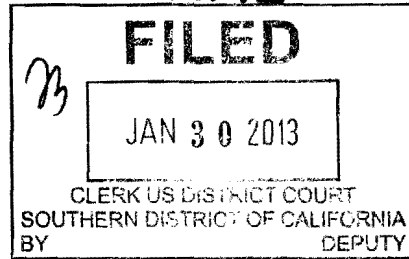


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7 United States of America

ORIGINAL



8 UNITED STATES DISTRICT COURT

9 FOR THE SOUTHERN DISTRICT OF CALIFORNIA

10 UNITED STATES OF AMERICA,

11 Plaintiff,

12 v.

13 UNICO, INC.,

14 Defendant.
15

Case No. 13CR0355-JAH

**DEFERRED PROSECUTION
AGREEMENT**

16 The United States Attorney's Office for the Southern District of California (the "USAO") and
17 defendant Unico, Inc. ("Unico"), by its undersigned representatives and attorneys, pursuant to authority
18 granted by Unico's Board of Directors, enter into this deferred prosecution agreement (the
19 "Agreement"). The terms and conditions of this Agreement are as follows:

20 **Criminal Information and Acceptance of Responsibility**

21 1. Unico acknowledges and agrees that the USAO will file a one-count Criminal
22 Information in the United States District Court for the Southern District of California charging Unico
23 with violating Title 18, United States Code, Section 1001(a)(2). In so doing, Unico knowingly waives:
24 (a) its right to indictment on these charges; (b) its right to a speedy trial pursuant to the Sixth
25 Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal
26 Rule of Criminal Procedure 48(b); and (c) any objection with respect to venue. Unico consents to the
27 filing of the Information, as provided under the terms of this Agreement, in the United States District
28 Court for the Southern District of California.

Initials__

1 5. Unico shall continue to cooperate fully with the USAO in its investigation of violations
2 of criminal statutes including, but not limited to, Title 18, United States Code, Sections 1348, 1349,
3 1519, 1956 and 1957. Unico shall also assist the USAO in procuring the cooperation of former members
4 of the Board of Directors and former employees of Unico. At the USAO's request, Unico shall also
5 cooperate fully with other domestic or foreign criminal law enforcement authorities and agencies, in any
6 investigation of Unico, or any of its present and former officers, directors, employees, agents,
7 consultants, contractors, subcontractors, and subsidiaries, or any other party. Unico agrees that its
8 cooperation shall include, but is not limited to, the following:

9 a. Unico shall truthfully disclose all factual information not protected by a valid
10 claim of attorney-client privilege or work-product doctrine with respect to its activities and those of its
11 present and former directors, officers, employees, agents, consultants, contractors, subcontractors, and
12 subsidiaries concerning all matters about which Unico has any knowledge or regarding which the USAO
13 may inquire. This obligation of truthful disclosure includes the obligation of Unico to provide to the
14 USAO, upon request, any document, record or other tangible evidence about which the USAO may
15 inquire of Unico.

16 b. Upon request of the USAO, Unico shall designate knowledgeable employees,
17 agents or attorneys to provide to the USAO the information and materials described in Paragraph 5(a)
18 above, on Unico's behalf. It is further understood that Unico must at all times provide complete,
19 truthful, and accurate information.

20 c. Unico shall use its best efforts to make available for interviews or testimony, as
21 requested by the USAO, present or former officers, directors, employees, agents and consultants of
22 Unico, as well as the officers, directors, employees, agents and consultants of contractors and
23 subcontractors. This obligation includes, but is not limited to, sworn testimony before a federal grand
24 jury or in federal trials, as well as interviews with federal law enforcement and regulatory authorities.
25 Cooperation under this Paragraph shall include identification of witnesses who, to Unico's knowledge,
26 may have material information regarding the matters under investigation.

