

**Opposition to Rule 52(c)
Motion by the
United States of America**

*United States of America v.
RaPower-3, LLC, International Automated Systems,
Inc., LTB1, LLC, R. Gregory Shepard, Neldon
Johnson, and Roger Freeborn*

Case No. 2:15-cv-00828-DN-EJF

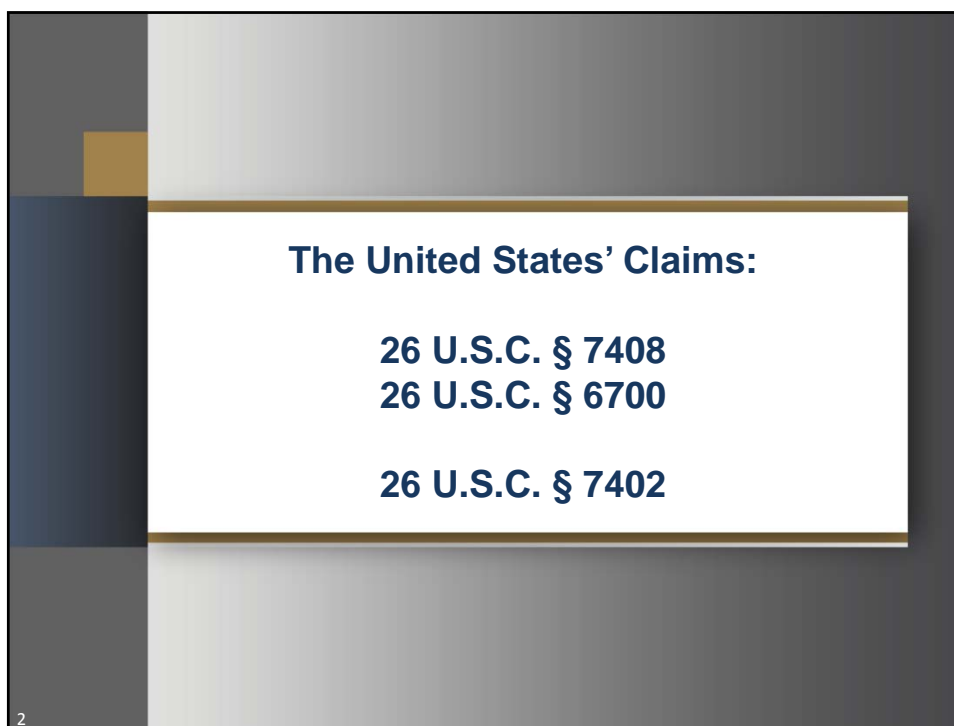
United States District Court,
District of Utah

0

“Paying income taxes is a statutory duty; some also consider it a civic duty. Few gladly pay, but most faithfully do. Faithful compliance is tested, sometimes beyond elastic limits, by the siren’s song of the unscrupulous – pay 10% of your income to the ‘church’ and completely avoid the much higher extractions demanded by the taxman AND do so without changing your life circumstances in any significant manner. Sounds great! To the unprincipled or the naïve, it is precisely what the doctor ordered. It is also illegal.”

***United States v. Hartshorn, 751 F.3d 1194, 1204 (10th Cir. 2014)
(O’Brien, J., concurring)***

1



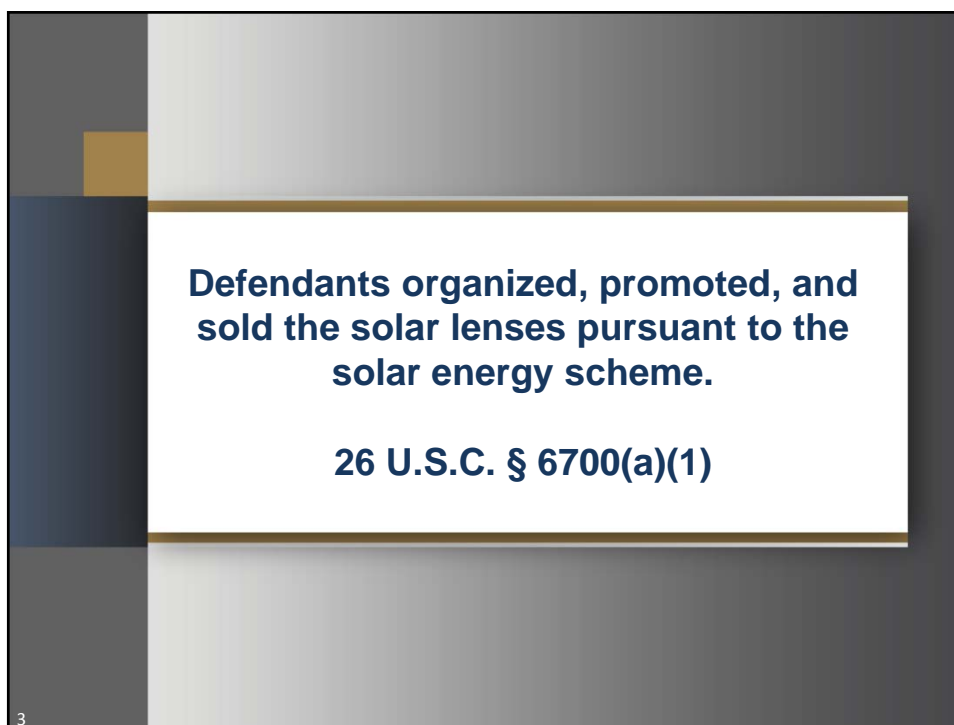
The United States' Claims:

26 U.S.C. § 7408
26 U.S.C. § 6700

26 U.S.C. § 7402

2

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Defendants organized, promoted, and sold the solar lenses pursuant to the solar energy scheme.

26 U.S.C. § 6700(a)(1)

3

This slide features a dark grey background with a white rectangular area in the center. The text is centered within this white area. A small gold square is located in the top-left corner of the slide's background.

Neldon Johnson

- Is and has been the manager, and a direct and indirect owner of RaPower-3, LLC, International Automated Systems, Inc. and LTB1, LLC (among other entities) and is the sole decision-maker for each of these entities.
 - PLEX 579, Neldon Johnson Dep., vol. 1., 36:1-39:12; 46:3-47:3; 52:20-57:1; 74:1-14; 77:4-87:12.
 - PLEX 77
 - PLEX 507, p. 26, 29-30
- Claims to have invented certain solar energy technology which involves solar thermal lenses placed in arrays on towers.
 - PLEX 579, Neldon Johnson Dep., vol. 1, 134:19-135:2
 - PLEX 509 Video 12_4_38-5_15
- Created, owns and controls at least three entities that sell or have sold solar lenses: SOLCO I, Xsun Energy, and RaPower-3, LLC.
 - PLEX 579, Neldon Johnson Dep., vol. 1, 79:8-81:7; 82:8-83:6
 - PLEX 582, IAS 30(b)(6) Dep., 38:10-40:6; 45:4-17; 47:2-19
 - PLEX 673, LTB1 30(b)(6) Dep., 78:22-79:5; 79:12-80:9
 - PLEX 682, RaPower-3 30(b)(6) Dep., 32:16-33:14; 44:4-14; 45:9-10
 - PLEX 208
 - PLEX 355

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R. Gregory Shepard

- Has been an IAS shareholder since the mid-1990s.
 - PLEX 685, R. Gregory Shepard Dep., 43:19-46:1
- Became one of IAS's initial salespeople in or around September 2005, and began selling solar lenses.
 - PLEX 685, R. Gregory Shepard Dep., 70:14-72:8
 - PLEX 463
- Was a coach and trainer in sports performance before becoming involved with the solar energy scheme.
 - PLEX 685, R. Gregory Shepard Dep., 27:2-30:24
- Is the "Chief Director of Operations" for RaPower-3.
 - PLEX 685, R. Gregory Shepard Dep., 102:11-103:3; 113:8-115:3; 123:6-15
 - PLEX 682, RaPower-3 30(b)(6) Dep., 108_5-18
- Maintains www.rapower3.com, sends emails and team memos to RaPower-3 "team members" and moderates an online discussion board called "IAUS & RaPower[-]3 Forum."
 - PLEX 685, R. Gregory Shepard Dep., 25:22-26:8; 286:5-24
 - PLEX 1, 5, 19, 20, 21, 24, 25, 34, 352, 419, 459, 674, 676, 678, 679, 680
 - M. Shepard Testimony, Trial Tr. 1359:4-6; 1394:14-1397:12
- Owns and operates Shepard Global.
 - M. Shepard Testimony, Trial Tr. 1412:18-1412:14
 - R. Jameson Testimony, Trial Tr. 1294:18-1295:15

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EQUIPMENT LEASE AGREEMENT

This Equipment Lease Agreement ("Agreement") is made and entered into this 28 day of Dec, 2006 by and between International Automated Systems, Inc., a Utah corporation with offices at 326 North Highway 6, Salem, UT 84653, hereinafter referred to as "Lessor", and Greg Shepard, whose address is 828 W. 1st Street, Bladon, Utah, hereinafter referred to as "Lessee".
SLC, UT P4145

AGREEMENT

NOW, THEREFORE, the parties hereto agree as follows:

1. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor for a period of 72 months, hereinafter referred to as the "Lease Period", from the Installation Date stated below, the Alternative Energy System consisting of the system components identified on the attached Exhibit "A". Lessor shall furnish, deliver, install and startup the Alternative Energy System, at a site provided by Lessee at YBCO, Ogden, Utah, hereinafter referred to as the "Installation Site".

b. Lessor shall, by 3-1-06 or within six (6) months of the Plan Date, hereinafter referred to as the "Permit Date", obtain, on behalf of Lessee, all required regulatory agency approvals, land use and zoning approvals, building permits and other permits.

c. Lessor shall furnish, deliver, install and startup the Alternative Energy System at the Installation Site, by 6-1-06, or within six (6) months of the Permit Date, whichever is later, hereinafter referred to as the "Installation Date".

d. Lessor shall provide to Lessee all required documentation relating to the Alternative Energy System and its components as requested by Lessee for federal, state and local review of the Alternative Energy System for potential tax benefits.

3. Lessee shall pay to Lessor the sum of \$ 9,000, hereinafter referred to as the "Total Lease Amount" for the lease of the Alternative Energy System for the Lease Period stated above. This includes the cost of delivery, installation and startup, as well as the cost of warranty work performed during the warranty period described below.

17. This Agreement shall not be assigned by Lessee without the express written consent of Lessor. However, Lessor and Lessee agree that Lessee may, in the sole discretion of Lessee, sublease the Alternative Energy System to LTC. Lessor may assign its rights and obligations under this Agreement but Lessor shall remain liable to Lessee for the failure of its assignee to perform the obligations of Lessor under this Agreement.

EXHIBIT 462
 WIT: G. Shepard
 DATE: 5-22-17
 CMCourt, LLC

LESSEE
 By: R. Gregory Shepard
 (Signature)
 Title: Individual
INTERNATIONAL AUTOMATED SYSTEMS, INC.

LESSOR
 By: Nelson P. Johnson
 (Signature)
 Title: President


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Transactions with IAS – Before 2010

- PLEX 8A
- PLEX 91
- PLEX 92
- PLEX 93
- PLEX 94
- PLEX 95
- PLEX 181
- PLEX 462
- PLEX 464
- PLEX 531
- PLEX 532
- PLEX 533
- PLEX 613
- PLEX 614
- PLEX 615
- PLEX 760
- PLEX 762

- PLEX 581, IAS Dep. 182:16-183:4; 196:21-198:19
- PLEX 673, LTB1 Dep. 43:16-46:24
- PLEX 685, Shepard Dep. 57:7-59:3; 73:1-74:2
- Rowbotham Testimony, Trial Tr. 910:24-925:5
- Williams Testimony, Trial Tr. 982:3-983:23; 985:4-989:10
- Olsen Trial Testimony, Trial Tr. 1060:11-25

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RaPower-3 Equipment Purchase Agreement

This Equipment Purchase Agreement (the "Agreement") is entered into this day
12/29/2012 4:57:46 PM
by and between RaPower-3 LLC (the "Operator"), with principal offices at 4035 South 4000
West, Desert, UT 84624, hereinafter referred to as "Seller", and
Preston Olsen on behalf of PFO Solar LLC
whose address is 957 Brynston Cv Murray, UT 123456
5711 S. Madaket Dr, Bluff, UT 84107
hereinafter referred to as "Purchaser".

3. Payment Terms. Purchaser shall pay to Seller the sum of \$3,500 for each
Alternative Energy System purchased, hereinafter referred to as the "Purchase Amount" for
the purchase of the Alternative Energy System. This includes the cost of delivery,
installation and startup, as well as the cost of warranty work performed during the warranty
period described below. The Total Purchase Amount shall be paid in accordance with the
following schedule:

Option 1:
Initial Down Payment in the amount of \$1,050 (one thousand fifty dollars) for each
Alternative Energy System purchased, which shall be paid at the time this agreement is
entered into.

Option 2:
Initial Down Payment in the amount of \$1,050 (one thousand fifty dollars) for each
Alternative Energy System purchased, which shall be paid with a one-time payment of \$105
(equal to 10% of the down payment) at the time this Agreement is entered into. The balance
of \$945 for each Alternative Energy System is to be paid on or before June 30, 2012.

Option 3:
Initial Down Payment in the amount of \$1200 (One Thousand Two Hundred Dollars) for each
Alternative Energy Systems purchased, which shall be paid in monthly installments of \$100
(One Hundred Dollars) per system purchased.

BACKGROUND

1. Seller is the licensee of certain proprietary alternative energy technology, which technology
relates to solar energy collection and which technology is utilized for the design and fabrication
of certain components which are identified below and which are hereinafter collectively
referred to as the "Alternative Energy System(s)".

2. Seller and Purchaser now desire to enter into an agreement whereby Seller will sell
Purchaser the Alternative Energy System specifically described below.


EXHIBIT 119
WIT: D Olsen
DATE: 8-16-16
Dennis M. Thomas, CRVPRR

Preston Olsen
PRESTON OLSEN, for PFO Solar LLC
Signature
RaPower3 Windows Utility
IP Digital Signal

Seller
By: Neldon Johnson - RaPower-3
Neldon Johnson - Director 12/20/2012 4:57:46 PM
Signature

Transactions with RaPower3
– Starting in 2010

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OPERATION AND MAINTENANCE AGREEMENT
Alternative Energy Systems

This Operation and Maintenance Agreement (the "Agreement") is entered into this day
12/29/2014 6:19:27 PM (the "Effective Date") by and between LTR, LLC (the "Operator"), a Nevada
Limited Liability Company with principal offices at 3838 Raymet Drive, Suite #10, Las Vegas, Nevada
89121, and PRESTON OLSEN for PFO Solar LLC
whose address is 957 Brynston Cv Murray, UT 123456 (the
"Owner").

5.2 Rental payment.
Once the Owner's Alternative Energy System(s) are installed and producing revenue, then at the end of
each quarter a rental payment will be due and owing from Operator to Owner. The Operator shall send to
Owner, on a quarterly basis, the rental payment by check or wire transfer to an account specified by Owner.
The rental payment from Operator to Owner will culminate into an annual payment equal to \$150 (One
Hundred Fifty Dollars) per Alternative Energy System. All Payments shall be in dollars unless otherwise
agreed. Each Payment shall be delivered to Owner within thirty calendar days following the end of the
quarter.

5.4 Lease of Structural Components
Operator will provide a structure that holds the Owner's Alternative Energy Systems and a receiver to
collect the energy from the Owner's Alternative Energy Systems. The Operator has agreed to lease space
on the structure to the Owner, at \$1.00 per year per Alternative Energy System for ninety-nine years or
until the Owner of the Alternative Energy Systems chooses to move the Alternative Energy Systems to
another location.

PRESTON OLSEN
Signature
RaPower3 Windows Utility
IP Digital Signal

Seller
By: Neldon Johnson - RaPower-3
Neldon Johnson - Director - 12/29/2014 6:19:27 PM
Signature

EXHIBIT
512

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Transaction Structure with RaPower-3 starting in 2010

- PLEX 25
- PLEX 119
- PLEX 121
- PLEX 174
- PLEX 346
- PLEX 473
- PLEX 511
- PLEX 512
- PLEX 555
- PLEX 587
- PLEX 637
- PLEX 638
- PLEX 639
- PLEX 579, Johnson Dep., vol. 1, 206:15-23; 219:2-223:23
- PLEX 581, IAS 30(b)(6) Dep., 181:9-182:5
- PLEX 682, RaPower-3 30(b)(6) Dep., 39:18-41:2
- PLEX 683, John Howell Dep., vol. 2, 39:17-40:4; 95:3-5; 134:14-135:22
- PLEX 685: R. Gregory Shepard Dep., 157:18-24
- PLEX 687: Robert Aulds Dep., 141:3-13; 146:17-147:5
- PLEX 698: Peter Gregg Dep., 55:19-56:13
- PLEX 697: Brian Zeleznik Dep., 67:3-12

See PLEX 510 regarding similar transactions entered into by XSun Energy

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Promoted Solar Energy Scheme to Thousands of Customers and Prospective Customers

Defendants Promoted the Scheme through:

- Websites
- Facebook, Tumblr, Social media sites
- Email Distribution Lists
- Neldon Johnson KNRS Radio Shows
- Tours
- Bigger, Faster, Stronger
- Word of Mouth

RECENT ACCOMPLISHMENTS

1. **Highlights from Jan. to March 2012:** Purchased a big lift truck for the new 30,000 square foot manufacturing plant. Had the best ever first quarter sales. Purchased two heavy-duty concrete pumps with trucks for our construction project. Had four big truck loads of steel delivered; enough for 300 towers. Poured the concrete base in the new manufacturing plant for our 89,000 lb mold-making machine. Finalized the location and date for our RaPower3 National Convention. Purchased two cranes for the construction project. Purchased 1,280 acres for solar projects. Received five new patents. Manufactured and delivered on-site 700 trusses. Built the mold that mass-produces the frames for the solar lenses. Purchased a Robotic Welder and developed a Circuit Board. Received white papers and engineers are presently creating the software for the circuit board. Purchased a drill truck for digging a hole four feet in diameter and fifteen feet deep in which to place the tower. Created molds for other important manufacturing parts such as the mold to connect the frames to the trusses along with a seal. Completed the mass production process for the jet nozzles. After four tries, discovered the proper coating to protect our solar heat exchanger from melting.
2. **Highlights from April 2012:** Finished the final mold for the strut connecting the lens frame to the Truss. Every mold for every component for mass manufacturing has now been completed. The last pieces of equipment for the assembly lines for the automated mass production of components have been ordered. Construction plans for the Delta project being finalized. Completed the first phase of the software engineering for the circuit board.
3. **Highlights from May to early June 2012:** Completing the manufacturing plant. Nearing completion of the software engineering for the Circuit Board and the readiness for the construction of CSP towers in Delta, Utah.
4. **Growing RaPower3:** Reached a thousand team members from all corners of the United States.

Plaintiff
Exhibit

504

Gregg_P&R-002666

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Promoted Solar Energy Scheme to Thousands of Customers and Prospective Customers

Through Their Websites...

