Robert Turffs and Michael Raterink, in the  
3 same court in Sarasota, FL. For example, debenture holder Sequoia International (represented by  
4 Robert Turffs) filed suit against CLX Investment Company, Inc. on July 9, 2008, settled the action  
5 on July 11, 2008, and received an order approving the settlement from the court on July 11, 2008.

6 e) As with UNICO, JAVELIN has been a paid consultant to CLX Investment Company, S3  
7 Investment Company, Inc. and GRTREX, Inc.

8 f) Defendant WIEDRICH is the father-in-law of TRAVELLER. This familial relationship  
9 was never disclosed in any UNICO SEC filing.

10 g) TRAVELLER and debenture holder Compass Capital were recently named in a lawsuit  
11 initiated by the SEC. The lawsuit alleged that TRAVELLER was involved in a scheme to evade the  
12 registration requirements of the federal securities law which generated excessive and unlawful  
13 proceeds for Compass Capital (one of the debenture holders in this action.) (See Ex. A and B.)

14 h) TRAVELLER controls at least one of the debenture holders, Sequoia International, (see  
15 Ex. B.) as evidenced by the fact he has executed documents on its behalf. For example,  
16 TRAVELLER signed an Assignment Agreement and a Line of Credit Agreement on behalf of  
17 Sequoia International, a Turks and Caicos corporation on October 10, 2007 and July 1, 2007  
18 respectively. (Attached hereto as **Exhibit D** are true and correct copies of the document.) This  
19 demonstrates a unity of interest between the Defendants and this third party debenture holder.

20 **SECTION 3(a)(10)**

21 24. The entire process of receiving judicial approval of the settlement agreements was the  
22 product of collusion. The shares issued by UNICO to the debenture holders were not and are not  
23 exempt from registration because the conditions of the exemption as set forth in Section 3(a)(10) of  
24 the Securities Act on 1933 were not met. The defendants failed to give interested parties (i.e.  
25 common shareholders) notice or an opportunity to be heard as to whether the settlements were fair.  
26 Moreover, the Securities Act of 1933 does not provide that a Court may deem shares to be exempt  
27 from registration; thus, the request for the Court to deem the shares to be exempt was improper.

28 25. The UNICO officers and directors were grossly negligent and violated the securities

1 laws when they delivered unrestricted shares to the debenture holders without a proper fairness  
2 hearing pursuant to Section 3(a)(10).

3  
4 **V.**  
**DERIVATIVE ALLEGATIONS**

5 26. Plaintiffs bring this action, pursuant to Section 800 of the Corporations Code, on behalf  
6 of UNICO to enforce claims of UNICO against Defendants, which may properly be asserted by  
7 UNICO and which UNICO has failed to enforce.

8 27. On February 25, 2008, Plaintiffs caused to be delivered, a letter upon the UNICO board  
9 of directors setting forth the allegations set forth herein. In the letter, the Plaintiffs demanded that  
10 the Board initiate action against the defendants herein. UNICO failed to initiate any claims as  
11 demanded.

12 28. Plaintiffs will fairly and adequately protect the interests of UNICO and its shareholders  
13 in enforcing the rights of UNICO against the Defendants. Plaintiffs' attorneys are experienced in  
14 securities and shareholder litigation and will prosecute this action diligently on behalf of UNICO to  
15 enforce the rights of the Company against Defendants. Plaintiffs have no interest adverse to UNICO.

16  
17 **VI.**  
**CAUSES OF ACTION**

18 **FIRST CAUSE OF ACTION**  
19 **BREACH OF FIDUCIARY DUTY**  
**(Against WIEDRICH, LOPEZ, BROWN and DOE DEFENDANTS)**

20 29. Plaintiffs repeat and reallege all preceding paragraphs as though fully set forth herein.

21 30. The Defendants owed to UNICO and its shareholders, the highest duties of loyalty,  
22 honesty and care in conducting its affairs. The Defendants knowingly, recklessly, and/or culpably  
23 breached their fiduciary duties of care as set forth above.

24 31. The Defendants, individually and in concert, engaged in the aforesaid conduct in  
25 knowing, intentional, and/or reckless disregard of their fiduciary duties which they owed to the  
26 Company and its shareholders, as officers and directors thereof, or acted with such gross negligence  
27 or indifference to their responsibilities that they may be held personally liable for the wrongs  
28 complained of.



1 were grossly negligent and resulted in corporate waste.

2 41. As a result of Defendants' waste, UNICO has been damaged.

3  
4 **FOURTH CAUSE OF ACTION**  
5 **BREACH OF CONTRACT**  
6 **(Against Defendants JAVELIN and DOES 1 - 100)**

7 42. Plaintiffs repeat and reallege all preceding paragraphs as though fully set forth herein.

8 43. Defendant JAVELIN contracted with UNICO to render financial advice as set forth  
9 in the Consulting Agreement attached hereto as **Exhibit E**.

10 44. Instead of rendering objective and beneficial financial advice as required under the  
11 Consulting Agreement, JAVELIN used the opportunity to advise UNICO to enter into financing  
12 arrangements that it knew would be detrimental to UNICO in breach of contract.

13 45. UNICO performed all of its obligations under the contract.

14 46. UNICO has suffered damages in an amount to be proven at trial, but not less than \$20  
15 million.

16 **FIFTH CAUSE OF ACTION**  
17 **AIDING AND ABETTING BREACH OF FIDUCIARY DUTY**  
18 **(Against Defendants TRAVELLER, JAVELIN, WIEDRICH and DOES 1 - 100)**

19 47. Plaintiffs repeat and reallege all preceding paragraphs as though fully set forth herein.

20 48. WIEDRICH, LOPEZ, and BROWN (the "Officers and Directors") owed to UNICO  
21 and its shareholders, the highest duties of loyalty, honesty and care in conducting its affairs. The  
22 Officers and Directors knowingly, recklessly, and/or culpably breached their fiduciary duties of care  
23 as set forth above.

24 49. The Officers and Directors individually and in concert, engaged in the aforesaid  
25 conduct in knowing, intentional, and/or reckless disregard of their fiduciary duties which they owed  
26 to UNICO and its shareholders, as officers and directors thereof, or acted with such gross negligence  
27 or indifference to their responsibilities that they may be held personally liable for the wrongs  
28 complained of.

49. The Officer and Directors conspired to abuse and did abuse the control reposed in them  
by virtue of their positions as officers and directors of UNICO.

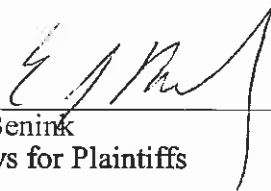


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8. Any other and further relief as this Court may deem just and proper.

Dated: August 14, 2008

KRAUSE KALFAYAN BENINK &  
SLAVENS, LLP



Eric J. Benink  
Attorneys for Plaintiffs