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## Ra3 Audit/Appeal

1 message

Greg Shepard <greg@rapower3.com>  
 To: Greg Shepard <greg@rapower3.com>

Fri, Jan 17, 2014 at 1:33 PM

To All: Here's an Update

1. Attached is an appeal letter I wrote. It is aggressive, but I feel the time is right for that kind of an approach. Feel free to use all or part of it.
2. The IRS is saying we don't have a business license: FACT: RaPower3 is registered in all 50 states. We have had a business license in Utah County for many years and we are just about done with the business license requirements in Millard County.
3. The IRS is saying we don't have a permit: FACT: We have had a Conditional Use permit since 2011 in Millard County (Delta). We may have to get a broader type permit this year, but we are in compliance with the Millard County Commission office. We are working with them as needed. Alan Roper one of the three county commissioner's, was taken on a tour by me last Tuesday. He was impressed. We also just recently passed inspection for all our electrical hook-ups at the manufacturing plant. We also have many of our workers out in the field certified to operate a crane.
4. We now have 20 full-time employees. This makes us one of the largest employers in Millard County.
5. We will soon have three shifts going 24 hours a day-five days a week. I'm told that won't even keep up with the demand of existing orders.
6. Kirton-McConkie has just written another Tax Attorney opinion letter. Do not let the IRS intimidate you on this issue.

Every day the IRS continues to have a weaker and weaker position. Keep up the faith even though it is stressful. For those of you that want to make up the money spent on your audit/appeal, call me ASAP at 801-699-2284.

Regards, Greg

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 IRS Oregon Audit Letter.doc  
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January 14, 2014

Department of Revenue  
Genevieve Traub  
1550 NW Eastman Parkway Suite 220  
Gresham, OR 97030

Genevieve Traub:

I received your letter dated January 2, 2014 stating that if I disagreed with the proposed report, to provide documentation to support my position. Please accept this letter to be a formal disagreement with your total position both in your written report and what you have said verbally.

I am engaged in the solar energy business. Our technology surpasses all other technologies. We are the only solar company in the nation that can compete with coal prices and coal production. This is what having all of these federal tax benefits passed by Congress and signed by President Bush and President Obama is all about. My business is helping to bring clean affordable renewable energy to our nation and I also have plans to bring this technology to the people of Oregon this year.

I am entitled to fair and professional treatment. Unfortunately, this has not happened. Your brief explanation of why my solar tax credits and depreciation were denied was spurious, specious and totally inaccurate. Your verbal accusation of stating that my solar business is not a valid business has not been adequately explained at all. In your latest attempt to do so, your basis in so doing was the result of misreading all of my documents.

My contracts and agreements were put together by highly trained and respected attorneys. You did not read them carefully. This is troubling to me. A professional auditor should accurately portray what I'm doing. You cannot be allowed to just make stuff up. You dismissed these attorneys and you dismissed the tax attorney opinion letters without comment.

I am not going away. RaPower3 is not going away. The owners of the technology are not going away and neither are our attorneys. There will soon be extensive press releases touting our technology. Auditors who deny our benefits will need to explain themselves to the press and elected government officials. Since you are challenging my federal benefits, our attorneys feel that you have now put yourself in a position where I can apply federal remedies for reckless and/or negligent actions. Our attorneys could also pursue the Bivens Actions as an additional remedy against you.

I and our attorneys are aware that you have denied at least one other Oregon resident his tax credits and depreciation citing the same reasons. I'm also giving you advance notice, that conversations both in person and over the phone will be audio taped for attorney review.

Geneive Traub you are going down a path that is bad for our country, bad for Oregon and bad for the Oregon Department of Revenue.

OK, let's cut right to the chase. **I have a valid business.**

1. I am a distributor for RaPower3 which has a network marketing component. RaPower3 is registered to do business in all fifty states. Part of my business is sell solar lenses to others. If I can, I make commissions which would be subject to me receiving a 1099 form and thus subject to paying taxes. There are many in Oregon involved in network marketing companies. Some make money right away; some don't but they are allowed some time. You can't single me out.
2. RaPower3 is one of the largest employers in Millard County, Utah. There is a manufacturing plant, a construction company and vast amounts of land owned in several different states. Everything is owned outright, including the land for renewable energy projects. There are no company debts. There is approximately \$60M in paid solar energy inventory. Very soon three shifts will be working 24-hours a day to meet the demand for our products. All of these entities and employees pay taxes. I believe that my business with RaPower3 has great growth potential. While many solar energy businesses are declaring bankruptcies after going through billions of tax benefit dollars collectively, RaPower3 stands as a beacon to be lauded by our government. Certainly not harassed.