- PLEX 1
- PLEX 2
- PLEX 3
- PLEX 4
- PLEX 5
- PLEX 6
- PLEX 13
- PLEX 14
- PLEX 16
- PLEX 17
- PLEX 19
- PLEX 20
- PLEX 21
- PLEX 23
- PLEX 24
- PLEX 25
- PLEX 26
- PLEX 27
- PLEX 34
- PLEX 351
- PLEX 352
- PLEX 394
- PLEX 399
- PLEX 419
- PLEX 459
- PLEX 481
- PLEX 505
- PLEX 547
- PLEX 548
- PLEX 551
- PLEX 631
- PLEX 674
- PLEX 676
- PLEX 677
- PLEX 679
- PLEX 680
- PLEX 714
- PLEX 715
- PLEX 716
- PLEX 717
- PLEX 718
- PLEX 719
- PLEX 720
- PLEX 721
- PLEX 722
- PLEX 723
- PLEX 724
- PLEX 725
- PLEX 726
- PLEX 727
- PLEX 728
- PLEX 729
- PLEX 730
- PLEX 731
- PLEX 732
- PLEX 733
- PLEX 796
- PLEX 832
- PLEX 832A
- PLEX 901
- PLEX 903

Social Media

- PLEX 345
- PLEX 428
- PLEX 429
- PLEX 430
- PLEX 436
- PLEX 441
- PLEX 539

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Promoted Solar Energy Scheme to Thousands of Customers and Prospective Customers

Through Their Tours, Conventions, and Word of Mouth...

Marketing & Sales

The program provided by RaPower3 proved to quite effective in the years of 2011 & 2012. Hundreds of people across the nation purchased solar leases. Many came to see the manufacturing and construction sites.



Word spread through the RaPower3 network marketing components.

People were attracted by the generous bonus program contracted through International Automated Systems and the long-term rental program offered by ITR, LLC, an Operations and Maintenance Company. In addition, the tax benefits offered to solar companies producing heat were also attractive.

The RaPower3 sales gave Neldon Johnson and his staff much needed revenue to achieve our three-fold objective: (1) To have the lowest manufacturing and installation cost of any energy company; (2) To have the lowest cost of operation of any energy company; (3) To have mass production capability.

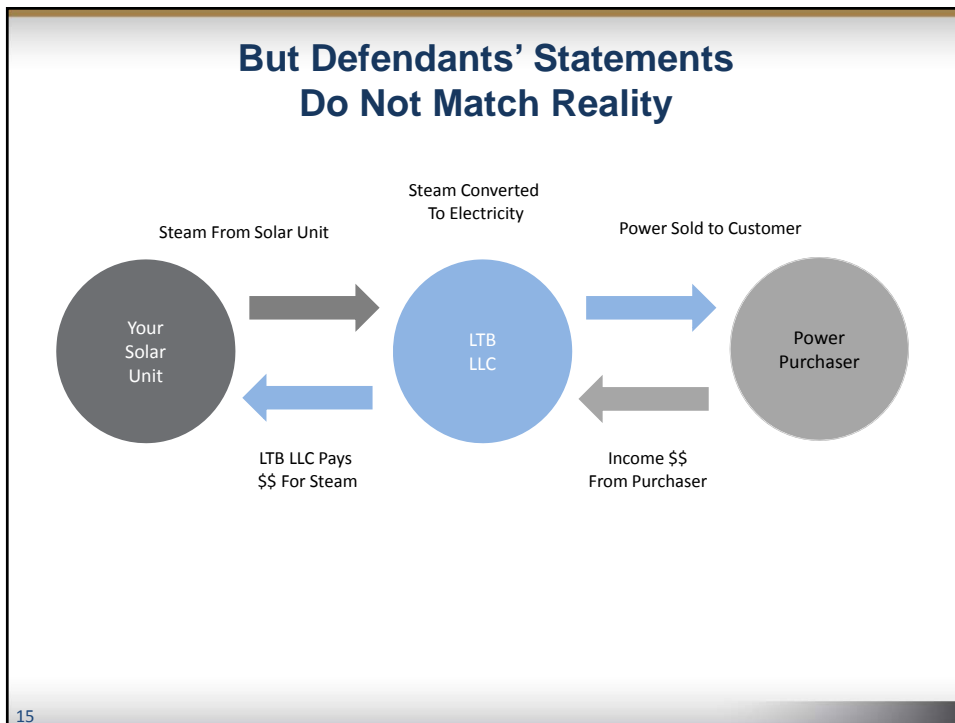
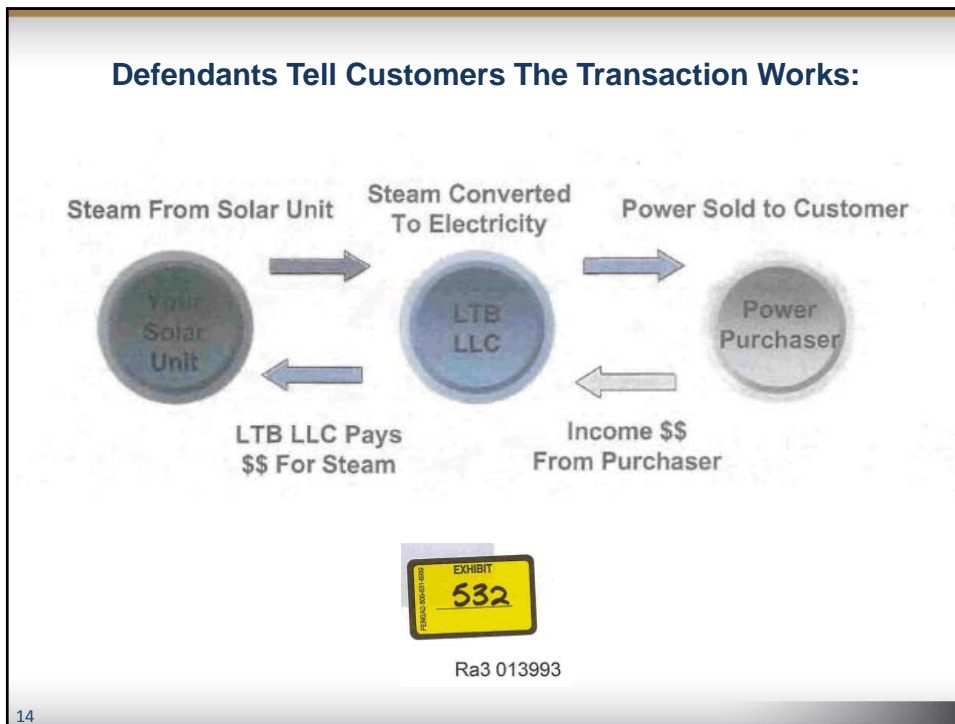


Gregg_P&R-000572

- M. Shepard Testimony, Trial Tr. 1383:7-9; 1390:3-7
- G. Shepard Testimony, Trial Tr. 1602: 7-25
- PLEX 114
- PLEX 215
- PLEX 292
- PLEX 432
- PLEX 731, KNRS Radio Shows by Neldon Johnson
- PLEX 579, Neldon Johnson Dep., vol. 1, 210:4-211:7

- 210:4 Q. Mr. Johnson, you've referenced a few
- 210:5 times that you have folks who come and visit the site
- 210:6 to see it; is that right?
- 210:7 A. Yeah, uh-huh.
- 210:8 Q. And you've been hosting visitors at the
- 210:9 site for ten years?
- 210:10 A. Probably.
- 210:11 Q. Right. And you're the one who shares
- 210:12 information about the technology with the visitors to
- 210:13 the site; correct?
- 210:14 A. Most the time.
- 210:15 Q. There have also been -- well, there's at
- 210:16 least one RaPower-3 national convention. Are you
- 210:17 aware of that?
- 210:18 A. Uh-huh.
- 210:19 Q. Yes?
- 210:20 A. It was in -- yeah, we held it in Salt
- 210:21 Lake City, I believe.
- 210:22 Q. In 2012; correct?
- 210:23 A. 2012.
- 210:24 Q. And you spoke at that convention; right?
- 210:25 A. I did.
- 211:1 Q. You told the people there about the state
- 211:2 of the technology?
- 211:3 A. Yes, I did.
- 211:4 Q. And, in fact, RaPower-3 hosts tours.
- 211:5 Like, RaPower-3 will bring groups of people to see the
- 211:6 construction site and the R&D site; correct?
- 211:7 A. I do.


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While promoting the solar energy scheme, Defendants made or furnished (or caused others to make or furnish) statements about the allowability of a depreciation deduction and a solar energy tax credit as a result of buying solar lenses which Defendants knew, or had reason to know, were false or fraudulent.

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Defendants told customers they could buy “lenses” and claim tax benefits.



RaPower3 Opportunity
Huge Tax Benefits
TAX DETAILS

RaPower3 Solar Thermal Lens owners may qualify for the Federal 30% Investment Tax Credit (ITC) under the category of “solar thermal process heat” [\(www.irs.gov\)](#). Companies and individuals with home businesses who qualify as active participants may also be entitled for a special 5-year depreciation with a 50% first-year bonus depreciation [\(www.irs.gov\)](#). Owners may also qualify for certain state tax incentives. Always check with your CPA or qualified tax preparer.

Each solar lens costs \$3,500 and thus a \$1,050 tax credit may be available (Use IRS tax forms 3468 and 3800). If so, the entire down payment could be paid back in less than a year.

A depreciation of \$2,975 per solar lens may also be available (Use IRS tax forms 4562 and Schedule C). If so, an in-pocket profit of another 50-65% could be realized on top of the tax credit. Typically, taxpayers may go back one year on the tax credit and forward twenty years on the tax credit. The depreciation and NOL (Net Operating Loss) is the same as any other business as far as going back and going forward. The generous tax benefits are part of the ARRA-American Recovery and Reinvestment Act meant to stimulate the solar energy industry along with much needed innovation.

12
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US001798

3. sponsoring and
13
US-001793
US001793

Plaintiff Exhibit
5

Plaintiff Exhibit
13

17

Defendants told customers they could buy “lenses” and claim tax benefits.

Turn Your Tax Liabilities Into Assets Calculate How Many Lenses You Need

We recommend that you look at the taxes you paid last year and what you expect to pay this year in determining how many solar thermal lenses you should buy to maximize your profits. If you plan it right, you may be able to zero out your taxes while maximizing your solar business. In determining the number of lenses you should purchase, you may wish to consult your sponsor, use our Lens Calculator, request a free quote, or do the math on your own as described at the bottom of this page.

Note: To find out what your 2013 taxes were, go to line 61 of your 2013 1040 Form. Guidelines for 2014 expected taxes: Are you making about the same as last year, look at your YTD (Year to Date pay stub); or meet with your tax preparer.

Lens and Tax Benefit Calculator

Calculate your optimum number of lenses to purchase based on next year's tax refund or savings. Simply click on and change the three numbers in the white boxes in the far left column to reflect your personal circumstances:

RaPower3 Tax Benefit Calculator		
INPUTS		
<input type="text" value="\$10,000"/>	Your 2014 Projected Taxes	
<input type="text" value="25.0%"/>	Your Tax Rate Bracket (0%, 15%, 20%, 25%, 28%, 33%, 35%, 39.6%)	
You buy:	7	RaPower3 Solar Thermal Lenses
You pay:	\$7,350	(30% down payment)
YOU GET:	\$7,350	Business Energy Investment Tax Credit
YOU GET:	\$5,206	10% Tax Savings over 5 years*
YOU GET:	\$1,050	In Annual Revenue for 33 years**

Plaintiff Exhibit
20

US-001667
US001667

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Defendants told customers they could buy “lenses” and claim tax benefits.

QUARTERLY TAXES

STOP-LOOK-LISTEN DO NOT PAY ANY QUARTERLY TAXES

Here's Why: Look at John's example. He is scheduled to pay \$10,000 every quarter, but instead he plans to purchase seven Alternative Energy Systems every quarter.

- A. The seven systems require a down payment of \$1,050 X 7 = \$7,350 but you only need to pay \$735 now with the balance due AFTER you get your tax refunds in 2012 or before May 1, 2012.
- A. So John's choice is to pay \$10,000 to the IRS or \$735 to purchase systems

What John Gets:

- A. Seven systems yield a tax credit of \$7,350
- B. The 100% depreciation allowed yields \$20,825 in depreciation
- C. This more than satisfies the \$10,000 tax obligation plus an additional \$1,500
- D. At tax time in 2012, John will owe nothing to the IRS, but he will owe us \$6,615.
- E. In addition, John can amend his 2006 taxes and get the IRS to send him a \$1,500 check.

John's Bottom Line:

- A. John pays us \$7,350 and receives \$11,500 in tax benefits
- B. John makes \$4,150 each quarter using redirected tax dollars.
- C. John gets to use \$6,615 of his own money for a few months instead of the IRS.

EXHIBIT NO. 90
FOR IDENTIFICATION
DATE: 8-1-16 RPT: LP

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Defendants told customers they could buy “lenses” and claim tax benefits.

Page 1 of 1

TYPICAL TEACHING COUPLE

Taxable Income: \$68,900	Taxes: \$9,600	Withholding: \$800
Bottom line figures are:		
TAX CREDITS		
Depreciation Adjustment to Income	\$12,240	\$ 7,200
Produces a Tax Reduction of	\$ 1,709	
IRS REFUND:		\$ 7,534
GUARANTEED BY CONGRESS		\$ 14,734
RESIDUAL INCOME (\$ SYSTEMS)		\$ 1,200
BONUS (\$ SYSTEMS)		\$ 64,000
	Total	\$ 79,934
35 Year Residuals	\$42,000	
	Total	\$ 121,934

GO GREEN - STOP TAXES - MAKE \$\$\$



EXHIBIT NO. 40
DATE: 8-1-16 RPT/LP

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Specifically, Depreciation

Solar Tax Credit to Participants

The person buying a solar unit receives a \$9,000 tax credit from the IRS for each solar unit purchased. For a solar unit purchased during the year 2006 or 2007, the Federal Government Energy policy gives a 30% tax credit. The retail value of IASUS's solar unit is \$30,000. The federal tax credit at 30% of \$30,000 equals \$9,000. The tax credit is a dollar for dollar credit. It is not a deduction. The maximum credit that can be taken is \$25,000 plus 25% of the remaining balance of taxes owed. However, this credit can be used one year back and 20 years forward.

Solar Tax Illustration:

Let's say a person pays an average of \$50,000 Federal Income Tax each year. This person purchases five lenses for a total down payment of \$45,000 dollars in 2006. When this person files his 2007 taxes, he can use/deduct \$25,000 plus 25% of the remaining balance (of \$25,000) which comes to \$6,250 (0.25 x \$25,000). The total tax credit for 2007 is \$31,250 (\$25,000 + \$6,250). Therefore \$31,250 of the \$45,000 invested is returned in a tax credit for 2007 leaving only \$13,750 un-credited of the \$45,000 invested. However, in the same 2007 filing, this person can also take up to another \$25,000 in tax credits plus 25% of the remaining balance of taxes owed for the year 2006. This option credits and returns the remaining \$13,750. When necessary, any excess credit can be taken when filing for successive years, for up to 20 years forward.

Example 4
Tax Bracket of 25%

Expense	2006.1	2006.2	2006.3	2006.4	2006.5
Down Payment	-(9,000.00)	\$0	\$0	\$0	\$0
Lens Payment	\$0	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0	\$0
Total Expenses	-(9,000.00)	\$0	\$0	\$0	\$0
Revenue					
Tax Credit	\$9,000.00	\$0	\$0	\$0	\$0
Depreciation	\$1,275.00	\$1,040.00	\$1,224.00	\$734.40	\$734.40
10% Revenue (1.0 x \$7,312.80)	\$731.28	\$828.00	\$574.32	\$555.12	\$555.12
Total Revenue	\$11,006.28	\$1,868.00	\$2,498.32	\$1,839.52	\$1,844.64
Revenue Less Expenses	\$2,106.28	\$1,868.00	\$2,498.32	\$1,839.52	\$1,844.64
Total Net Income Years 1-5	\$10,202.80				
Total Net Income Years 1-20	\$20,202.80				

Depreciation

Half of the tax credit (\$4,500) must be subtracted from the \$30,000 dollar purchase amount when using it to calculate depreciation of the equipment. Therefore, only \$25,500 of the \$30,000 value can be depreciated. This can be taken over a period of six years. How does depreciation work? It is based upon what income tax bracket the buyer falls into. For example, if the buyer is in a 30% income tax bracket, 30% of \$25,500 (which amounts to \$7,650) can be taken off from the buyer's personal taxes over a period of six years. The percentage of the \$7,650 that can be taken in each year is broken down by the IRS in the following sequence:

Year 1	20%	\$1,530
Year 2	32%	\$2,448
Year 3	19.2%	\$1,468.80
Year 4	11.52%	\$881.28
Year 5	11.52%	\$881.28
Year 6	5.76%	\$440.64



- Neldon Johnson wrote PLEX 531
- IAS Dep. 161:1-11, 15-18; 163:17-165:9

21

Specifically, Depreciation

TAX BENEFITS FOR JIM
 Prepared by Greg Shepard: Chief Director of Operations at
 RaiPower3
 801-699-2284 greg@rpfsmail.com

Example Based on Approximate Yearly Federal Taxes:

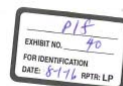
1. Jim pays \$84K/yr going back to last yr, this yr & next 5 years.
2. Multiply \$84K X 7 = \$588K
3. Multiply \$588K X .0007 = 412
4. This formula means that to optimize Jim's Tax Benefits, he should purchase 412 solar ions systems.
5. Purchase price is \$3,500 per system
6. So \$3,500 X 412 = \$1,442,000
7. The Down Payment is \$1,050 Per System
8. So \$1,050 X 412 = \$432,600 for the Down Payment
9. However, we only require 10% of the Down Payment upfront
10. So 10% of \$432,600 = \$43,260
11. The balance of the Down Payment is paid as you use the systems for your taxes.
12. The balance of your Purchase Price is paid through the revenue generated by the sale of power of Jim's systems.

Jim's Tax Benefits from the ARRA Passed by Congress:

1. Jim gets a 30% tax credit. Systems placed in service this year.
2. So 30% of \$1,442,000 = \$432,600 in tax credits
3. The IRS states that solar tax credits can be carried back one year and forward 20 years. Therefore, Jim could amend his 2010 taxes, use some tax credits this year and carry forward the rest the next five years.
4. Use IRS Tax Forms 3468, 3800 and page two of the 1040 Form.
5. This year the IRS allows a 100% Bonus Depreciation of new solar equipment purchases used in a business.
6. Take half of the tax credit = \$216,300 and subtract that from the purchase price \$1,442,000 minus \$216,300 = \$1,225,700; depreciate this amount this year.
7. Use IRS Forms 4562, Schedule C and then the first page of your 1040 Form.
8. Depreciation/NOL can go back two years and carried forward 10+ years.
9. NET EFFECT: The \$1,225,700 depreciation and the \$432,600 in tax credits should be enough to zero out your 2010 through 2016 federal taxes and also give you a 5% Utah State tax benefit. Also, your 2009 taxes, if amended, may give you a sizable refund. All in all, for your total down payment of \$432,600, Jim could get back or save a total of nearly \$700,000.

How It Could Work for Jim in the First Year

1. Make your upfront payment of \$43,260 this year
2. Then in May when you get your tax refund, give us double your upfront money plus 70% of your 2009 refund if any. You pocket the rest and that could be around \$70K.
3. Then use the same strategy in the following years until your down payment is fully paid.
4. If for some reason, your income becomes less, then just pay for the systems actually used using the .0007 formula or carry forward another year or two.



And Tax Credits.

Solar Tax Credit to Participants

The person buying a solar unit receives a \$9,000 tax credit from the IRS for each solar unit purchased. For a solar unit purchased during the year 2006 or 2007, the Federal Government Energy policy gives a 30% tax credit. The retail value of LAUS's solar unit is \$30,000. The federal tax credit at 30% of \$30,000 equals \$9,000. The tax credit is a dollar for dollar credit. It is not a deduction. The maximum credit that can be taken is \$25,000 plus 25% of the remaining balance of taxes owed. However, this credit can be used one year back and 20 years forward.