27 d. With respect to any information, testimony, documents, records or other tangible
28 evidence provided to the USAO pursuant to this Agreement, Unico consents to any and all disclosures

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1 to other governmental authorities, including United States authorities and those of a foreign government,
2 the Securities and Exchange Commission (“SEC”) and the Financial Industry Regulatory Authority
3 (“FINRA”), of such materials as the USAO, in its sole discretion, shall deem appropriate.

4 e. Unico shall report to the USAO any past or ongoing illegal conduct relating to
5 Unico and its present and former officers, directors, employees, agents, consultants, contractors,
6 subcontractors, and subsidiaries.

7 f. Within a reasonable period not to exceed one month following the entry of this
8 agreement in court, Unico shall take all legal and administrative steps that are necessary to create the
9 position of Corporate Monitor (“Monitor”). This Monitor is subject to approval by the USAO. To
10 obtain approval for a Monitor, Unico must present at least three candidates for the position of Monitor
11 to a standing ad hoc committee of the USAO, which will evaluate the candidates in consultation with
12 the Office of the Deputy Attorney General. Should the USAO reject all of Unico’s candidates, Unico
13 shall present additional candidates to the USAO until the USAO approves of at least one. The Monitor’s
14 authority and obligations are as follows:

- 15 (i) The Monitor’s pre-approval, in writing, shall be required before Unico may issue any
16 amount of stock.
- 17 (ii) The Monitor’s pre-approval, in writing, shall be required before Unico makes any public
18 filing with the SEC.
- 19 (iii) The Monitor’s pre-approval, in writing, shall be required before Unico may assign, sell
20 or alter its possession or ownership of any asset(s) greater than \$25,000; obtain loans,
21 otherwise incur obligations known or reasonably foreseeable to be above \$25,000; or
22 adopt any business plan for its operations or any change in operations.
- 23 (iv) The Monitor’s pre-approval, in writing, shall be required before Unico may settle, with
24 any creditor, a debt worth more than \$75,000 or make any other payment of any kind
25 greater than \$75,000.
- 26 (v) The Monitor shall ensure that Unico pays the fine, as set forth in Paragraph 6 of this
27 Agreement, in full and on a timely basis.
- 28

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- 1 (vi) In deciding whether to pre-approve corporate actions, the Monitor shall, above all, ensure
- 2 that Unico abides by its duties to shareholders, including providing them with complete
- 3 and accurate information.
- 4 (vii) The Monitor shall be an Officer of Unico but in carrying out its duties shall act as an
- 5 independent third party, and not an agent of Unico or the USAO. Nor shall the Monitor
- 6 be understood to provide legal advice to Unico as part of an attorney-client relationship,
- 7 regardless of whether the Monitor is an attorney.
- 8 (viii) The Monitor shall receive notice and agendas for all full Board meetings (special and
- 9 regular) of Unico's Board of Directors. The Monitor may attend those meetings in which
- 10 the Board will be reviewing and possibly taking action on items over which the Monitor
- 11 has approval power, but shall not be required to do so.
- 12 (ix) The Monitor shall promptly notify the Board if the Monitor believes that any corporate
- 13 action violates, or appears to violate, the terms of this Agreement. If the Board does not
- 14 respond, with a cure or an adequate plan for implementing a cure, to the satisfaction of
- 15 the Monitor within ten (10) days of the notification, then the Monitor shall immediately
- 16 notify the USAO.
- 17 (x) The Monitor shall not enter into employment of any type with Unico for one year
- 18 following the Term.