**Panels versus solar lenses:** You keep referring to my solar lenses as solar panels. Solar panels are associated with PV or photovoltaic technology. You are thinking of solar panels commonly put on rooftops. The only function of solar panels is to produce electricity. My solar lenses that I purchased use CSP or Concentrated Solar Power technology. CSP is most commonly used with commercial projects. The function of solar lenses is to produce heat. The heat produced can be used for a variety of purposes. For example, one purpose would be to produce electricity and another would be to provide heat for a greenhouse.

**You say my solar panels that I purchased are investment assets.** No. My solar lenses are tangible personal property. I can use my solar lenses for any use that I would deem profitable.

**You say that I purchase solar panels and then immediately lease them back to the seller. In another statement you said I then lease them back to the company for rental income.** Absolutely false. Where did you get that I lease them back to the seller? RaPower3, the seller, has nothing to do with any rental or lease agreement. Please refer to my Operations and Maintenance Agreement. I rent my solar lenses to an entirely separate company called LTB, LLC which is registered in the state of Nevada. This is the company that will pay my rental income; not the seller.

**You say the panels at some point after an initial 5-year period will earn some rental income.** Again, incorrect and quite misleading. I have a great profit motive for renting my lenses to LTB, LLC. My upfront costs are \$1,050 per lens. This year I will begin making \$150 a year per lens for the initial 5-year period. This is clearly explained in the Operations and Maintenance Agreement. You implied that I would earn nothing during the initial five-year period, when by contract, I will actually receive \$750 per solar lens during this period. Then you say that I would earn "some" rental income after the initial five-year period. Misleading. I will actually receive \$68 per lens per year for the next thirty years after the initial 5-year period. That's \$2,040. So my total rental income would be \$2,790. That's a lot more than my potential tax benefits.

**You say I'm engaged only in a passive activity with no material participation.** I disagree. In the Operations and Maintenance Agreement, I make a number of demands on LTB, LLC to protect my tangible personal property (solar lenses). For example, LTB, LLC must carry insurance and replace my lenses at their cost if they are damaged for any reason. I am also engaged in the network marketing side of my business. I constantly study the energy market to better inform myself and others that I approach to sell solar lenses.

I have no employees in my business. I do all of the work in my business. My participation is the only activity in my business, therefore, according to IRS guidelines, I do materially participate.

Furthermore, I entered into a contract, at the time of my purchases, with International Automated Systems. They are another entirely different company which owns a variety of technologies, including over 60 patents or patent-pendings in renewable energy. I have agreed to let International Automated Systems use my solar lenses for advertising purposes. Every month quite a number of people tour the Delta, Utah site. Some are wealthy companies, individuals or representatives from foreign countries. They are shown my solar lenses along with other RaPower3 purchaser's solar lenses. If this creates sales with any of International Automated Systems technologies, I get a small percentage of the gross sales as outlined in our contract. This has a maximum payout of between \$2,000 and \$6,000 per solar lens. Payouts should begin this year and again, like the rental income, this is a big profit motive for me that substantially exceed my potential tax benefits. By virtue of my contract with International Automated Systems signed at the time of purchase, I used my solar lenses to make money. Therefore, this also qualifies me as materially participating in my solar business.

**The solar panels are not generating income at this time.** My solar lenses are the result of brand new innovative breakthrough technology. I have always had a good faith motive that my solar lenses would make a profit. President Obama has stated in his state of the union address that we need to invest in innovation in order to bring our nation to the forefront of renewable energy. RaPower3 through International Automated Systems has now achieved this significant milestone.



I could have purchased old expensive solar technology, but I chose an innovative technology. It takes time to do this. Our time is this year. Federal Tax codes allow us that time. Please refer to the tax attorney opinion letters that were previously provided for verification and substantiation of this matter and all the above matters.

In conclusion, all I ask is that you be fair and professional. Study the material I have presented and the point of view I have taken. I want to bring clean affordable renewable energy to our nation and to the people of Oregon. You should also want this and for yourself personally.