Solar Tax Illustration:

Let's say a person pays an average of \$50,000 Federal Income Tax each year. This person purchases five lenses for a total down payment of \$45,000 dollars in 2006. When this person files his 2007 taxes, he can use/deduct \$25,000 plus 25% of the remaining balance (of \$25,000) which comes to \$6,250 (0.25 x \$25,000). The total tax credit for 2007 is \$31,250 (\$25,000 + \$6,250). Therefore \$31,250 of the \$45,000 invested is returned in a tax credit for 2007 leaving only \$13,750 un-credited of the \$45,000 invested. However, in the same 2007 filing, this person can also take up to another \$25,000 in tax credits plus 25% of the remaining balance of taxes owed for the year 2006. This option credits and returns the remaining \$13,750. When necessary, any excess credit can be taken when filing for successive years, for up to 20 years forward.

Depreciation

Half of the tax credit (\$4,500) must be subtracted from the \$30,000 dollar purchase amount when using it to calculate depreciation of the equipment. Therefore, only \$25,500 of the \$30,000 value can be depreciated. This can be taken over a period of six years. How does depreciation work? It is based upon what income tax bracket the buyer falls into. For example, if the buyer is in a 30% income tax bracket, 30% of \$25,500 (which amounts to \$7,650) can be taken off from the buyer's personal taxes over a period of six years. The percentage of the \$7,650 that can be taken in each year is broken down by the IRS in the following sequence:

Year 1	20%	\$1,530
Year 2	32%	\$2,448
Year 3	19.2%	\$1,468.80
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Example 1
The Breakdown of 2006

Expenses	2006.1	2006.2	2006.3	2006.4	2006.5
Down Payment	(\$3,000)	\$0	\$0	\$0	\$0
Loan Payment	\$0	\$0	\$0	\$0	\$0
Operations	\$0	\$0	\$0	\$0	\$0
Total Expenses	(\$3,000)	\$0	\$0	\$0	\$0
Income					
Tax Credit	\$9,000	\$0	\$0	\$0	\$0
Depreciation	\$1,275	\$1,640	\$1,224	\$754.40	\$374.40
5% Excess (15.5 cents/W/h)	\$825	\$1,062	\$794.28	\$500.28	\$250.28
Total Income	\$11,100	\$2,702	\$2,018.28	\$1,254.68	\$1,024.88
Income Less Expenses	\$8,100	\$2,702	\$2,018.28	\$1,254.68	\$1,024.88
Total Net Income Years 1-5	\$48,361.02				
Total Net Income Years 1-6	\$58,296.85				

Neldon Johnson wrote PLEX 531

- IAS Dep. 161:1-11, 15-18; 163:17-165:9

And Tax Credits.

TAX BENEFITS FOR JIM

Prepared by Greg Shepard: Chief Director of Operations at
RaPower3
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Examples of Other Exhibits Where Defendants Made Statements About Tax Benefits

- | | | | | |
|-----------|-------------|------------|------------|------------|
| ▪ PLEX 1 | ▪ PLEX 70A | ▪ PLEX 177 | ▪ PLEX 236 | ▪ PLEX 352 |
| ▪ PLEX 5 | ▪ PLEX 83 | ▪ PLEX 179 | ▪ PLEX 239 | ▪ PLEX 423 |
| ▪ PLEX 10 | ▪ PLEX 84 | ▪ PLEX 182 | ▪ PLEX 240 | ▪ PLEX 424 |
| ▪ PLEX 19 | ▪ PLEX 85 | ▪ PLEX 184 | ▪ PLEX 241 | ▪ PLEX 476 |
| ▪ PLEX 20 | ▪ PLEX 88 | ▪ PLEX 205 | ▪ PLEX 242 | ▪ PLEX 494 |
| ▪ PLEX 24 | ▪ PLEX 93 | ▪ PLEX 206 | ▪ PLEX 243 | ▪ PLEX 501 |
| ▪ PLEX 25 | ▪ PLEX 108 | ▪ PLEX 207 | ▪ PLEX 244 | ▪ PLEX 504 |
| ▪ PLEX 29 | ▪ PLEX 109 | ▪ PLEX 208 | ▪ PLEX 245 | ▪ PLEX 531 |
| ▪ PLEX 30 | ▪ PLEX 109A | ▪ PLEX 209 | ▪ PLEX 246 | ▪ PLEX 532 |
| ▪ PLEX 34 | ▪ PLEX 112 | ▪ PLEX 210 | ▪ PLEX 247 | ▪ PLEX 597 |
| ▪ PLEX 40 | ▪ PLEX 115 | ▪ PLEX 212 | ▪ PLEX 248 | ▪ PLEX 732 |
| ▪ PLEX 43 | ▪ PLEX 133 | ▪ PLEX 213 | ▪ PLEX 249 | ▪ PLEX 733 |
| ▪ PLEX 48 | ▪ PLEX 135 | ▪ PLEX 214 | ▪ PLEX 250 | ▪ PLEX 764 |
| ▪ PLEX 49 | ▪ PLEX 136 | ▪ PLEX 216 | ▪ PLEX 252 | ▪ PLEX 777 |
| ▪ PLEX 51 | ▪ PLEX 139 | ▪ PLEX 219 | ▪ PLEX 261 | ▪ PLEX 796 |
| ▪ PLEX 52 | ▪ PLEX 142 | ▪ PLEX 220 | ▪ PLEX 263 | ▪ PLEX 832 |
| ▪ PLEX 56 | ▪ PLEX 149 | ▪ PLEX 221 | ▪ PLEX 278 | |
| ▪ PLEX 62 | ▪ PLEX 150 | ▪ PLEX 222 | ▪ PLEX 309 | |
| ▪ PLEX 70 | ▪ PLEX 152 | ▪ PLEX 232 | ▪ PLEX 347 | |

Testimony that Defendants Told Customers About Tax Benefits

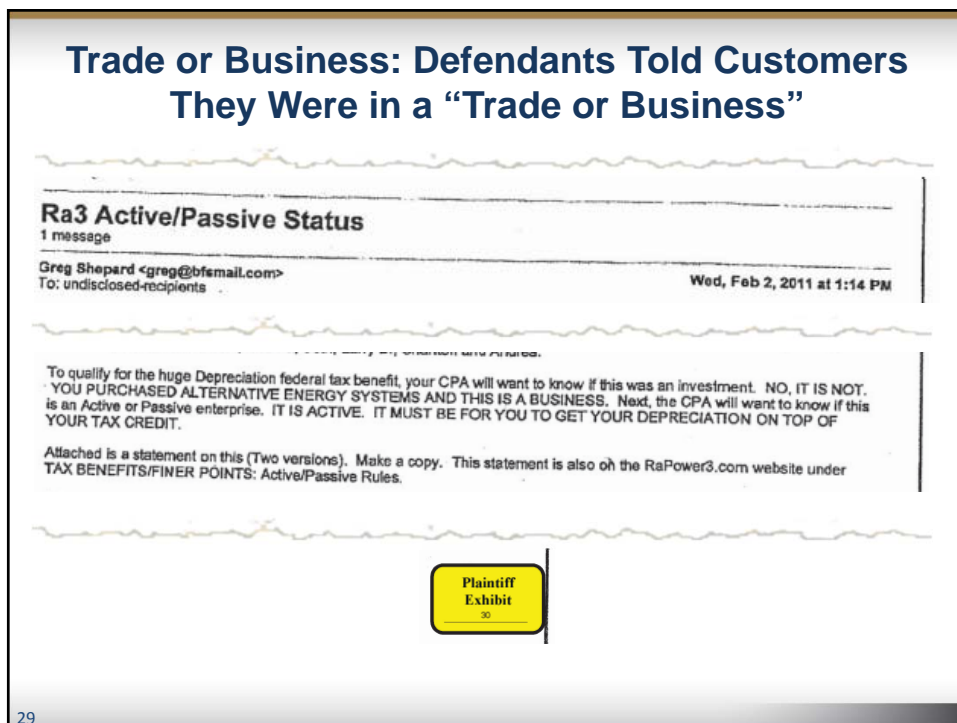
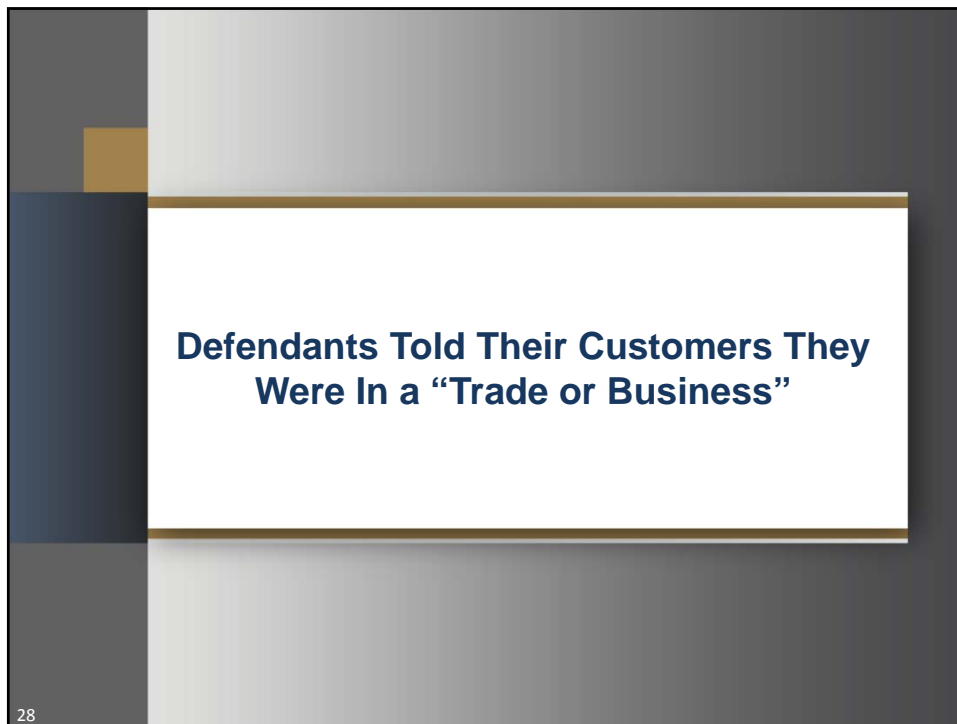
- Oveson Testimony, Trial Tr. 377:21-378:3
 - Rowbotham Testimony, Trial Tr. 928:14-929:10; 957:17-19
 - Williams Testimony, Trial Tr. 1022:4-14; 1099:16-1102:15
 - Olsen Testimony, Trial Tr. 1089:21-1090:15
-
- PLEX 682, RaPower-3 30(b)(6) Dep., 155:4-166:18
 - PLEX 685, R. Gregory Shepard Dep., 250:13-251:13
 - PLEX 687, Robert Aulds Dep., 42:11-44:22; 54:15-55:14; 57:17-60:15
 - PLEX 688, Roger Freeborn Dep. 71:2-20
 - PLEX 689, Peter Gregg Dep. 127:19-128:8; 136:4-6, 10-14; 137:3-12; 147:5-148:10; 149:1-7
 - PLEX 693, Frank Lunn Dep., 164:12-171:1

26

In order to qualify for depreciation, a customer must be in a “trade or business” related to the solar lenses, or holding the lenses “for the production of income.”

26 U.S.C. § 167

27



Trade or Business: Defendants Told Customers They Were in a "Trade or Business"

Frank Lunn

From: Greg Shepard <greg@bflmail.com>
 Sent: Monday, December 28, 2013 3:31 PM
 To: undisclosed recipients
 Subject: Ra3 Important Tax Info

FILE
 EXHIBIT NO. 43
 FOR IDENTIFICATION
 DATE: 1/16/14 WFLP

TO ALL: THE THIRD AND LAST E-MAIL TODAY THAT I DEEM TO BE IMPORTANT. PRINT THIS OUT AND KEEP IT IN YOUR RAPOWER3 FILE.

AM I REALLY IN THE SOLAR ENERGY BUSINESS? Yes. You make important decisions and demands for your business with the Equipment Purchase Agreement, Bonus Contract and the Operations and Maintenance Agreement. You are an independent contractor with RaPower3. You can, if you want, sell systems for us and receive a commission. Those that receive a commission check will receive a 1099 form from RaPower3 as required by the IRS.

Frank Lunn

From: Greg Shepard <greg@rapower3.com>
 Sent: Thursday, November 07, 2013 7:24 PM
 Subject: Ra3 Visit Tax Info

Final Incorrect Assertion: She states, "The panels are leased back to the company (incorrect-see above), and therefore, according to the lease agreement and rental income (it) would be an investment asset (We say purchase not investment) and reportable on Schedule E as a passive activity with no material participation. This means, to this auditor, the depreciation cannot be allowed.

FILE
 EXHIBIT NO. 49
 FOR IDENTIFICATION
 DATE: 8/17/14 WFLP

Our position: This auditor seems to be unaware that the taxpayer's solar energy business has a multi-level marketing structure to it. Millions of Americans are involved in network or multi-level marketing and are allowed depreciation benefits. You can't single this taxpayer out. Again, I cite the Anderson Tax Attorney Opinion letter:

"Stated simply, if you do most of the work in the business using the RaPower-3 energy equipment, any losses associated with your business will be non-passive and can be deducted without limitation. Generally any work you do in connection with your business will be considered participation. In a multi-level marketing structure, participation would include any activity to increase the productivity of other individuals engaged in such as recruiting, training, motivating and counseling such individuals. Other ways to participate in your business would include meeting and consulting with the operator of the equipment, negotiating sale and distribution of energy, reviewing productivity and costs, among others.

Right now, the government is enacting programs geared to foster and encourage development of energy sources. RaPower-3's equipment could allow you to enter the energy market and capitalize on those government incentives."

30

Trade or Business: Defendants Told Customers They Were in a "Trade or Business"

Steven Carver

From: Greg Shepard [greg@rapower3.com]
 Sent: Monday, November 11, 2013 8:07 AM
 Subject: Ra3 Audit/Appeal Great Info

Plaintiff Exhibit
 32

TO ALL: This was just sent to me. IMO, this is a great approach and strategy. Regards, Greg

3 significant issues Rick Jameson emphasizes -

#1. This is leasing "personal property" which is not considered passive at all - no need to worry about establishing involvement and time spent (for this qualification). We buy and own the lenses (personally) and do business with them by leasing them. [Unless, someone has their business buy the lenses (where other people are involved).]

#2. We should not consider ourselves in an "energy" business. We are buying lenses and leasing them - THAT is our business - LEASING - NOT producing energy, though we lease the lenses because they produce heat (which qualifies for the credit). And our lenses are "Placed in service" as they are part of a solar energy system, extra backup equipment, in line to be added, etc., ie: in a state of readiness, and are also used currently for advertizing purposes. They qualify because they can and will be used to produce heat. They do not need to produce electricity (ever).

2013

31

Other Examples of Defendants' Statements that Customers are in a "Trade or Business"

- PLEX 1
 - PLEX 32
 - PLEX 43
 - PLEX 93
 - PLEX 125
 - PLEX 214
 - PLEX 294
 - PLEX 348
 - PLEX 492
 - PLEX 496
 - PLEX 499
 - PLEX 501
 - PLEX 532
- Additional Statements made by Neldon Johnson
 - PLEX 681, IAS Dep. 162:1-165:9; 171:10-173:20
 - Additional Statements made by R. Gregory Shepard
 - PLEX 685, Shepard Dep. 148:21-149:25; 243:11-244:3
 - Additional Statements made by Roger Freeborn
 - PLEX 688, Freeborn Dep. 47:24-53:18

32

Defendants Knew or Had Reason To Know That Their Customers Were Not in a "Trade or Business."

33

Defendants had “reason to know” that their solar energy scheme is an abusive tax scheme based on common red flags

- Customers did not earn income from their solar lenses
- Neldon Johnson retained control of the “business”
- Illusory contract documents
- Goal = to eliminate a customer’s tax liability

34

**Customers Do Not Earn Income From
Their Solar Lenses**

35

Customers Did Not Earn Income From Their Solar Lenses

- No customer has received any “rental” income from the lenses
 - PLEX 142
 - PLEX 159
 - PLEX 341
 - PLEX 796

 - PLEX 682, RaPower-3 30(b)(6) Dep., 80:16-18
 - PLEX 685, R. Gregory Shepard Dep., 129:17-131:2

 - Rowbotham Testimony, Trial Tr. 933:14-16
 - Williams Testimony, Trial Tr. 1000:9-1001:7
 - Olsen Testimony, Trial Tr. 1074:8-1078:16; 1086:12-1087:6
 - Jameson Testimony, Trial Tr. 1238:3-24; 1241:6-11; 1241:17-1245:1; 1280:21-1282:20; 1310:18-1312:9
 - M. Shepard Testimony, Trial Tr. 1406:12-1407:2; 1574:21-1575:14
 - G. Shepard Testimony, Trial Tr. 1734:9-1735:23

36

Customers Did Not Earn Income From Their Solar Lenses

- No customer has received “bonus” monies
 - PLEX 10, at 3
 - PLEX 48, at 1
 - PLEX 49, at 1
 - PLEX 61, at 1
 - PLEX 70A, at 1
 - PLEX 151, at 1
 - PLEX 217
 - PLEX 246
 - PLEX 283, at 3
 - PLEX 465

 - PLEX 579, Neldon Johnson Dep., vol. 1, 230:4-11
 - PLEX 685, R. Gregory Shepard Dep., 34:18-35:24; 76:23-82:18; 93:17-94:13

 - Olsen Testimony, Trial Tr. 1087:7-12; 1098:20-1099:6
 - M. Shepard Testimony, Trial Tr. 1574:16-20
 - Johnson Testimony, Trial Tr. 1959:18-21

37

Customers Did Not Earn Income From Their Solar Lenses

- Johnson, Shepard, Freeborn, IAS, RaPower-3, and LTB all knew or had reason to know that customers were not being paid.
- Further, Defendants knew or had reason to know that no customer would *ever* be paid as Johnson's purported technology does not function as an operating system.

38

Reason to Know: Customers' Solar Lenses Have Not Been Used in a System


- Solar Lenses are a component of a larger solar energy system.
- Customers' Lenses are not installed as part of a larger solar energy system.
- No evidence that Defendants' solar lenses have ever, by themselves, used heat from the sun to accomplish any kind of useful function or application.
- PLEX 151
- PLEX 162
- PLEX 254
- PLEX 644
- PLEX 688, Roger Freeborn Dep. 95:3-13.
- Dr. Mancini Testimony, Trial Tr. 75:4-15; 85:24-86:12; 90:5-94:7; 96:17-20; 105:9-107:6.
- G. Shepard Testimony, Trial Tr. 1692:25-1693:5; 1723:15-1729:25; 1730:18-1731:3
- Neldon Johnson Testimony, Trial Tr. 1774:12-1775:23
- Statements Regarding Technology over Time...

39

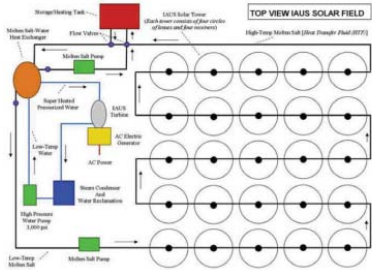
New Solar Breakthrough May Compete with Gas
www.iaus.com

International Automated Systems, Inc. [IAUS] has developed a unique solar power technology that it believes will be the first to compete with gas, coal, and oil. Two primary issues have prevented solar power from replacing fossil fuels: The first obstacle is the high cost of equipment. Currently, solar power equipment is far too expensive to compete with fossil fuels. The second is production capacity. Even if the price of today's solar power technologies was in line to compete with fossil fuels, the production capabilities are so limited it would take decades to even scratch the surface of replacing fossil fuels.

IAUS's new solar power technology presents a breakthrough on both fronts. The company's unique solar power technology is priced to replace fossil fuels, and its annual production capabilities marginalize any other solar technology- making it perhaps, the energy sector's holy grail in a market currently grossing more than \$3 trillion annually but fueled by less than 1% solar.