Payment of Monetary Penalty

19
20 6. The USAO and Unico agree that the applicable monetary penalty shall be calculated
21 pursuant to the United States Sentencing Guidelines ("USSG" or "Sentencing Guidelines"). The parties
22 agree to recommend the following:

- 23 a. Applicable Guidelines. The Guidelines calculations below are taken from the 2012
- 24 USSG Manual and have been arrived at by stipulation of the parties.
- 25 b. Base offense level. Based upon USSG § 2B1.1(c)(3), § 2J1.2, and in view of §
- 26 8C2.10 and 18 U.S.C. §§ 3553 and 3572, the parties stipulate that the total offense
- 27 level is 14, calculated as follows:

Base offense level [§ 2J1.2(a)]	14
TOTAL	14

Initials _____

- 1 c. Base Fine. Based upon USSG § 8C2.4(d), the base fine is \$85,000.
- 2 d. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 3, calculated as
- 3 follows:
- | | | |
|---|--------------------------|----------|
| 4 | Base score [§ 8C2.5(a)] | 5 |
| | Cooperation [§ 8C2.5(g)] | -2 |
| | TOTAL | 3 |
- 5
- 6 e. Fine range. Based upon § 8C2.7, the total fine range is , calculated as follows:
- | | | |
|---|------------------------|------------------------------|
| 7 | Base Fine [§ 8C2.4(d)] | \$85,000 |
| | Multipliers [§ 8C2.6] | 0.60 to 1.20 |
| | TOTAL | \$51,000 to \$102,000 |
- 8
- 9 f. Agreed criminal penalty. The USAO and Unico agree that the appropriate criminal
- 10 penalty in this case is **\$51,000**, which is the bottom of the applicable Sentencing
- 11 Guidelines range.
- 12 g. Payment Schedule. In light of Unico’s disclosures to the USAO regarding its current
- 13 inability to pay a fine, the USAO will defer Unico’s obligation to pay any monetary
- 14 penalty for 18 months from the date that this Agreement is filed.

15 **Conditional Release from Criminal Liability**

16 7. In return for Unico’s full and truthful cooperation, and its compliance with the terms and

17 conditions of this Agreement, the USAO agrees, subject to paragraphs 12–15 below, not to use any

18 information related to the conduct described in the Statement of Facts, attached hereto as Exhibit A,

19 against Unico or any of its wholly owned or controlled subsidiaries in any criminal or civil case, except:

20 (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false

21 statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a

22 prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States

23 Code. In addition, the USAO agrees, except as provided herein, that it will not bring any criminal case

24 against Unico or any of its wholly-owned or controlled subsidiaries related to the conduct of present and

25 former officers, directors, employees, agents, consultants, contractors and subcontractors. This

26 Paragraph does not provide any protection against prosecution of any present or former officer, director,

27 employee, shareholder, agent, consultant, contractor, or subcontractor of Unico for any violations

28 committed by them.

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1 **Corporate Compliance Program**

2 8. Unico shall maintain a compliance and ethics program designed to prevent and detect
3 violations of the criminal law and the securities laws throughout its operations, including those of its
4 subsidiaries, affiliates, agents, and joint ventures. Implementation of these policies and procedures shall
5 not be construed in any future enforcement proceeding as providing immunity or amnesty for any crimes
6 not disclosed to the USAO as of the date of signing of this Agreement for which Unico would otherwise
7 be responsible.

8 9. In order to address any deficiencies in its internal controls, policies, and procedures,
9 Unico represents that it has undertaken, and will continue to undertake in the future, in a manner
10 consistent with all of its obligations under this Agreement, a review of its existing internal controls,
11 policies, and procedures regarding compliance with the criminal law and the provisions of the securities
12 laws. If necessary and appropriate, Unico will adopt new or modify existing internal controls, policies,
13 and procedures.

14 **Deferred Prosecution**

15 10. In consideration of: (a) Unico's past and future cooperation described in Paragraph 5
16 above; (b) Unico's payment of a monetary criminal penalty; and (c) Unico's ongoing review of its
17 existing internal controls, policies, and procedures regarding compliance with the criminal law, the
18 USAO agrees that any prosecution of Unico for the conduct set forth in the Statement of Facts be and
19 hereby is deferred for the Term of this Agreement.