IAUS Solar Technology- What Makes It Different?



US-001850
US001850

Plaintiff Exhibit
16



US-001836
US001836

40

2006

Bob Rowbotham

From: Greg Shepard [greg@bfsmail.com]
Sent: Friday, November 10, 2006 7:53 AM
To: greg@bfsmail.com
Subject: Diagrams

Dear Friends: Here are two interesting diagrams on how the IAUS Solar Energy System will work.

Also, IAUS no longer has a lease/sublease program. We now have a less complicated program with more investor revenue. The investor buys a Solar Pod for \$30,000 but only pays \$9,000. The rest is financed. So the investor gets his \$9,000 back in the form of a Tax Credit, plus the depreciation which adds extensive value over a six year period plus the income from power produced by the Solar Pod. Money continues to come in for 35 years. Anyway, that's it in a nutshell.

If any of you are interested, contact me for complete details. IAUS has a goal of finishing 50 Solar Pods before the end of the year for those who were previously on the lease program. Those people will resign under this new and better program. For new investors, IAUS has a goal to put up 50 additional Solar Pods before year's end. I will keep you posted on this because you would not want to invest unless you knew for sure about the extra 50 pods.

Regards, Greg

EXHIBIT 93
WIT: Rowbotham
DATE: 8-8-16
Dorise H. Thomas, CR/FRP

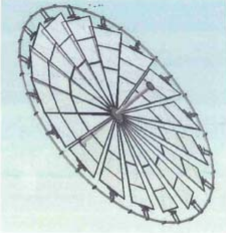

41

2010

From: Greg Shepard <greg@bfsmail.com>
Sent: Wednesday, June 16, 2010 9:21 AM
To: undisclosed-recipients
Subject: New IAUS Info
Attach: IAUS Louver System docx

TO ALL: SOME INFO ON THE NEW SWIVEL OR LOUVER DESIGN LENSES AND COMPUTER SOFTWARE INFO. SEE ATTACHED. GREG

IAUS's new louver design eliminates nearly 80% of the maximum wind load pressure on both the panels and the steel structure

Gregg_P&R-001311

Louvers in the Closed Position

In the process of wrapping up its last stage of engineering and design for large-scale deployment of its dual-axis solar tower, IAUS added a new feature to its system that eliminates nearly 80% of the maximum wind load effects. This latest advancement furthers IAUS's advantages in the key areas of price and longevity.

42

2010

From: Greg Shepard <greg@bfsmail.com>
Sent: Saturday, November 13, 2010 10:40 AM
To: undisclosed-recipients
Subject: RaPower3 Update
Attach: IMG_5013.JPG; IMG_5014.JPG; IMG_5016.JPG; IMG_5018.JPG

TO ALL: Went down to Delta yesterday. Tons of progress has been made in the last several weeks. Attached are four photos:




Photo 5013 shows one heat exchanger (the liquid to air system) on top of the liquid to liquid heat exchanger. They are on a flatbed trailer ready for transport to a project site. Incredibly these two heat exchangers will produce twenty megawatts of power. Enough to completely power a city of 20,000 people.


Photo 5014 shows a close-up. The bigger pipe is where water goes in. The little pipe is where steam comes out going into the turbine.

Photo 5016 shows the heat exchangers with the turbine in the background.


Photo 5018 shows the brand new waste to energy heat exchanger. Also shown is Lance, a RaPower3 Team Member, who flew in from Alabama with a wealthy client. The waste goes into that small hole. This little model will produce up to five megawatts of energy. Enough for a town of five thousand.

More of my report to come on Monday.
 Regards, Greg



Gregg_P&R-003086



43

2011

Ra3 Question: Details Answer

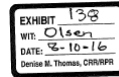
2 message(s)

Date: Sat Feb 05 2011 16:57:45 GMT-0700 (MST)
From: Greg Shepard
To: prestonb@gmail.com
CC:
ID: 12df842c2275c1d4

TO ALL: PRESTON HAD AN INTERESTING QUESTION. HERE IS MY DETAILED ANSWER IN CAPS:

Hi Greg -- I am not sure if this is what Jim was getting at, but I have always had a similar question. What is a System in terms of nuts and bolts? . I have had people ask me what it is specifically that they will be purchasing and I don't know the answer. Thanks.

Preston



44

2011

Ra3 Question: Details Answer

IN THE PURCHASE AGREEMENT, YOU PURCHASED AN ALTERNATIVE ENERGY SYSTEM(S). WE DID NOT CALL IT A SOLAR ENERGY SYSTEM BECAUSE WE ALSO HAVE THE BIOMASS/GARBAGE/SEWER POSSIBILITIES AS WELL. SO THE DOOR IS OPEN ON THOSE TECHNOLOGIES POSSIBLY IN THE FUTURE. BUT RIGHT NOW A SYSTEM IS DEFINED AS A SOLAR ENERGY SYSTEM.

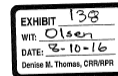
PRESTON, SINCE YOU PURCHASED YOUR SYSTEM, THE DYNAMICS OF OUR SOLAR ENERGY SYSTEMS HAVE CHANGED. WE HAVE EVOLVED SO THAT NOW EACH TOWER IS TRULY MODULAR. A TOWER HAS FOUR PODS OR CIRCULAR DISCS AS BEFORE, BUT NOW THERE IS NO EXTENSIVE PIPING SYSTEM TO A SINGLE TURBINE OR HEAT EXCHANGER. EACH TOWER NOW HAS ITS OWN TURBINE, HEAT EXCHANGER AND COMPUTER TO TURN THE DUAL AXIS HYDRAULIC SYSTEM.

THEREFORE, YOU NOW OWN PART OF A TOWER, BUT YOUR OWNERSHIP IS SPECIFICALLY DESIGNATED BY THE SOLAR LENSES AND THOSE ARE IDENTIFIED BY SERIAL NUMBERS AND CODE NUMBERS. FORTY SYSTEMS EQUAL ONE TOWER.

THE TARGET FOR POWER PRODUCTION SAYS 400 WATTS PER SYSTEM OR .6 OF A KILOWATT IN YOUR PURCHASE AGREEMENT. HOWEVER, WITH THE NEW ADVANCES, THE POWER PRODUCED PER SYSTEM MAY ACTUALLY BE CLOSER TO ONE KILOWATT. IN ANY EVENT, YOU WILL GET \$150 IN RESIDUAL INCOME FROM EACH OF YOUR SYSTEMS.

HOPE THIS HELPS.

REGARDS, GREG



45

2011

Re: Ra3 Update from Lance

3 message(s)

Date: Thu Mar 03 2011 11:26:29 GMT-0700 (MST)
 From: Preston Olsen
 To: Greg Shepard
 CC:
 ID: 12e7cf8969a16340



Hi Greg - One quick question about your update. You mention that IAUS's goal is to have hundreds of towers operational by this summer. Does "operational" mean producing power? That would be awesome.

Preston
 On Thu, Mar 3, 2011 at 8:00 AM, Greg Shepard <greg@ofsmail.com> wrote:
 TO ALL: LANCE N. AND ROGER F. REPORT THE SUCCESS OF ONE OF THEIR DOWNLINE TEAM MEMBERS. CONGRATS TO ALL:

MEANWHILE OUR DELTA SITE IS BUSTLING WITH ACTIVITY AS THE GOAL OF GETTING HUNDREDS OF TOWERS OPERATIONAL BY SUMMER GOES ON.

GREG SHEPARD
 RAPOWER3 CHIEF DIRECTOR OF OPERATIONS

46

2012

From: Greg Shepard <greg@rapower3.com>
 Sent: Saturday, September 22, 2012 4:16 PM
 To: undisclosed-recipients
 Subject: Ra3 Update & Member Alert
 Attach: 055.JPG; 058.JPG; 062.JPG; 067.JPG



THE UPDATE: Here's what I can tell you at this time:

There are now 21,000 lenses in stock at the manufacturing plant. There are many hundreds of lenses that have been put into their frames along with the wind-resistant braces also stored at the manufacturing plant. (See attached Photo #55) The turbine is now up on one tower and attached to a heat exchanger and generator. (See attached Photos #58 -turbine on the right, Photo #62 and two workmen on the tower as shown in Photo #67)

All we need now is to have a high temperature pump delivered and some seals for the turbine and we can start generating electricity. I'm hoping this can be accomplished in the next 7-14 days.

Gregg_P&R-002787



47

2012

From: Greg Shepard <greg@rapower3.com>
Sent: Thursday, July 19, 2012 5:44 PM
To: undisclosed-recipients
Subject: Ra3 Convention Manual
Attach: 2012 RA3 Convention Manual.pdf, Untitled attachment 02279.txt


TO ALL:
 Attached is a PDF of our 2012 Convention Manual. Feel free to copy it or use it in any way that might be helpful to you.
 Regards, Greg

Our installation cost is far lower than anyone else as is our cost of operation. Our ability to mass-produce all components is unparalleled. RaPower3, with the help of energetic and enthusiastic team members, will make 2012-2013 an unforgettable year.

THE FOCUS OF RAPOWERS


RaPower3 is focused on solar energy and technologies that can expand solar projects to 24/7 capabilities. We are only interested in larger scale commercial projects in the United States and its territories. Projects in other areas of the world, although, are continually being evaluated.

Plaintiff Exhibit
504



BREAKTHROUGH TECHNOLOGY #8 & 7: NELSON JOHNSON
 #8 The Heat Exchangers and Closed Loop Systems and their huge cost, mass production and efficiency advantage.
 The photo above shows the new solar energy system heat exchanger. We call it the Magic Ball. There are patents on this heat exchanger. It is literally one thousand times smaller than a conventional heat exchanger, thus the term Magic Ball. It's shown with an outlet flange pipe.
 Gregg_P&R-002677

Plaintiff Exhibit
504



RECENT ACCOMPLISHMENTS

1. **Highlights from Jan. to March 2012:** Purchased a big lift truck for the new 50,000 square foot manufacturing plant. Had the best ever first quarter sales. Purchased two heavy-duty concrete pumps with trucks for our construction project. Had four big truck loads of steel delivered: enough for 300 towers. Poured the concrete base in the new manufacturing plant for our \$93,000 lb mold-making machine. Finalized the location and date for our RaPower3 National Convention. Purchased two cranes for the construction project. Purchased 1,200 acres for solar projects. Received five new patents. Manufactured and delivered on-site 700 trusses. Built the mold that mass-produces the frames for the solar lenses. Purchased a Robotic Welder and developed a Circuit Board. Received white papers and engineers are presently creating the software for the circuit board. Purchased a dirt truck for digging a hole four feet in diameter and fifteen feet deep in which to place the tower. Created molds for other important manufacturing parts such as the mold to connect the frames to the trusses along with a seal. Completed the mass production process for the jet nozzles. After four tries, discovered the proper coating to protect our solar heat exchanger from melting.
2. **Highlights from April 2012:** Finished the final mold for the strut connecting the lens frame to the Truss. Every mold for every component for mass manufacturing has now been completed. The last pieces of equipment for the assembly line for the automatic mass production of components have been ordered. Construction plans for the Delta project being finalized. Completed the first phase of the software engineering for the circuit board.
3. **Highlights from May to early June 2012:** Completing the manufacturing plant. Nearing completion of the software engineering for the Circuit Board and the readiness for the construction of CSP towers in Delta, Utah.


48

2012

From: Greg Shepard <greg@rapower3.com>
Sent: Thursday, July 19, 2012 5:44 PM
To: undisclosed-recipients
Subject: Ra3 Convention Manual
Attach: 2012 RA3 Convention Manual.pdf, Untitled attachment 02279.txt

TO ALL:
 Attached is a PDF of our 2012 Convention Manual. Feel free to copy it or use it in any way that might be helpful to you.
 Regards, Greg

Plaintiff Exhibit
504



Manufacturing and Construction Plans for 2012

RaPower3 and IAUS are eyeing a number of locations: Utah, Arizona, Nevada, Texas and California. These sites have near the optimum annual sun hours per year on flat inexpensive land. In addition, they have water available with major transmission lines and substations in close proximity. Hundreds of megawatts of power can be produced on the available land. It is the position of RaPower3 that IAUS can obtain advantageous PPAs and Permits at these locations. Utah sites are in the Delta and Millard areas of Utah. Other projects outside the above states are also possible with foreign and domestic.

Gregg_P&R-002681

49

2012

From: Greg Shepard <greg@rapower3.com>
Sent: Thursday, July 5, 2012 1:08 PM
To: undisclosed-recipients
Subject: Ra3 Convention and Update
Attach: Convention Tuesday.JPG

Now that the R&D is done and the Manufacturing Plant is completed along with the manufacturing of so many components is done, CONSTRUCTION WILL BEGIN THIS MONTH. More on that later.



Gregg_P&R_001430

50

From: Greg Shepard <greg@rapower3.com>
Sent: Monday, July 8, 2013 8:54 AM
To: pgregg@bfsmail.com
Subject: IRS Appeal Info
Attach: 007.JPG; 027.JPG; 032.JPG; 002.JPG; IRS Appeal Info.doc

2013

Peter,

Attached is an info document I prepared to help in the appeal process. We also expect much more progress by the end of July that will strengthen our position.

I've also attached four photos to go along with the document.

- #007 Jeremy Sharp, our mechanical engineer, in his office at the Delta area manufacturing plant
- #027 The electric cable going from the main tower to our home.
- #032 The cable going from our home to the power pole along the road that goes to Rocky Mountain Power.
- #002 Crosses raising the solar discs on the towers

We are excited about the future and look forward to a favorable outcome during the appeal process.

Regards, Greg

Greg Shepard
 RaPower3
 4035 South 4000 West
 Desert, UT 84024
 www.rapower3.com

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51

July 2013

From: Greg Shepard <greg@rapower3.com>
Sent: Monday, July 8, 2013 8:54 AM
To: pgregg@bfsmail.com
Subject: IRS Appeal Info
Attach: 007.JPG, 027.JPG, 032.JPG, 002.JPG, IRS Appeal Info.doc

GOVERNMENT
EXHIBIT
293
GREGG

3. PRODUCING ELECTRICITY AND REVENUE:

A. The IRS has said this will never happen:

B. We already have produced electricity a number of times during tests. Nineteen towers are up and hooked to the main tower. The electric cable has already been laid and goes to a Delta area home which we own. Then, the excess electricity goes to a power pole on a country road. From there the electricity will go into Rocky Mountain Power and produce revenue for Rapower3 team members. This is a 1.5 Megawatt project.

The signed agreement for the \$180 million project is ongoing with an estimated 2014 completion date and could produce up to 100 megawatts making it one of the largest solar projects in the nation.

Gregg_P&R-003231

52

2013

Lefty CUSD No. 2 Mail - Ra3 New IRS Ploy 4/16/16, 6:44 PM

Ra3 New IRS Ploy

Greg Shepard <greg@rapower3.com>
To: Greg Shepard <greg@rapower3.com> Fri, Aug 30, 2013 at 3:59 PM

TO ALL BEING AUDITED:

See the attached photo: This is the main tower. There will be 17 to 18 satellite towers that will feed the main tower's turbine and heat exchanger producing 1.5 megawatts of power. This will soon be put on power poles going into Rocky Mountain Power which is Utah's largest utility company.

EXHIBIT NO. 92
 FOR IDENTIFICATION
 DATE 8-7-16 RFR: LP

011.JPG
649K

OK, the new IRS play is to ask many personal questions that have no relevance to your audit. This may be done over the phone, or at the audit. The latest RaPower3 Team Members being audited have the questions written down in their first audit letter. Twenty-two questions in all. Don't answer these. They don't apply to your audit. They are fishing for info or to catch you in an inadvertent lie or inaccurate information. Just refer them back to your contracts, invoices and other relevant documents like IRS form 3468 with instructions. When the new rapower3.com website is launched next week, you may use that to show the IRS auditor. You can also plead the 5th. The auditor may get mad and threaten you, but the first auditor is going to turn you down any way.

53

2013


From: Greg Shepard <greg@rapower3.com>
Sent: Thursday, September 12, 2013 7:38 PM
To: undisclosed-recipients
Subject: Ra3 Ongoing tests
Attach: 009.JPG

To All:
 A big welcome to our new RaPower3 Team Members.

First, important tests will be going on tomorrow, but then tests are ongoing all the time as we keep pushing forward.

4th: See the attached photo. It shows the main tower and all the functioning components such as the heat exchanger and the turbine. Look towards the very top. If you look closely, you will see the spokes of the turbine. Remember, your solar lenses qualify for your tax credit because they produce heat. What does the heat do? Well, it gets so hot that it turns water into steam and the steam then shoots out of the jet nozzle of the turbine. What does this do? It makes the turbine spin very, very fast-up to 17,000 revolutions per minute. This is what creates electricity as it goes to the generator.

EXHIBIT
256
Gregg
11/16/16



Gregg_P&R-003383

Gregg_P&R-003389

54

2013

From: Greg Shepard <greg@rapower3.com>
Sent: Thursday, September 26, 2013 7:26 PM
To: undisclosed-recipients
Subject: Ra3 Important Info
Attach: 015.JPG

TO ALL: A big welcome to all our new RaPower3 Team Members and a big thank you to all the many current RaPower3 Team Members who have just ordered taking advantage of the 10% upfront program.


To order more lenses is easy. It takes about two minutes. Go to the Back-end Office area by logging in with your USER NAME and PASSWORD. Once in look at the left hand column and find Add New Purchase and click. Everything from that point is done automatically and electronically for you.

SEE THE ATTACHED PHOTO: This is a photo of our stainless steel braided hoses which connects the heat collector to the insulated pipes. These kinds of hoses are needed because of the extreme heat. They'd melt if they were not made of this material.

Finally, great stuff on our www.rapower3.com website. I frequently add info under NEWS. You can always keep up-to-date by going there. Then something new: look to the top right hand of your screen. It's our new Media Area. You can download your own sales material and print it out if you want. This should be of great benefit to those who want to sell lenses and make commissions.

We also expect press and media inquiries as we move forward. For example, I have been invited to be the sole speaker at an important energy conference next month. IT IS GETTING TO BE VERY EXCITING INDEED.

GOVERNMENT
EXHIBIT
264
Gregg
11/16/16



Gregg_P&R-002164

55

2013

From: Greg Shepard <greg@rapower3.com>
Sent: Tuesday, October 22, 2013 2:17 PM
To: undisclosed-recipients
Subject: Ra3 Audit/Appeal News
Attach: Delta Photo.JPG; 011.JPG

GOVERNMENT
 EXHIBIT
 267
 GREGG

First Photo: The latest available photo of the towers. The first project will consist of 15 towers that will produce about 1.5 Megawatts for Rocky Mountain Power. We are almost done.

Photo #011: This is the transformer on the other end of the project site, less than a mile away from the towers. Notice the electric cables on the right which originated from the towers. The electricity will be put onto the power poles on the left.



56

2014

From: Greg Shepard <greg@rapower3.com>
Sent: Tuesday, January 14, 2014 10:21 AM
To: undisclosed-recipients
Subject: Ra3 News
Attach: 043.JPG

TO ALL:

The weather this week in Delta will be very good. I was there yesterday.

Attached is a photo of our heat storage container that has the insulation covering. This will keep temperatures at about a thousand degrees on the inside and only warm-to-the-touch on the outside. This will increase our annual production hours by operating on cloudy days.

IN THE NATIONAL NEWS: Coal mining output is projected to fall by more than 25 million tons in 2015 when new rules for mercury pollution kick in.

Regards, Greg

Greg Shepard
 RaPower3
 4035 South 4000 West
 Deseret, UT 84624
 www.rapower3.com



GOVERNMENT
 EXHIBIT
 276
 GREGG

Gregg_P&R-001080

57

2014

From: Greg Shepard <greg@rapower3.com>
Sent: Monday, February 10, 2014 12:05 PM
To:
Subject: Ra3 Audit 2nd Batch
Attach: 008.JPG; 013.JPG; Transformer at Main Terminal.jpg; Transformer at House.jpg


GOVERNMENT EXHIBIT
272
Gregg 11/16/16

Gregg_P&R-001391

2nd batch pf photos:

008: Last May showing from house to adjacent shed
 013: Power Pole by house
 Last October: Now we see a transformer at our main terminal with our solar towers in the background
 Last October: Now you can see the receiving transformer that was installed by the adjacent shed.

The first eleven towers transmits electricity through the transformer to the house and power pole. The capacity is one megawatt which is enough to power 250 homes.
 We have another 500 towers that are ready for installation.



58

2014

From: Greg Shepard <greg@rapower3.com>
Sent: Monday, April 14, 2014 8:52 AM
To: undisclosed-recipients
Subject: Ra3 History & Taxes
Attach: P1010539.jpg; P1010542.jpg; Pallets.jpg; turbine.jpg

EXHIBIT
262
Gregg 11/16/16

Gregg_P&R-002464

TO ALL: A big RaPower3 welcome to all our new members.***

Many of you may know that I'm writing a history of RaPower3 and the technology. It can be found on our website rapower3.com

The following attached new photos are for the first chapter: Proof of Concept

They will be out on the website later this week.

P1010539: One of the very first solar lenses produced by Lucite
 P1010542: The inside shaft of one of the first turbines
 Pallets: The first one-megawatt turbine and its parts
 Turbine: First assembled one-megawatt turbine (shows that it's small enough to be carried by one person)



59

2014

LeRoy CUSD No. 2 Mail - Mega Tour Report 4/16/16, 7:36 PM




EXHIBIT NO. 47
FOR IDENTIFICATION
DATE: 8-1-16 RPT: L.P.


Mega Tour Report

Greg Shepard <greg@rapower3.com> Mon, Jul 7, 2014 at 3:59 AM
 Reply-To: Greg Shepard <greg@rapower3.com>
 To: Brian <zaleznikb@leroyk12.org>

MESSAGE
from the Chief Director of Operations

MEGA Tour

Our Mega Tour was a graat event. Click [HERE](#) for a vidao clip of the turbine running at the tour. Please, continue to checkout rapower3.com or iaus.com for updates.



Disruptive Energy Technologies

in a life


RaPower3 LLC
www.rapower3.com

General Questions:
email info@rapower3.com

60

2014

From: Greg Shepard <greg@rapower3.com>
Sent: Thursday, October 23, 2014 1:58 PM
To:
Subject: [BULK] Ra3 Court Appeal Update
Attach: Paul Jones Letter Generic.docx



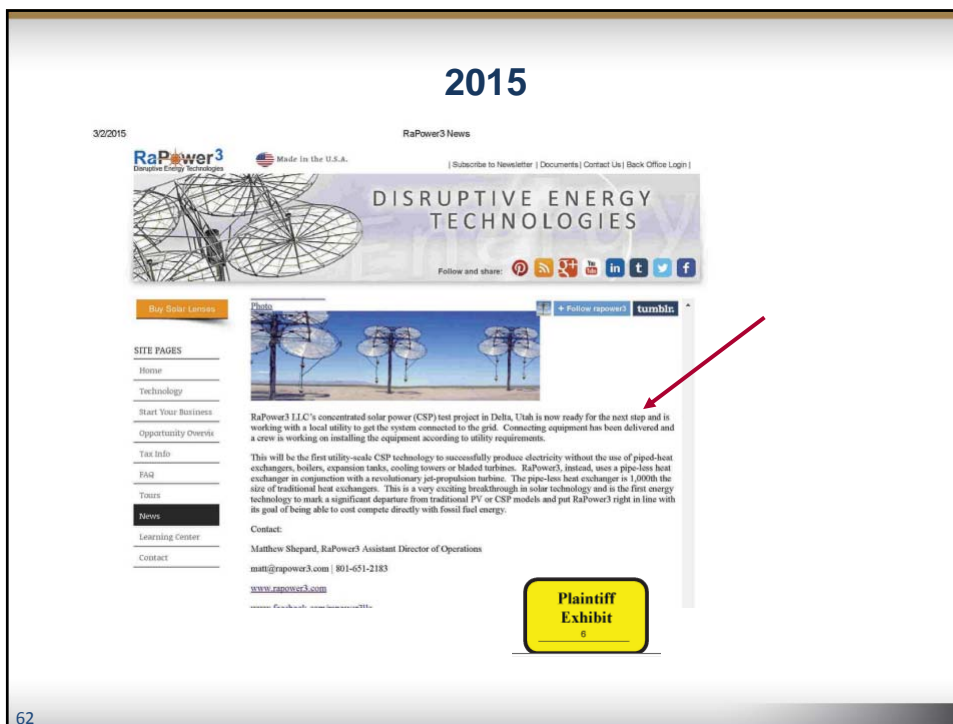
Please read and use as you see fit. Regards, Greg

6. Our Current Position:

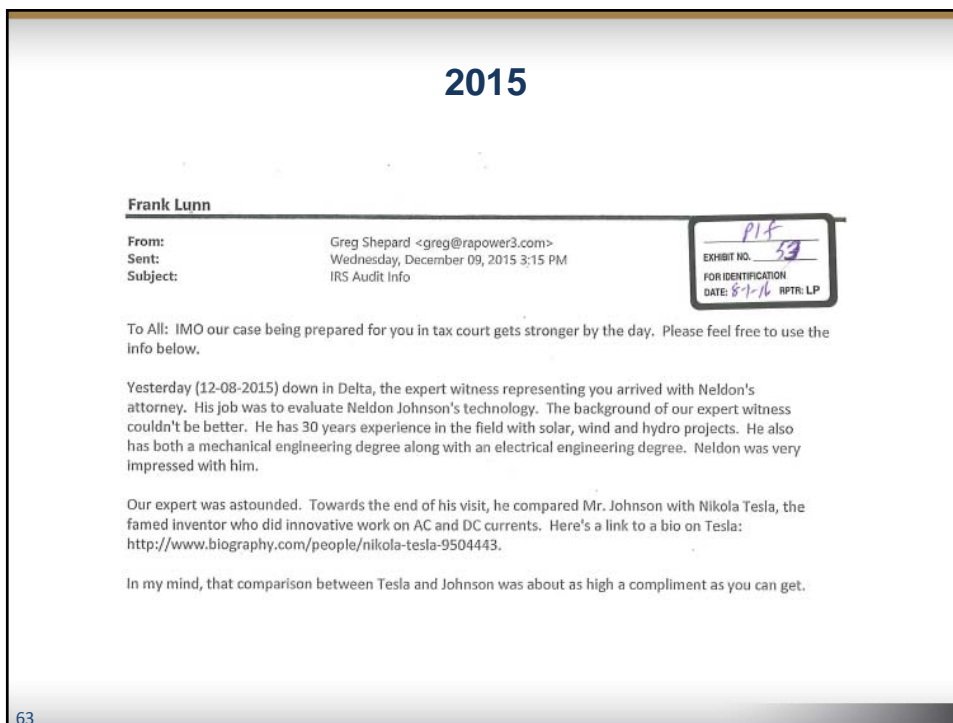
- A. R&D:** All completed
- B. Full Production Status:** Start full production of ten towers a day in late November of 2014. That's about one megawatt a day. That would make us the largest solar company in Utah. We can easily double that in our current Utah manufacturing plant. That would make us the largest solar company in the country. **(Expert Witness)**
- C. Our Other Renewable Energy Technologies:** With our new Dynamic Voltage Controller along with other technologies, we have a decided edge over all other forms of energy production: coal, PV solar, CSP solar, wind, ocean, geothermal, nuclear and batteries, etc. We are also the only solar company that can produce high volumes of pure distilled water using salt water or brackish water which will prove to be a godsend to draught stricken areas throughout our nation. **(See iaus.com. We also have expert witnesses and detailed patents pending).** Some of these technologies are ready now and some will be ready within a year or less.

Gregg_P&R-001783

61



62



63

2016

From: Greg Shepard <greg-rapower3.com@mail78.at51.rsgsv.net>
Sent: Thursday, March 3, 2016 5:44 PM
To: pgregg@bfsmail.com
Subject: RaPower3 Team Memo #51



Expanding Production

The workforce is now expanding to meet full-production needs and even go 24 hours a day at some point. Shown is a workman finishing up one of the new auto-weld stations.



Inventory is Building

This picture shows part of the inventory with the new completed frames. We now have four Auto-Weld stations that that can complete 120 frames per hour.



64

Additional Reasons To Know

- No Power Purchase Agreement or Interconnection Agreement even though Defendants knew they needed those agreements
 - PLEX 411, at 10
 - PLEX 412, at 9
 - PLEX 413, at 6
 - PLEX 414, at 10
 - PLEX 415, at 7
 - PLEX 416, at 7
 - PLEX 526
 - PLEX 901
- Johnson Testimony, Trial Tr. 1990:13-16

65

Additional Reasons to Know: September 2010

ROGER W. HALVERSON
Certified Public Accountant, Chartered

1055 SE Ocean Blvd.
Stuart, Florida 34996

Telephone # (772) 283-3535
Fax # (772) 283-3859
email: halvrpa@bellsouth.net

September 24, 2010

International Automated Systems, Inc.
326 North SR 198
Salem, UT 84653

RE: Equipment Purchase Agreement by Ilios, LLC

Gentlemen:

On December 18, 2008, Ilios, LLC entered into a purchase agreement for 50 alternative energy systems.

Paragraph 2(a) states that "Seller shall furnish, deliver, install and startup each alternative energy system at the installation site by December 31, 2008....." Can you verify or certify that the equipment installation was in fact completed by that date?

Paragraph 5 refers to the energy generated and sold and guarantees that all amounts received from these sales will be paid to the purchaser. We have not received any operations information nor proceeds of energy sales to date. Please explain to us what is going on with this equipment and why we have received nothing to date.

We are the accountants for Ms. Patricia Lambrecht, the sole member of Ilios, LLC.

Sincerely yours,

Roger W. Halverson
Roger W. Halverson, C.P.A.

RWH:lh

Copy to: Ms. Patricia Lambrecht, Member,
Ilios, LLC

See also email
correspondence
between Mr. Halverson
and Greg Shepard at
PLEX 189.



Halverson_Roger-00070

66

Additional Reasons to Know: March 2011

From: Greg Shepard <gshep@fsmail.com>
Sent: Tuesday, March 29, 2011 2:08 PM
To: gshep@fsmail.com
Subject: RE: Kevin Gregg and rapower3

Re: Kevin Gregg
Kevin Gregg
Rapower3 Chief Director of Operations
611 W. 24th St.
Salem, UT 84653
Tel: 801-475-1139
Fax: 801-475-1139
www.rapower3.com

-----Original Message-----
From: Roger Halverson <halvrpa@bellsouth.net>
Sent: Tue, 23 Mar 2011 19:48:22 -0700
Subject: RE: Kevin Gregg and rapower3

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Greg,
Thank you, my Dad does not know work. He also has little understanding of IRS regulations. We appreciate your help.

-----Original Message-----
From: James Barker <jbarker@rapower3.com>
Sent: Fri, 25 Mar 2011 19:45:36 -0500
Subject: Kevin Gregg and rapower3

From: Kevin Gregg
BFS ChristianSales Rep
www.bfschristiansales.com
801-475-4444

We have a mutual client, Kevin & Michele Gregg. Kevin has asked that I email you cause there seems to be some confusion. These solar panels that they purchased, I thought was for their home and now this car I am finding that the panels are located in AZ. The Gregg's were told that they could take a business credit for the panels, but yet they don't have a business of selling solar panels or a business in AZ. I have don't some research and I am coming up empty handed with doing this business credit when there actually is no business.

-----Original Message-----
From: Greg Shepard <gshep@fsmail.com>
To: halvrpa@bellsouth.net
Cc: kevin.gregg@plex.com; gshep@fsmail.com
Sent: Sat, 26 Mar 2011 12:47:19 -0700
Subject: RE: Kevin Gregg and rapower3

James M. Barker
BFS ChristianSales Rep
1122 NE 12th Ave
Portland, OR 97232
903-766-2862 Office
903-766-2864 Fax
jmbarker@bfschristiansales.com

Dear James Barker: Thank you for your questions. Here are the answers:

1. Kevin is a Rapower3 Team Member. His spouse is Peter Gregg. Kevin purchased ten Alternative Energy Systems last year.
2. Peter (rapower3) is set up like a network marketing business. Peter received a commission and a 100% loan. Kevin has the same opportunity as he bases on the signed documents electronically and his business decision as to he will manage his system.
3. Kevin is a member of the IRS.
4. The system are set up as an Arizona. All this is explained in detail on our website's case website.
5. Kevin has received dozens and dozens of e-mails detailing all aspects of the business. However, for some, it is complicated.
6. Kevin has a USER NAME and PASSWORD to log in to our member site. On this Team Member offer site, Kevin can download and print out the electronically signed agreements and contracts. If he cannot remember his user name or password, just email me.
7. Kevin purchased 10 systems. Each system costs \$1,000. Therefore, his total purchase price is \$10,000. This amount goes on four installments. Kevin is entitled to a 30% tax credit on his case \$3,000. This figure is transferred to form 3800 and then to the second page of your 1040 from line 33. The details of his purchase are on his EQUIPMENT PURCHASE CONTRACT which is available at any time online at the member office site.
8. Kevin has chosen not to work very hard at his business, but the IRS does not require hard work or an earnest work. Kevin is still entitled to his system. In 2010, he gets to depreciate 100% less half of the tax credit. This equals \$25,500. This goes on form 4562, line 1, and then to line 11 of the first page of the 1040 form.
9. Kevin is a mutual partner and is at risk. He owes us \$15,500.
10. Kevin is active and present. He is a sole proprietor and has no employees. He would file line section 179. The loan goes on his business tax return.

Hope this helps. If you have further questions, just ask me or Peter.



Gregg_PSR-003095

-----Original Message-----
From: James Barker <jbarker@rapower3.com>
To: gshep@fsmail.com
Sent: Fri, 25 Mar 2011 19:45:36 -0500
Subject: Kevin Gregg and rapower3

We have a mutual client, Kevin & Michele Gregg. Kevin has asked that I email you cause there seems to be some confusion. These solar panels that they purchased, I thought was for their home and now this car I am finding that the panels are located in AZ. The Gregg's were told that they could take a business credit for the panels, but yet they don't have a business of selling solar panels or a business in AZ. I have don't some research and I am coming up empty handed with doing this business credit when there actually is no business.

Gregg_PSR-003096

67

Additional Reasons to Know: June 2012

bryan
 From: Greg Shepard [mailto:gshep@rapower3.com]
 Sent: Tuesday, June 05, 2012 7:50 PM
 To: QUINSMITHCPA@aol.com
 Cc: bryand@quinsmith.com
 Subject: RE: Solar energy equipment purchases from RaPower3 and tax credits/savings

Quinn,
 As I have said before, Bryan does not answer questions unless you are a client

At this point, I'm not interested in doing business with your clients.

Sorry.

Greg Shepard

Greg Shepard
 RaPower3-Chief Director of Operations
 843 W 2400 S
 Salt Lake City, UT 84119
 Fax 801-981-1159
www.rapower3.com

EXHIBIT 477
 WR: G. Shepard
 DATE: 5-23-17
 CDM/ELC

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----- Original Message -----
 From: QUINSMITHCPA@aol.com [mailto:QUINSMITHCPA@aol.com]
 To: bryand@quinsmith.com
 Cc: gshep@rapower3.com
 Sent: Tue, 5 Jun 2012 21:02:59 -0400 (EDT)
 Subject: Solar energy equipment purchases from RaPower3 and tax credits/savings

Bryan,
 I have reworded my prior email so that you will now be able to respond to some income tax related questions that are not discussed on the RaPower3 website regarding the purchase of this alternative energy equipment from RaPower3.

Greg had responded to me that I had used a few key words in my initial email that would lead to some misunderstanding so I have removed those key words.

I have a couple of clients who have approached me regarding purchasing solar equipment from RaPower3 but they are unsure of exactly why and how it saves them taxes and have asked me to find out for them and let them know before they purchase any.

This alternative equipment purchase appears to be a risky tax savings/credit and the purchase procedure appears to be a multi-level marketing type purchase but maybe you can give me some information to help explain why it is not as I am unable to find these answers anywhere on the website.

BOLANDER-BRYAN-000676

I have spent a little time looking at the website and I just have a few preliminary questions I was hoping you could give me some feedback on:

1. There is the question that is discussed a lot on websites on whether the type of alternative energy that RaPower3 sells actually meets the IRS requirements for the tax credit? (It is my understanding that it is only specific alternative energy that qualifies under the IRS tax credit and this one may not be) (I would think that maybe an IRS private letter ruling might have been obtained?)

2. Also, there is the concern of the "placed in service" date that is also discussed a lot on blogs and whether the equipment has truly been placed in service as one website shows pictures taken from the construction sites as late as March 2012 and there doesn't appear to be much construction activity? (This could raise IRS scrutiny by it's nature.) (I guess my question is that if RaPower3 sends out a letter saying the equipment has been placed in service, wouldn't that mean that energy is being produced and income from power would start to be received from the purchaser?)

3. Another concern of mine is whether there will really ever be any income generated due to the lack of construction mentioned above and thus, this would be considered a "hobby" under IRS rules and any preliminary tax savings due to a schedule C loss would be thrown out. (Not to mention the investors risk of an almost certain high audit percentage due to the loss for the initial years.)

Any comments or further information you have would be appreciated.

Thanks,

Quinn

Quinn Smith, CPA
 1437 Old Square Road, Suite 202
 Jackson, MS 39211
 Phone 601-981-4266
 Fax 601-981-6927

BOLANDER-BRYAN-000677

Additional Reasons to Know: November 2012

-----Original Message-----

From: Greg Shepard [mailto:greg@rapower3.com]
 Sent: Monday, November 19, 2012 10:37 AM
 To: undisclosed-recipients@phmler2.mail.eds.com
 Subject: Ra3 Emerging

TO ALL: Just completed an exciting trip to Delta. We have made tons of progress in all areas. The headline on our rapower3.com reads that we are emerging as the world's leading provider of renewable energy. This will ring true. I wish all of you could have gone down with me. You would be sharing my enthusiasm.

One small example: The manufacturing plant now has 14 three-phase power outlets. I believe we will be able to produce one completed lens every minute and do it 24/7.

EXHIBIT 141
 WR: Olsen
 DATE: 8-10-16
 Denise H. Thomas, CRR/PP

Additional Reasons to Know: November 2012

Greg,

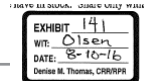
Are you not able to share any information that is actually happening on the site OR with the progress towards the goal of have a running system?

A report on Manufacturing capability is nice and satisfies part of the tax requirement regarding RA3 Sales but only a part of the picture.

If you can't because of other reasons I understand. It just leaves a big hole in the picture but please just say you can't.

Here would be some of my questions:

1. are all of the components hooked up together? (tower/lens/rotating ball heat exchanger/piping between ball heat exchanger and 2nd shell and tube water heat exchanger/ 2nd heat exchanger to turbine/turbine generator to new circuit board/power out to monitoring device or control panel?)
2. If not, what portion is complete?
3. Was the turbine left on the tower or placed at the base of the tower (which seemed to make more design sense)?