20 11. The USAO further agrees that if Unico fully complies with all of its obligations under
21 this Agreement, the USAO will not continue the criminal prosecution against Unico described in
22 Paragraph 1 or for any other offense relating to securities fraud or obstruction of justice chargeable under
23 Title 18, United States Code, Sections 1348 and 1519 known to the USAO and arising prior to the date
24 of the Agreement. At the conclusion of the Term, this Agreement shall expire. Within thirty (30) days
25 of the Agreement's expiration, the USAO shall seek dismissal with prejudice of the Criminal
26 Information filed against Unico described in Paragraph 1.

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Breach of the Agreement

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2 12. If, during the Term of this Agreement, the USAO determines, in its sole discretion, that
3 Unico has (a) committed any felony under federal law subsequent to the signing of this Agreement, (b)
4 at any time provided deliberately false, incomplete, or misleading information, or (c) otherwise breached
5 the Agreement, Unico shall thereafter be subject to prosecution for any federal criminal violation of
6 which the USAO has knowledge, may be pursued by the USAO in the United States District Court for
7 the Southern District of California or any other venue appropriate under law. Any such prosecution that
8 is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement
9 may be commenced against Unico notwithstanding the expiration of the statute of limitations between
10 the signing of this Agreement and the expiration of the Term plus one (1) year. Thus, by signing this
11 Agreement, Unico agrees that the statute of limitations with respect to any prosecution that is not
12 time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one (1) year.

13 13. In the event that the USAO determines that Unico has breached this Agreement, the
14 USAO agrees to provide Unico with written notice of such breach prior to instituting any prosecution
15 resulting from such breach. Unico shall, within thirty (30) days of receipt of such notice, have the
16 opportunity to respond to the USAO in writing to explain the nature and circumstances of such breach,
17 as well as the actions Unico has taken to address and remediate the situation.

18 14. In the event that the USAO determines that Unico has breached this Agreement: (a) all
19 statements made by or on behalf of Unico to the USAO or to the Court, including the Statement of Facts
20 attached hereto as Exhibit A, and any testimony given by Unico before a grand jury, a court, or any
21 tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, or any leads
22 derived from such statements or testimony, shall be admissible in evidence in any and all criminal
23 proceedings brought by the USAO against Unico; and (b) Unico shall not assert any claim under the
24 United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the
25 Federal Rules of Evidence, or any other federal rule, that statements made by or on behalf of Unico to
26 the USAO prior or subsequent to this Agreement, and any leads derived therefrom, should be
27 suppressed. The decision whether conduct or statements of any individual will be imputed to Unico for
28 the purpose of determining whether Unico has violated any provision of this Agreement shall be in the

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1 sole discretion of the USAO.

2 15. Unico acknowledges that the USAO has made no representations, assurances, or promises
3 concerning what sentence may be imposed by the Court if Unico breaches this Agreement and this
4 matter proceeds to judgment and sentencing. Unico further acknowledges that any such sentence is
5 solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court
6 in the exercise of such discretion.

7 **Public Statements by Unico**

8 16. Unico expressly agrees that it shall not, through present or future attorneys, officers,
9 directors, employees, agents or any other person authorized to speak for Unico make any public
10 statement, in litigation or otherwise, contradicting the acceptance of responsibility by Unico set forth
11 above or the facts described in the attached Statement of Facts, attached hereto as Exhibit A. Any such
12 contradictory statement shall, subject to cure rights of Unico described in this paragraph, constitute a
13 breach of this Agreement and Unico thereafter shall be subject to prosecution as set forth in this
14 Agreement. The decision whether any public statement by any such person contradicting a fact
15 contained in the Statement of Facts will be imputed to Unico for the purpose of determining whether
16 Unico has breached this Agreement shall be at the sole discretion of the USAO. If the USAO determines
17 that a public statement by any such person contradicts in whole or in part a statement contained in the
18 Statement of Facts, the USAO shall so notify Unico, and Unico may avoid a breach of this Agreement
19 by publicly repudiating such statement(s) within five (5) business days after notification. Consistent
20 with the obligations of Unico as set forth above, Unico shall be permitted to raise defenses and to assert
21 affirmative claims in civil and regulatory proceedings relating to the matters set forth in the Statement
22 of Facts. This Paragraph does not apply to any statement made by any present or former employee of
23 Unico in the course of any criminal, regulatory, or civil case initiated against such individual, unless
24 such individual is speaking on Unico's behalf.