70

Neldon Johnson Retained Control

71

Neldon Johnson Retained Control

- Johnson controls all terms of the transaction.
- Customers do not negotiate the terms, including price of their purchase.
- Customers do not take possession of their lenses.
- Defendants tell customers how little effort they will be required to expend in their “solar lens leasing business.”
- Defendants do not track lenses; customers do not know which lenses are theirs.
- Johnson has control over all entities in the transactions: RaPower-3/Solco/XSun Energy, LTB, IAS, and Cobblestone Centre.

72

SPECIAL MEMO 3-27-18 **Neldon Johnson Retained Control**



Rental Fee Payoff



Dear RaPower3 Team Member:

We are tremendously excited to bring you news about paying off the first five years of your rental fees. This payoff will be made only to those who have fully paid your obligation to us as per terms of your original Equipment Purchase Agreement.

Here are the advantages:

1. Instead of the \$150 payout a year, you'll get paid out for all five years.
2. The rest of the 30-year rental agreement will be still be in force for you.
3. The tax credits can be used for twenty years.
4. You will have to pay taxes on the \$750 gain, but for this, you can use your new tax credits.
5. If your income is such that you are no longer in need of tax credits, you may sell them. We are working on a way to help you with this option.
6. For those that still need tax credits, you will actually end up making more than you would have with the \$750 cash payout per lens and you'll receive your money quicker.
7. This rental fee payout is for any number of lenses that you have purchased prior to 2017 whether it's 5, 50 or even five hundred.

Your new Equipment Purchase Agreements reflecting the new rental payout will soon be available. More detailed information will also be available at rapower3.com

Sincerely,

Neldon Johnson
Manager

73

Neldon Johnson Retained Control

- Rowbotham Testimony, Trial Tr. 957:3-10
- Williams Testimony, Trial Tr. 987:3-16; 993:8-994:15; 1008:5-7; 1010:3-7
- Olsen Testimony, Trial Tr. 1078:17-1079:3
- Jameson Testimony, Trial Tr. 1246:14-1247:16
- M. Shepard Testimony, Trial Tr. 1354:7-15

- PLEX 19
- PLEX 119
- PLEX 346, at 1
- PLEX 420

- PLEX 673, LTB1 30(b)(6) Dep., 32:8-34:15; 75:15-77:14; 87:10-88:6
- PLEX 682, RaPower-3 30(b)(6) Dep., 39:9-41:2; 62:21-64:5
- PLEX 683, John Howell Dep., vol. 2, 39:17-40:4; 95:3-5; 134:14-135:22
- PLEX 685, R. Gregory Shepard Dep., 157:18-24
- PLEX 687, Robert Aulds Dep., 141:3-13; 146:17-147:5
- PLEX 688, Roger Freeborn Dep., 28:19-40:16
- PLEX 689, Peter Gregg Dep., 55:19-56:13
- PLEX 693, Frank Lunn Dep., 103:16-104:6; 114:11-115:4
- PLEX 697, Brian Zeleznik Dep., 67:3-12; 93:18-96:3

74

Illusory Contract Documents

75

Illusory Contract Documents

- Customers pay a minimal amount “up front” payment.
- Customers are expected to make the remaining “down payment” after their tax refund, but not all customers make payment.
- Defendants do not enforce the contract terms for those that don’t pay.
- Remaining purchase price is “financed” on a non-recourse basis with the lens as the only security.
- Defendants do not check prospective customers’ credit.
- Defendants have also offered refunds if customers do not receive the advertised tax benefits.

76

Illusory Contract Documents

- PLEX 8A
- PLEX 25
- PLEX 91
- PLEX 92
- PLEX 93
- PLEX 94
- PLEX 95
- PLEX 119
- PLEX 121
- PLEX 174
- PLEX 181
- PLEX 346
- PLEX 462
- PLEX 464
- PLEX 473
- PLEX 511
- PLEX 512
- PLEX 531
- PLEX 532
- PLEX 533
- PLEX 555
- PLEX 587
- PLEX 613
- PLEX 614
- PLEX 615
- PLEX 637
- PLEX 638
- PLEX 639
- PLEX 760
- PLEX 762

AGREEMENT

NOW, THEREFORE, the parties hereto agree as follows:

1. Seller hereby sells to Purchaser and Purchaser hereby purchases from Seller the Alternative Energy System consisting of the system components identified on the attached Exhibit "A". Seller shall furnish, deliver, install and startup the Alternative Energy System, at a site provided by Purchaser at Del Rio, UTAH, hereinafter referred to as the "Installation Site".
2. Seller agrees to complete the following for the Alternative Energy System in accordance with the schedule stated:
 - a. Seller shall furnish, deliver, install and startup the Alternative Energy System at the Installation Site, by Dec. 29, 2016, hereinafter referred to as the "Installation Date".
 - b. Seller shall provide to Purchaser all required documentation relating to the Alternative Energy System and its components as requested by Purchaser for federal, state and local review of the Alternative Energy System for potential tax benefits.

EXHIBIT 94
 WIT: Rebecca Thom
 DATE: 8-8-16
 Denise M. Thomas, CRVSPR

77

Illusory Contract Documents

- PLEX 282
- PLEX 383
- PLEX 468
- PLEX 790
- PLEX 796

- PLEX 448, Mike Penn Dep., 11:21-15:23; 38:10-40:22
- PLEX 579, Neldon Johnson Dep., vol. 1, 237:16-239:13
- PLEX 685, R. Gregory Shepard Dep., 110:9-113:7; 153:2-16304:4-305:10
- PLEX 687, Robert Aulds Dep., 104:15-146:5
- PLEX 698, Peter Gregg Dep., 53:20-55:9

78

Goal = To Eliminate a Customer's Tax Liability

79

Goal = To Eliminate a Customer's Tax Liability

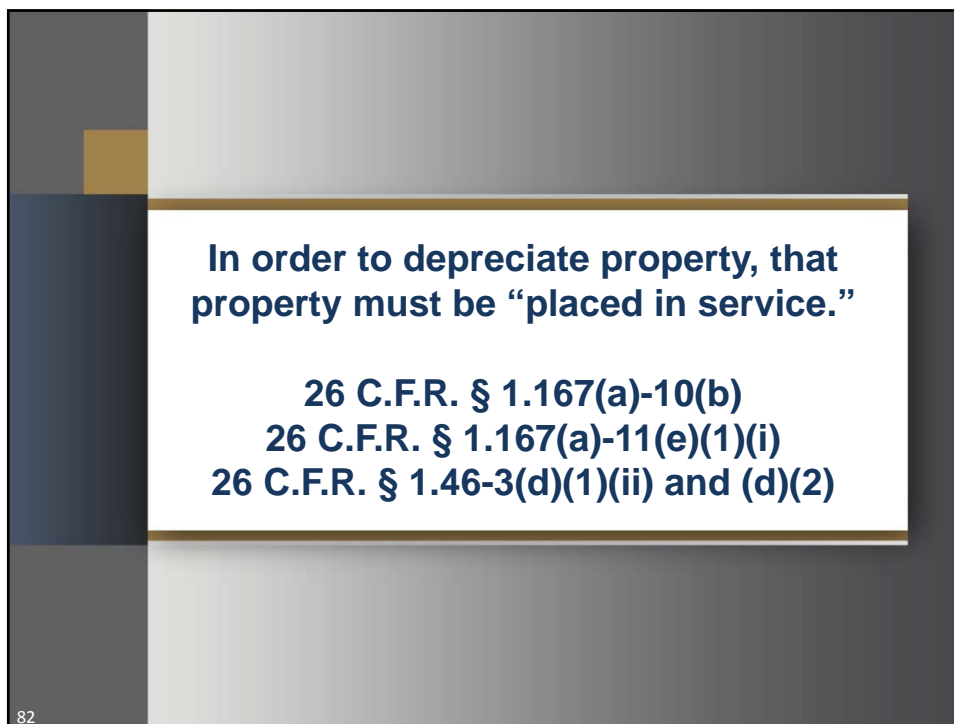
- Defendants made clear that the goal of buying solar lenses was to “zero out” a customer's tax liability.
 - PLEX 20, 24, 40, 158, 490 at 9-10
- The amount of the down payment is identical to the amount Defendants tell customers they can claim as a solar energy tax credit.
 - PLEX 20 at 2, PLEX 532 at 3

80

Goal = To Eliminate a Customer's Tax Liability

- Other Examples:
 - PLEX 48, at 1
 - PLEX 85, at 3
 - PLEX 207 (“With this program you are awarded the ... tax privileges that General Electric gets, i.e., pay no federal taxes. In fact, full [par]ticipation makes you tax free till [sic] 2020.”)
 - PLEX 214
 - PLEX 220
 - PLEX 501, at 2
 - PLEX 531
 - PLEX 674
- PLEX 579, Neldon Johnson Dep., vol. 1, 247:11-248:12
- PLEX 581, IAS 30(b)(6) Dep., 162:1-165:9
- PLEX 685, R. Gregory Shepard Dep., 239:16-240:10
- PLEX 688, Roger Freeborn Dep., 71:2-20
- PLEX 693, Frank F. Lunn Dep., 188:18-189:20

81



In order to depreciate property, that property must be “placed in service.”

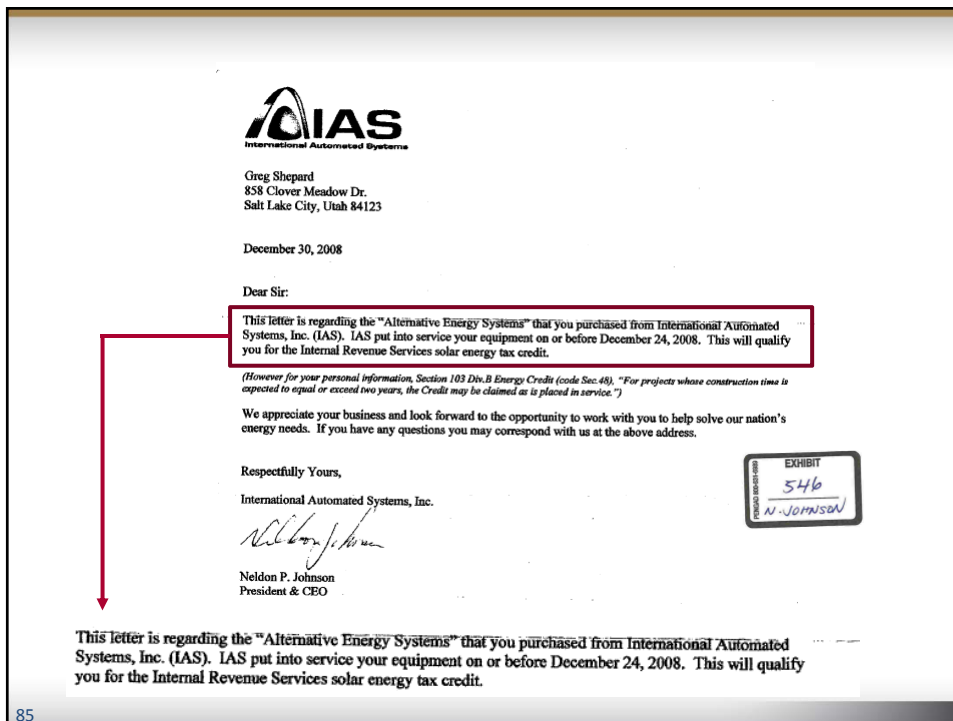
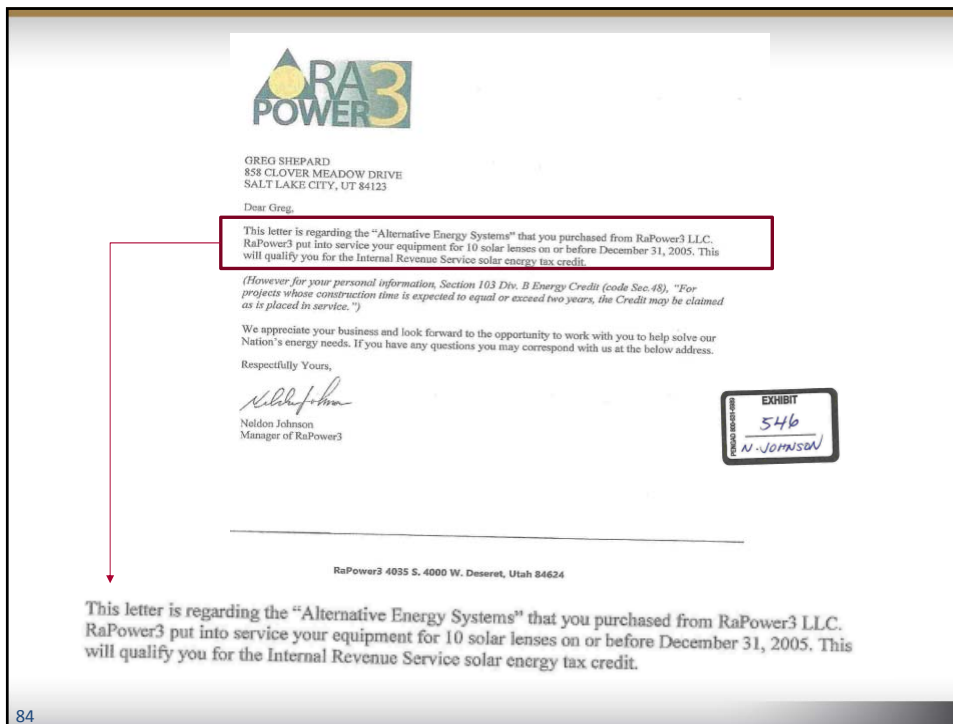
**26 C.F.R. § 1.167(a)-10(b)
26 C.F.R. § 1.167(a)-11(e)(1)(i)
26 C.F.R. § 1.46-3(d)(1)(ii) and (d)(2)**

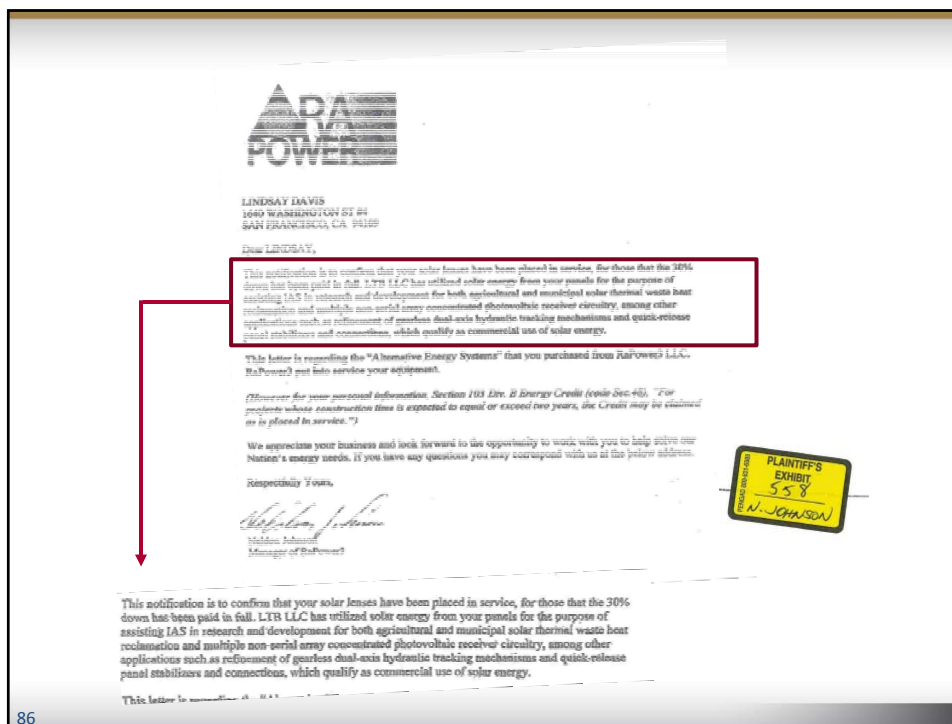
82



Defendants Told Their Customers Their Equipment Was “Placed in Service”

83





86

Examples of Placed in Service Letters in Evidence

- PLEX 44: February 2, 2012 Placed in Service Letter from RaPower-3, LLC to Frank Lunn signed by Greg Shepard, Director of Operations
- PLEX 103: December 30, 2008 Placed in Service Letter from International Automated Systems, Inc. to Robert Rowbotham signed by Neldon Johnson, President & CEO
- PLEX 104: February 2, 2012 Placed in Service Letter from RaPower-3, LLC to Robert Rowbotham signed by Greg Shepard, Director of Operations
- PLEX 105: January 28, 2011 Placed in Service Letter from RaPower-3, LLC to Robert Rowbotham signed by Greg Shepard, Director of Operations
- PLEX 534: Placed in Service Letters from International Automated Systems, Inc. signed by Neldon Johnson to various customers
- PLEX 546: Placed in Service Letters from International Automated Systems, Inc. and RaPower-3, LLC signed by Neldon Johnson to R. Gregory Shepard from 2005 – 2013
- PLEX 558: Placed in Service Letter from RaPower-3, LLC to Lindsay Davis signed by Neldon Johnson, Manager of RaPower-3
- PLEX 588: February 2, 2012 Placed in Service from RaPower-3, LLC to John Howell signed by Greg Shepard, Director of Operations
- PLEX 637, p.8-10: Placed in Service Letters from RaPower-3, LLC to Peter Gregg by Greg Shepard, Director of Operations
- PLEX 638, p.31: Placed in Service Letter from RaPower-3, LLC to Ryan Cook signed by Greg Shepard, Chief Director of Operations

87

Other Statements that Equipment was “Placed in Service”

Leroy CUSD No. 2 Mail - Ra3 Zeleznik Audit 4/16/16, 6:46 PM




EXHIBIT NO. 73
 FOR IDENTIFICATION
 DATE: 8/21/13 RPT: LP

Ra3 Zeleznik Audit

Tue, Sep 10, 2013 at 8:44 PM

Greg Shepard <greg@rapower3.com>
 To: jessicawoodward@cpaauto.com
 Cc: BJ ZELEZNIK <ZELEZNIK@leroyk12.org>

HELLO JESSICA-RESPONSES IN CAPS

Hi Greg, Frank and BJ

BJ and I just had our telephone audit interview.

She basically is denying all credits/depreciation because there is no proof of being placed in service. THIS, AS YOU WERE ADVISED, WAS EXPECTED.

Again, just like Frank, she wants proof of licenses, proof the panels are hooked up to the grid, etc. DOES NOT APPLY AS STATED IN MY MATERIAL. I WILL MAKE SURE YOU GET A COPY. ALSO, YOU ARE NOW ON MY E-MAIL LIST AND SO YOU WILL GET MY INFO FIRST HAND

So basically the IRS definition of placed in service is different than our definition of placed in service. THAT IS CORRECT

So unless we provide an argument to this placed in service issue, we will have to appeal. I DON'T THINK THEY WILL ACCEPT THE IRS TAX CODE INSTRUCTIONS FOR FORM 3468 WHICH CLEARLY STATES YOU CAN QUALIFY FOR THE TAX CREDITS BY PRODUCING HEAT. MANY, MANY PEOPLE GET TAX CREDITS FOR PRODUCING HEAT. WE ARE BEING UNJUSTLY TARGETED. SO WE WILL APPEAL.

I am fine with appealing, but I would like to know what our strategy is with regards to placed in service. Could you let me know? THAT IS IN THE INFO I WILL SEND YOU

I have a lot of information that Frank and Tammy outlined from RaPower about strategy, but I don't see anything specific about our argument on placed in service. SIMPLE. WE PRODUCE HEAT.

I know we have this tax opinion letter which talks some about placed in service, but do we have any other interpretation letter or proof for "placed in service"? THE TAX ATTORNEY OPINION LETTER AND THOUSANDS OF PEOPLE WHO HAVE SEEN OUR LENSES PRODUCE HEAT.

88

Other Statements that Equipment was “Placed in Service”

- PLEX 29
- PLEX 44
- PLEX 49
- PLEX 57
- PLEX 73
- PLEX 123
- PLEX 124
- PLEX 125
- PLEX 149
- PLEX 150
- PLEX 176
- PLEX 185
- PLEX 313
- PLEX 420
- PLEX 472
- PLEX 473
- PLEX 538
- PLEX 588

Ra3 Questions Answered

1 message Wed, Feb 2, 2011 at 6:17 PM

Greg Shepard <greg@bfsmail.com>
 To: undisclosed-recipients

TO ALL: BRAD, A RAPOWER3 TEAM MEMBER, ASKED THE FOLLOWING QUESTIONS BELOW. THE ANSWERS ARE IN CAPS. YOU WILL PROBABLY BE ASTONISHED AT THE ANSWERS.

if I purchase using the payment plan, will I get the in-service letter in Feb of next year even if I have not completed the final payment? YES. IT IS NOT THE FINAL PAYMENT THAT IS IMPORTANT, BUT THE FACT YOU SIGN A CONTRACT/AGREEMENT.

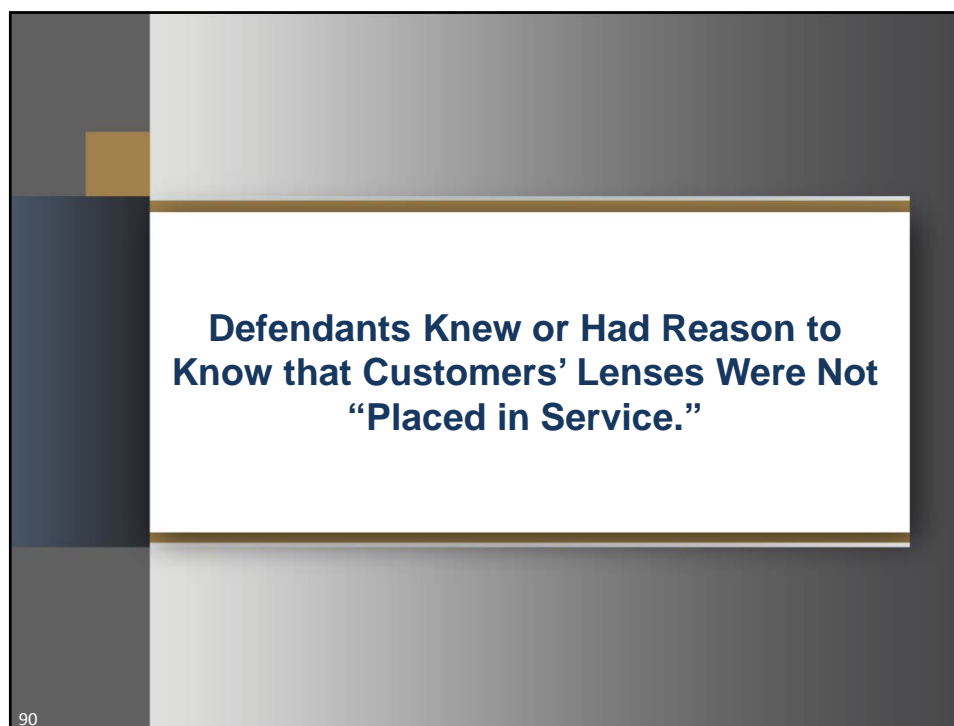
is there a minimum number of payments required to get the in-service letter? NO. AGAIN, IT IS THE SIGNED CONTRACT/AGREEMENT THAT MATTERS.

How many units are already in-service? WE TOOK ORDERS LAST DECEMBER FOR 2,500 SYSTEMS.

Plaintiff Exhibit
 29

- PLEX 687, Robert Aulds Dep., 107:11-109:1

89



Defendants Knew Customers' Lenses Not "Placed in Service"

- Although Defendants have told customers that their lenses have been placed in service by International Automated Systems, Inc., RaPower-3, LLC and/or LTB, those entities all denied, under oath, that they placed lenses in service.
- PLEX 449, at 2, Response to Interrogatory No. 11
- PLEX 450, at 4, Response to Interrogatory No. 15
- PLEX 452, at 2, Response to Interrogatory No. 11

INTERROGATORY NO. 11: Identify what, and how many Lenses, Systems, and Components have been placed in service, as defined in 26 U.S.C. § 48(a)(1) and Treas. Reg. § 1.46-3(d). Your response should include the dates any Lens, System or Component was placed in service.

RESPONSE NO. 11: LTB1 does not place any lenses into service. As such, it is not situated to offer information relevant to this interrogatory.

Plaintiff Exhibit
482

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August 2009

-----Original Message-----
From: Ken Oveson [mailto:ken@mmacpa.com]
Sent: Monday, August 24, 2009 10:09 AM
To: greg@tfsmail.com
Cc: Kim McReynolds; Don Mantyla; Jim Oveson
Subject:
Importance: High

Greg,

I received your e-mail following our meeting on Friday. It is apparent that we did not come out of this meeting with the same understanding. As we discussed, there are still a number of key issues to research on this before we can start talking to people. Please let your people know that we will not be able to speak with them until we have done that research. We have already had several calls which we have not responded to.

Also, Mantyla McReynolds has a client acceptance committee that has to approve each new client. I will present your company to them today but their next scheduled meeting is on Wednesday and they must give approval to proceed with services for the clients.

One more issue has come up. After our meeting I went to our audit department to discuss International Automated Systems, Inc. We are now in the process of doing the audit for them. I am told by the audit department that the units being sold are not yet "placed in service". From a tax standpoint, "placed in service" is a key factor in taking deductions for depreciation and credits. Again we need to research how this will impact those who have already purchased units. Our first impression is that until the units are placed in service, there is no deduction to be taken. In fact, the amounts already paid for units are recorded as deferred income since they are not yet placed in service. There must be consistency between the books of International Automated Systems and the taxpayer.

CONFIDENTIAL



MM004317

MM004317

Also, see

- PLEX 373

- Buck Testimony, Trial Tr. 267:24-269:22; 270:3-271:4
- Oveson Testimony, 331:11-23; 341:20-342:25; 343:1-2; 6-8; 343:21-344:10; 344:21-346:19; 347:18-348:13; 352:24-355:21; 356:7-357:14; 358:13-361:2

In early 2010

INTERNATIONAL AUTOMATED SYSTEMS
 326 NORTH SR 198
 SALEM, UTAH 84653

Patty Lambrecht /ALios, LLC
 3016 S.E. Dune Drive
 Stuart, Florida 34996

Dear Patty,



Halverson_Roger-00068

We are also in the process of finishing the business plan for the solar energy system and its economic advantages in the market place over other green energy systems. We hope to have the business plan completed by the end of the second quarter of 2010.

We do have power purchase agreements tentatively in place with other companies that have agreed to purchase the power produced from the solar energy equipment once the system is placed in service.

To summarize your position with the company in receiving a profit from your equipment: The first and most important is the bonus program. This program will be more fully explained in the attached contract. However, for every \$9,000.00 purchased you would qualify for up to \$90,000 as your portion of IAS sales up to the cut off of \$1 billion dollars in sales. So far the company has sold under the trial program about \$2,500,000. Your portion would amount to \$11,250. Also the Needles California project is \$7.5 million up front with a residual of \$17.5 million. Your portion of the \$7.5 million is \$33,750. The next portion of the Needles project is for \$300 million. Your portion of that would amount to \$1,350,000. Your share of the one billion dollar sales would be \$4.5 million.

We expect that for the first five years of production you would receive 100% of production. This time would begin when the equipment is placed in full service. Your position would amount to about \$54,000 per year or for the five years about \$270,000.

We hope that this will help. We are sending you pictures of your system along with this letter. You should receive the full business plan within a few months.

Sincerely

Neldon P. Johnson
 Neldon P. Johnson CEO International Automated Systems, Inc.

October 2010 through early-2011

- Jessica Anderson expressed concerns to Neldon Johnson about equipment not being “placed in service.”
- PLEX 570
- Jessica Anderson Testimony, Trial Tr. 613:12-618:9; 620:1-621:24; 622:19-623:20.

614

13:31:49	7	Other concerns that I had, if it's not going to
13:31:56	8	be placed into service as energy producing equipment, I
13:32:00	9	don't think it falls under the definition of being placed
13:32:04	10	into service, so I had questions about -- I had doubts
13:32:07	11	about the depreciation component of that.

94

June 2012

bryan
 From: Greg Shepard [mailto:gshepard@rednet.com]
 Sent: Tuesday, June 05, 2012 7:10 PM
 To: QUINN@THECPA@bol.com
 Cc: bryan@ub-epa.com
 Subject: RE: Solar energy equipment purchases from RaPower3 and tax credits/savings

Quinn,
 As I have said before, Bryan does not answer questions unless you are a client. At this point, I'm not interested in doing business with your clients. Sorry.

Greg Shepard
 RaPower3 Chief Director of Operations
 843 W 2400 S
 Salt Lake City, UT 84119
 Fax 801-973-1100
www.rapower3.com

EXHIBIT 477
 Wm G. Shepard
 DATE 05-23-12
 CROWL LLC

NOTICE: This copyrighted email and any files transmitted with it are confidential and intended solely for the use of the individual or entity to whom they are addressed and may be subject to legal privilege. If you have received this email in error, please notify the system manager. You should not disseminate, distribute or copy this email. If you are not the intended recipient, you are notified that disclosing, copying, distributing or taking any action in reliance on the contents of this information is strictly prohibited.

----- Original Message -----
 From: QUINN@THECPA@bol.com [mailto:QUINN@THECPA@bol.com]
 To: bryan@ub-epa.com
 Cc: gshepard@rednet.com
 Sent: Thu, 5 Jun 2012 22:02:19 -0400 (EDT)
 Subject: Solar energy equipment purchases from RaPower3 and tax credits/savings

Bryan,
 I have reworded my prior email so that you will now be able to respond to some income tax related questions that are not discussed on the RaPower3 website regarding the purchase of this alternative energy equipment from RaPower3.

Greg had responded to me that I had used a few key words in my initial email that would lead to some misunderstanding so I have reworded these key words.

I have a couple of clients who have approached me regarding purchasing solar equipment from RaPower3 but they are unsure of exactly why and how it saves them taxes and have asked me to find out for them and let them know before they purchase any.

This alternative equipment purchase appears to be a risky tax savings/credit and the purchase procedure appears to be a multi-level marketing type purchase but maybe you can give me some information to help explain why it is not as I am unable to find these answers anywhere on the website.

BOLANDER-BRYAN-000676

BOLANDER-BRYAN-000677

I have spent a little time looking at the website and I just have a few preliminary questions I was hoping you could give me some feedback on:

1. There is the question that is discussed a lot on websites on whether the type of alternative energy that RaPower3 sells actually meets the IRS requirements for the tax credit? (It is my understanding that it is only specific alternative energy that qualifies under the IRS tax credit and this one may not be). (I would think that maybe an IRS private letter ruling might have been obtained?)
2. Also, there is the concern of the "placed in service" date that is also discussed a lot on blogs and whether the equipment has truly been placed in service as one website shows pictures taken from the construction sites as late as March 2012 and there doesn't appear to be much construction activity? (This could raise IRS scrutiny by it's nature.) (I guess my question is that if RaPower3 sends out a letter saying the equipment has been placed in service, wouldn't that mean that energy is being produced and income from power would start to be received from the purchaser?)
3. Another concern of mine is whether there will really ever be any income generated due to the lack of construction mentioned above and thus, this would be considered a "hobby" under IRS rules and any preliminary tax savings due to a Schedule C loss would be thrown out. (Not to mention the investors risk of an almost certain high audit percentage due to the loss for the initial years.)

Any comments or further information you have would be appreciated.

Thanks,

Quinn

Quinn Smith, CPA
 1437 Old Square Road, Suite 202
 Jackson, MS 39211
 Phone 601-981-6244
 Fax 601-981-6927

95

Other Evidence Defendants Knew or Had Reason to Know That Customers' Lenses Were Not "Placed in Service"

- No "Trade or Business"
 - Leasing
 - Advertising
 - Research & Development

- Energy Property

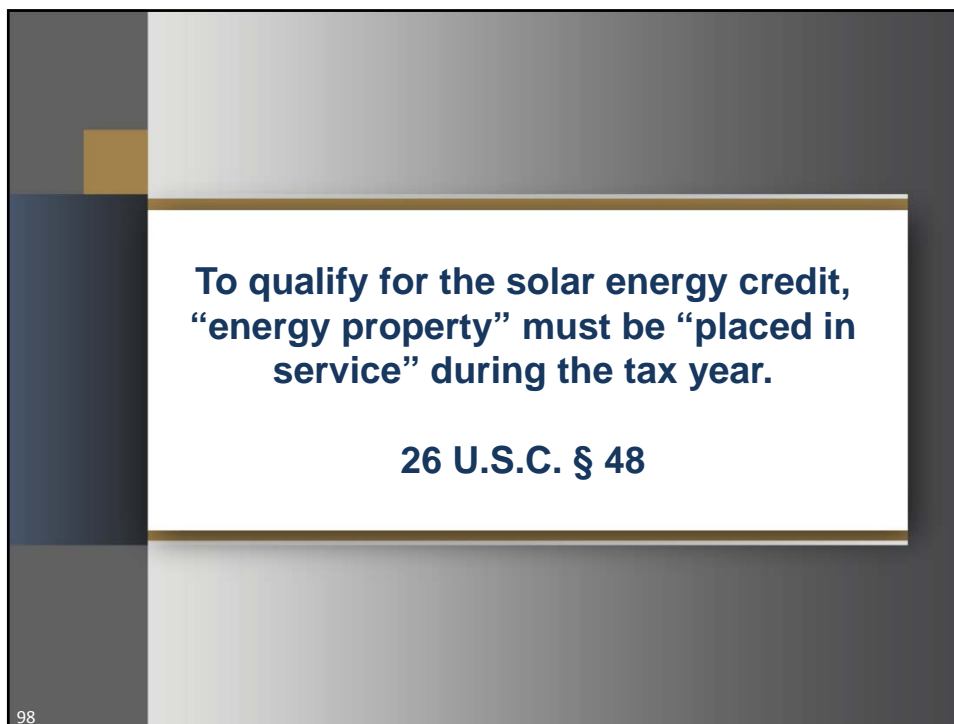
96

Customers' Solar Lenses Have Not Been Used in a System

- Solar Lenses are a component of a larger solar energy system
- Customers' Lenses are not installed as part of a larger solar energy system.
- No evidence that Defendants' solar lenses have ever, by themselves, used heat from the sun to accomplish any kind of useful function or application.

- PLEX 688, Freeborn Dep. 95:3-13.
- Dr. Mancini Testimony, Trial Tr. 75:4-15; 85:24-86:12; 90:5-94:7; 96:17-20; 105:9-107:6.
- Shepard Testimony, Trial Tr. 1692:25-1693:5; 1723:15-22; 1728:4-1729:25; 1730:18-1731:3

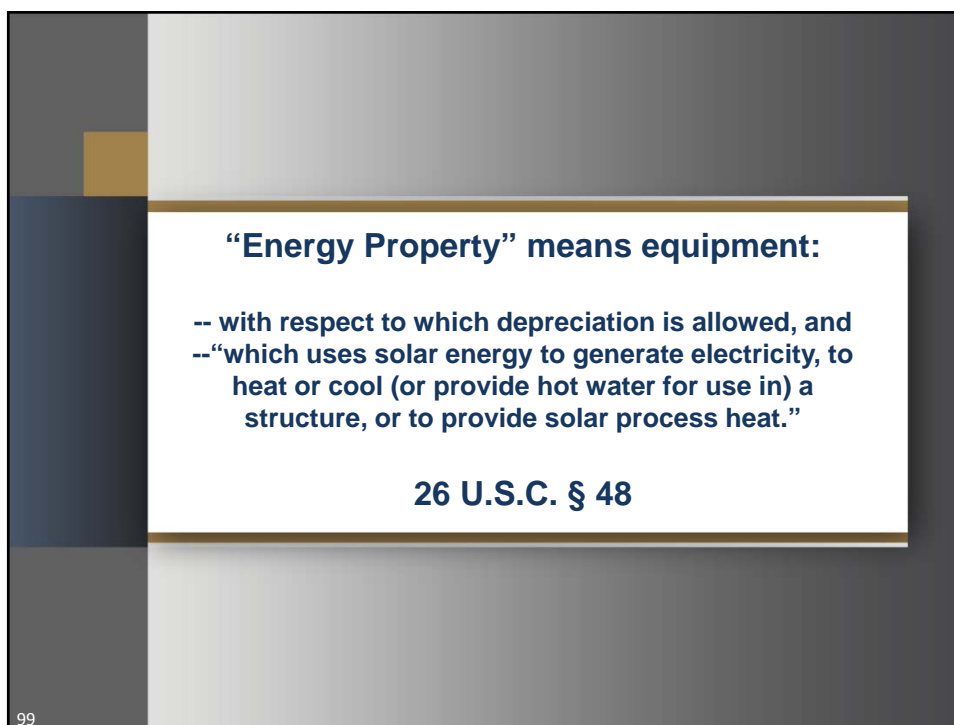
97



To qualify for the solar energy credit, "energy property" must be "placed in service" during the tax year.

26 U.S.C. § 48

98



"Energy Property" means equipment:

- with respect to which depreciation is allowed, and**
- "which uses solar energy to generate electricity, to heat or cool (or provide hot water for use in) a structure, or to provide solar process heat."**

26 U.S.C. § 48

99

Defendants told customers their solar lenses qualified for the energy credit.