25 17. Unico agrees that if it or any of its direct or indirect affiliates or subsidiaries issues a press
26 release in connection with this Agreement, Unico shall first consult the USAO to determine whether (a)
27 the text of the release or proposed statements at the press conference are true and accurate with respect
28 to matters between the USAO and Unico; and (b) the USAO has no objection to the release.

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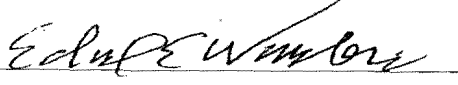
Complete Agreement

21. This Agreement sets forth all the terms of the agreement between Unico and the USAO. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the USAO, the attorneys for Unico, and a duly authorized representative of Unico.

Dated: 1/30/13

AGREED

FOR UNICO, INC.:

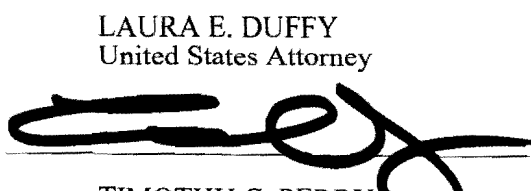
Date: 1-27-2013 By: 

EDWARD WINDERS
Chairman of the Board
Unico, Inc.

Date: Jan 28, 2013 By: 

SANJAY BHANDARI
Bhandari Law Group
Attorney for Unico, Inc.

FOR THE USAO:

Date: 1/30/13 By: 

LAURA E. DUFFY
United States Attorney

TIMOTHY C. PERRY
VALERIE H. CHU
Assistant United States Attorneys

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COMPANY OFFICER'S CERTIFICATE


I certify that I am the Chairman of the Board for Unico, Inc. As such, I have been authorized, empowered and directed to enter into the Agreement.

I have read this Agreement and carefully reviewed every part of it with outside counsel for Unico, Inc. ("Unico"). I understand the terms of this Agreement and voluntarily agree, on behalf of Unico, to each of its terms. Before signing this Agreement, I consulted outside counsel for Unico. Counsel fully advised me of Unico's rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with Unico's Board of Directors. I have been advised and caused Unico's outside counsel to advise the Board of Directors fully of Unico's rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on Unico's behalf, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter.

Date: 1-27-2013

By: 

EDWARD WINDERS
Chairman of the Board
Unico, Inc.


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CERTIFICATE OF COUNSEL

I am counsel for Unico Technologies, Inc. ("Unico") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Unico documents and have discussed the terms of this Agreement with the Unico Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that: the representative of Unico has been duly authorized to enter into this Agreement on Unico's behalf and that this Agreement has been duly and validly authorized, executed, and delivered on Unico's behalf and is a valid and binding obligation of Unico. Further, I have carefully reviewed the terms of this Agreement with Unico's Board of Directors. I have fully advised them of Unico's rights, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. To my knowledge, Unico's decision to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: JAN 28, 2013

By: 

SANJAY BHANDARI
Bhandari Law Group
Attorney for Unico, Inc.

ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement (“the Agreement”) between the United States Attorney’s Office (“USAO”) and Unico, Inc. (“Unico”), and the parties hereby agree and stipulate that the following information is true and accurate. Unico admits, accepts, and acknowledges that it is responsible for the acts of its officers, employees, and agents as set forth below:

1. Between 2006 and 2008, and at all relevant times, defendant Unico was an issuer with a class of securities registered under section 12 of the Securities Exchange Act of 1934, required by section 13 of the Securities Exchange Act to make regular reports including annual disclosures on Securities and Exchange Commission (“SEC”) Form 10-K. Unico had its headquarters in San Diego, California.

2. Between 2006 and 2008, and at all relevant times, Unico was led by Chief Executive Officer Mark A. Lopez (“Lopez”), a Chief Financial Officer, and a Board of Directors (the “Former Management”), none of whom, excepting one Director, remain Directors or Officers as of the date of this Agreement is signed. At all relevant times, Former Management acted knowingly, voluntarily, within their authority and for the benefit of Unico. Former Management had the power to bind Unico.

3. On or about June 13, 2007, in the Southern District of California, and elsewhere, defendant Lopez, in a matter within the jurisdiction of the Securities and Exchange Commission, an independent agency of the Executive Branch of the United States, did make a materially false, ~~misleading~~ and fraudulent statement and representation in that former management for Unico did file a Form 10-KSB for Unico’s fiscal year 2007 stating in part as follows:

During the year ended February 28, 2007, the Company entered into a total of 108 settlement transactions in the Twelfth Circuit (State) Court in Florida stemming from defaulted convertible debentures totaling \$2,740,000. Unico agreed to settle each action by issuing a total of 986,744,018 shares of its common stock to the note holders. These shares were issued pursuant to Section 3(a)(10) of the Securities Act of 1933, as amended, after a hearing with notice to, and an opportunity to be heard from, interested parties, as to the fairness of each transaction, by a state court in Florida which specifically determined, prior to declaring that the transactions were exempt under Section 3(a)(10), that the transactions were fair to the interested parties. As a result of issuing shares under the settlements, the Company recorded an expense of \$13,248,915 and recognized \$63,829 in income from interest forgiven as part of the settlement. In

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addition, \$750,000 was paid to the Company from the debenture holders resulting from an adjustment in the stock price subsequent to the court ordered settlement.

4. Acting knowingly, voluntarily and within his authority as CEO for the benefit of Unico, Lopez caused this statement to be made to the SEC. Lopez made this statement willfully. That is, Lopez made this statement deliberately and with the knowledge that the statement was untrue.

5. This statement was material to the activities and decisions of the SEC; that is, the statement had a natural tendency to influence the agency's decisions and activities, ^{or was capable of influencing} ~~because it concealed~~ the true purpose of the "\$750,000 payment" that was paid to Unico.

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ATTACHMENT B

CERTIFICATE OF CORPORATE RESOLUTIONS

WHEREAS, Unico, Inc. (“Unico” or the “Company”) has been engaged in discussions with the United States Attorney’s Office for the Southern District of California (the “USAO”) regarding violations and possible violations of the criminal law; and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the USAO; and

WHEREAS, the Company’s outside counsel, Sanjay Bhandari, has advised the Board of Directors of the Company of its rights, possible defenses, the Sentencing Guidelines’ provisions, and the consequences of entering into such agreement with the USAO;

Therefore, the Board of Directors has RESOLVED that:

1. The Company (a) consents to the filing of a one-count Information charging Unico with false and fictitious statements in violation of Title 18, United States Code, Section 1001(a)(2); (b) waives indictment on such charges and enters into a deferred prosecution agreement with the USAO; and (c) agrees to accept a monetary criminal penalty against Unico of \$51,000 as set forth in the Agreement;

2. The Chairman of the Board, Edward Winders, is hereby authorized, empowered and directed, on behalf of the Company, to execute the Deferred Prosecution Agreement substantially in such form as reviewed by this Board of Directors at this meeting;

3. Unico’s Officers and Directors are hereby authorized, empowered, and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms, or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

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4. All of Unico's prior actions, which actions would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of the Company.

Date: 1-27-2013 .

By: *Wayne Hartha*
Corporate Secretary

Initials _____