100

Defendants Told Customers Their Lenses Qualified

- PLEX 1
- PLEX 5
- PLEX 10
- PLEX 19
- PLEX 20
- PLEX 24
- PLEX 34
- PLEX 531
- PLEX 764
- PLEX 777



Ra3 013964

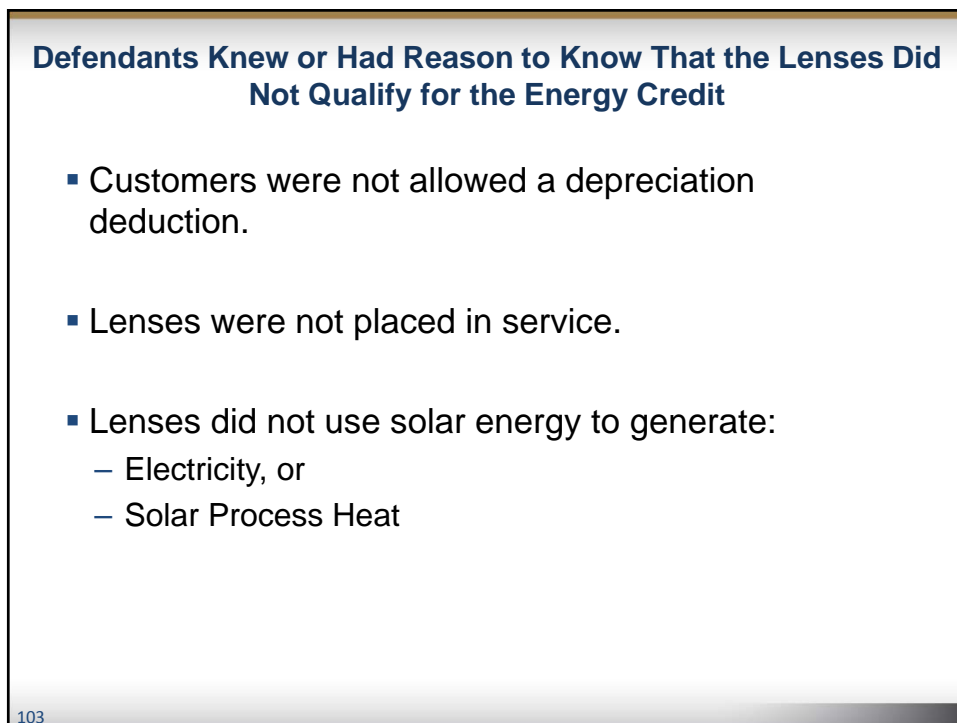
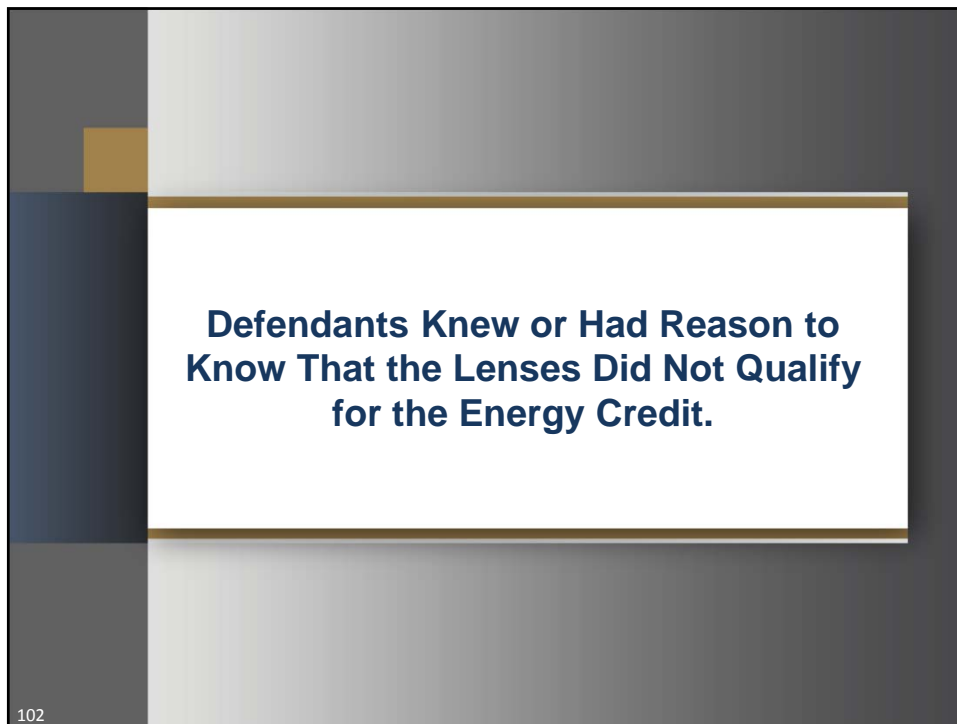
Solar Tax Credit to Participants

The person buying a solar unit receives a \$9,000 tax credit from the IRS for each solar unit purchased. For a solar unit purchased during the year 2006 or 2007, the Federal Government Energy policy gives a 30% tax credit. The retail value of IAUS's solar unit is \$30,000. The federal tax credit at 30% of \$30,000 equals \$9,000. The tax credit is a dollar for dollar credit. It is not a deduction. The maximum credit that can be taken is \$25,000 plus 25% of the remaining balance of taxes owed. However, this credit can be used one year back and 20 years forward.

Solar Tax Illustration:

Let's say a person pays an average of \$50,000 Federal Income Tax each year. This person purchases five lenses for a total down payment of \$45,000 dollars in 2006. When this person files his 2007 taxes, he can use/deduct \$25,000 plus 25% of the remaining balance (of \$25,000) which comes to \$6,250 (0.25 x \$25,000). The total tax credit for 2007 is \$31,250 (\$25,000 + \$6,250). Therefore \$31,250 of the \$45,000 invested is returned in a tax credit for 2007 leaving only \$13,750 un-credited of the \$45,000 invested. However, in the same 2007 filing, this person can also take up to another \$25,000 in tax credits plus 25% of the remaining balance of taxes owed for the year 2006. This option credits and returns the remaining \$13,750. When necessary, any excess credit can be taken when filing for successive years, for up to 20 years forward.

101



June 2012

Bryan

From: Greg Shepard [mailto:gshep@rpa.com]
 Sent: Tuesday, June 05, 2012 7:50 PM
 To: QUINSMITHCPA@aol.com
 Cc: bryan@quinsmith.com
 Subject: RE: Solar energy equipment purchases from RaPower3 and tax credits/savings

Quinn,

As I have said before, Bryan does not answer questions unless you are a client

At this point, I'm not interested in doing business with your clients.

Sorry,

Greg Shepard

Greg Shepard
 RaPower3-Chief Director of Operations
 843 W 2400 S
 Salt Lake City, UT 84119
 Fax 801-981-4266
 www.rapower3.com

EXHIBIT 477
 WR G. Shepard
 DATE 5-23-17
 ORIGINAL

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----- Original Message -----

From: QUINSMITHCPA@aol.com [mailto:QUINSMITHCPA@aol.com]
 To: bryan@quinsmith.com
 Cc: gshep@rpa.com
 Sent: Tue, 5 Jun 2012 21:02:59 -0400 (EDT)
 Subject: Solar energy equipment purchases from RaPower3 and tax credits/savings

Bryan,

I have reworded my prior email so that you will now be able to respond to some income tax related questions that are not discussed on the RaPower3 website regarding the purchase of this alternative energy equipment from RaPower3.

Greg had responded to me that I had used a few key words in my initial email that would lead to some misunderstanding so I have removed those key words.

I have a couple of clients who have approached me regarding purchasing solar equipment from RaPower3 but they are unsure of exactly why and how it saves them taxes and have asked me to find out for them and let them know before they purchase any.

This alternative equipment purchase appears to be a risky tax savings/credit and the purchase procedure appears to be a multi-level marketing type purchase but maybe you can give me some information to help explain why it is not as I am unable to find these answers anywhere on the website.

BOLANDER-BRYAN-000676

I have spent a little time looking at the website and I just have a few preliminary questions I was hoping you could give me some feedback on:

1. There is the question that is discussed a lot on websites on whether the type of alternative energy that RaPower3 sells actually meets the IRS requirements for the tax credit? (It is my understanding that it is only specific alternative energy that qualifies under the IRS tax credit and this one may not be?) (I would think that maybe an IRS private letter ruling might have been obtained?)

2. Also, there is the concern of the "placed in service" date that is also discussed a lot on blogs and whether the equipment has truly been placed in service as one website shows pictures taken from the construction sites as late as March 2012 and there doesn't appear to be much construction activity? (This could raise IRS scrutiny by it's nature.) (I guess my question is that if RaPower3 sends out a letter saying the equipment has been placed in service, wouldn't that mean that energy is being produced and income from power would start to be received from the purchaser?)

3. Another concern of mine is whether there will really ever be any income generated due to the lack of construction mentioned above and thus, this would be considered a "hobby" under IRS rules and any preliminary tax savings due to a schedule C loss would be thrown out. (Not to mention the investors risk of an almost certain high audit percentage due to the loss for the initial years.)

Any comments or further information you have would be appreciated.

Thanks,

Quinn

Quinn Smith, CPA
 1437 Old Square Road, Suite 202
 Jackson, MS 39211
 Phone 601-981-4266
 Fax 601-981-6927

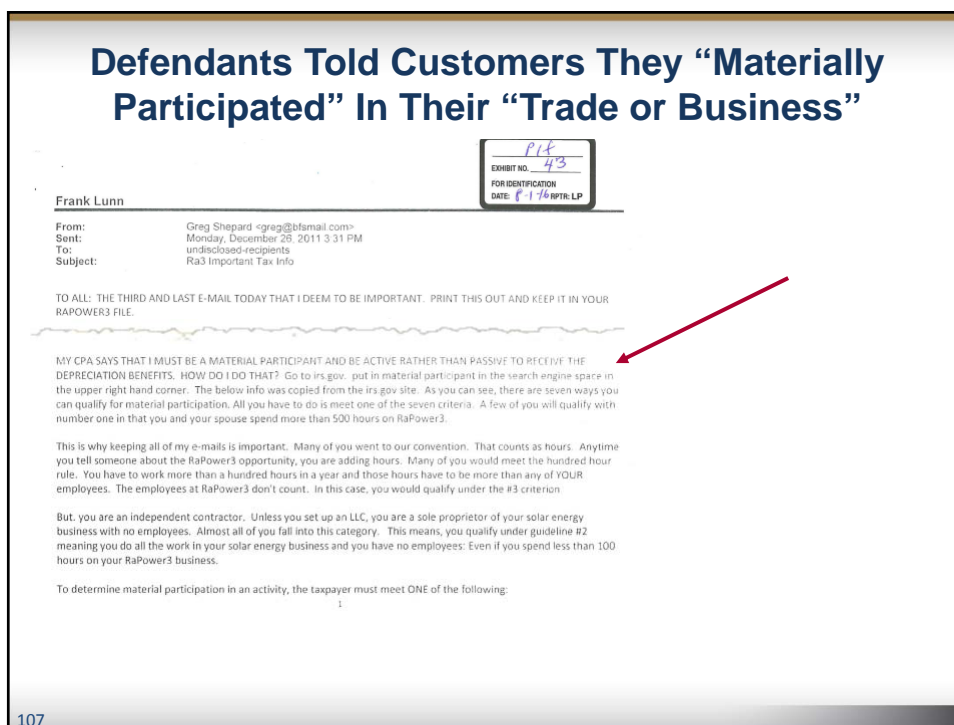
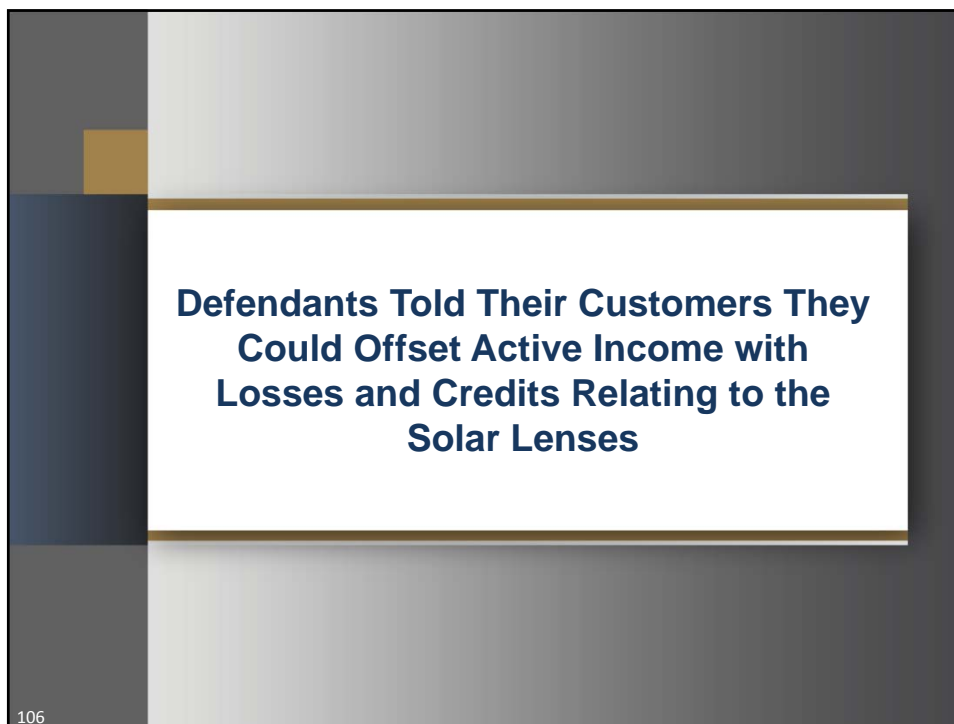
BOLANDER-BRYAN-000677

104

A customer must "materially participate" in the activity for it to be non-passive and to offset losses and credits against other "active" income.

26 U.S.C. § 469

105



Examples of Other Statements Regarding Material Participation

- PLEX 1
- PLEX 10
- PLEX 45
- PLEX 49
- PLEX 52
- PLEX 73
- PLEX 135
- PLEX 150
- PLEX 177
- PLEX 205
- PLEX 231
- PLEX 247
- PLEX 252
- PLEX 283
- PLEX 335
- PLEX 343
- PLEX 346
- PLEX 399
- PLEX 479
- PLEX 504

108

Defendants Knew or Had Reason to Know That Their Customers Could Not Use the Depreciation or Credit to Offset Their “Active Income.”

109

Per Se Passive

- Rental of tangible personal property is *per se* passive.
 - 26 U.S.C. § 469
- Defendants charged with knowledge of the law of sections they promote.
 - See, e.g., *United States v. Campbell*, 704 F. Supp. 715, 725 (N.D. Tex. 1988); *United States v. Music Masters, Ltd.*, 621 F. Supp. 1046, 1055 (W.D.N.C. 1985).
- Jessica Anderson told Neldon Johnson in 2010.
 - PLEX 570, at 2

A. EQUIPMENT LEASING AS A PASSIVE ACTIVITY

In general, losses generated from equipment leasing are considered to be passive. I.R.C. § 469(c)(2) & (4). The material participation standard, as defined later, will normally not apply to long-term equipment rentals, thus equipment leasing losses would be passive regardless of the level of participation.

EXHIBIT 570
 WIT: Anderson
 DATE: 2-4-17
 Denise M. Thomas, CRV/RPR

Also in 2010: Defendants Knew Material Participation Was an Issue

Ra3 Tax Depreciation

From Greg Shepard (gshep@bfmail.com)
 Sent: Thu 10/14/10 8:14 AM
 To: neldon@lex.com
 Cc: glendajohnson@hotmail.com

Neldon, I give you the following for your tax attorney.

1. The ARRA (American Recovery and Reinvestment Act) has made the depreciation for 2009 and hopefully 2010 easy. We just use a Section 179 Depreciation and use IRS Publication 946 (2009) as proof of our position and cite the section on Energy Property which is the same wording as the "Placed in Service" Tax Credit instructions.
2. However, the question as to Material Participation still looms for being an active participant. The fact that systems are purchased and then rented back is problematic.
3. No opinion on the seven criteria for determining active participation would be essential.

Thanks, Greg

Greg Shepard
 RaPower3-Chief Director of Operations
 843 W 2400 S
 Salt Lake City, UT 84119
 Cell 801-699-2284
 Fax 801-775-1159
 www.rapower3.com

EXHIBIT 574
 WIT: Anderson
 DATE: 2-4-17
 Denise M. Thomas, CRV/RPR

Anderson 000141

Anderson 000141

January 2011

- No later than January 2011, Jessica Anderson fired Neldon Johnson as a client. See Trial Tr. 629:12 – 632:15.

630

14:01:03 16 Q. And in the course of that conversation, did you
 14:01:06 17 fire RaPower-3 as a client?
 14:01:07 18 A. I told him that I couldn't do what he wanted me
 14:01:11 19 to do and he needed to find someone else.
 14:01:15 20 Q. When did you have this conversation with
 14:01:17 21 Mr. Johnson?
 14:01:17 22 A. It's my recollection that it was probably in
 14:01:20 23 January, 2011.
 14:01:27 24 Q. What after -- what -- excuse me. What was your
 14:01:30 25 next step after that conversation?

112

January 2011

- No later than January 2011, Jessica Anderson fired Neldon Johnson as a client. See Trial Tr. 629:12 – 632:15.

631

14:01:31 1 A. At that point -- Todd was not in the office when
 14:01:34 2 that occurred, so when he got back in the office, I said:
 14:01:40 3 I just fired RaPower-3. I fired Neldon Johnson.
 14:01:43 4 And his response to me was: You need to put that
 14:01:46 5 in writing. You need to commemorate that in an email.
 14:01:51 6 And I did that day. I wrote an email. Todd and
 14:01:57 7 I -- I sent it to Todd for review. He made minor
 14:02:02 8 adjustments. I reviewed those adjustments, and that email
 14:02:05 9 was sent to Mr. Johnson either that day or shortly -- the
 14:02:09 10 next day.

113

Other Reasons They Knew

- Customers were individuals, not C corporations
- Those individuals had other employment or income-producing activities as their prime source of income.
- Defendants knew their customers were otherwise employed or earning income.

114

Other Reasons They Knew

- PLEX 40, at 12
- PLEX 109, at 1
- PLEX 214
- PLEX 216
- PLEX 247
- PLEX 492, at 1
- PLEX 544
- PLEX 674
- PLEX 731, November 18, 2017 radio show recording

- PLEX 579, Neldon Johnson Dep., vol 1., 96:19-97:13
- PLEX 685, R. Gregory Shepard Dep., 239:16-240:10
- PLEX 688, Roger Freeborn Dep., 44:11-45:3
- Rowbotham Testimony, Trial Tr. 908:2-909:23

115

The allowable amount of any deduction, with respect to any activity, is limited to the amount the Customer has “at risk” in the activity.

26 U.S.C. § 465

116

Defendants Told Customers They Could Claim Depreciation Deductions Based on the Full Purchase Price.

117

Defendants Telling Customers to Use Full Purchase Price

Solar Tax Credit to Participants

The person buying a solar unit receives a \$9,000 tax credit from the IRS for each solar unit purchased. For a solar unit purchased during the year 2006 or 2007, the Federal Government Energy policy gives a 30% tax credit. The retail value of IAUS' solar unit is \$30,000. The federal tax credit at 30% of \$30,000 equals \$9,000. The tax credit is a dollar for dollar credit. It is not a deduction. The maximum credit that can be taken is \$25,000 plus 25% of the remaining balance of taxes owed. However, this credit can be used one year back and 20 years forward.

Solar Tax Illustration:

Let's say a person pays an average of \$50,000 Federal Income Tax each year. This person purchases five lenses for a total down payment of \$45,000 dollars in 2006. When this person files his 2007 taxes, he can use/deduct \$25,000 plus 25% of the remaining balance (of \$25,000) which comes to \$6,250 (0.25 x \$25,000). The total tax credit for 2007 is \$31,250 (\$25,000 + \$6,250). Therefore \$31,250 of the \$45,000 invested is returned in a tax credit for 2007 leaving only \$13,750 un-credited of the \$45,000 invested. However, in the same 2007 filing, this person can also take up to another \$25,000 in tax credits plus 25% of the remaining balance of taxes owed for the year 2006. This option credits and returns the remaining \$13,750. When necessary, any excess credit can be taken when filing for successive years, for up to 20 years forward.

Depreciation

Half of the tax credit (\$4,500) must be subtracted from the \$30,000 dollar purchase amount when using it to calculate depreciation of the equipment. Therefore, only \$25,500 of the \$30,000 value can be depreciated. This can be taken over a period of six years. How does depreciation work? It is based upon what income tax bracket the buyer falls into. For example, if the buyer is in a 30% income tax bracket, 30% of \$25,500 (which amounts to \$7,650) can be taken off from the buyer's personal taxes over a period of six years. What is the remaining amount that can be taken in each year is broken down by the IRS in the following sequence

Year 1	20%	\$1,530
Year 2	32%	\$2,448
Year 3	19.2%	\$1,468.80
Year 4	11.52%	\$881.28
Year 5	11.52%	\$881.28
Year 6	5.76%	\$440.64



Ra3 013964

Other Examples of Defendants' Statements:

- PLEX 20
- PLEX 24, at 1
- PLEX 34
- PLEX 40
- PLEX 43, at 1
- PLEX 70 & 70A
- PLEX 185
- PLEX 207
- PLEX 219
- PLEX 232
- PLEX 236
- PLEX 240
- PLEX 245
- PLEX 278
- PLEX 475
- PLEX 490
- PLEX 531, at 2-3
- PLEX 603
- PLEX 677
- PLEX 680

118

Defendants Knew or Had Reason to Know That Their Customers' Were Not "At-Risk" with respect to the Solar Lenses.

119

Not “At Risk”

- Defendants offered to refund customers’ purchases.

In December 2010, Johnson promised to refund customers’ money and void their Equipment Purchase Agreement if they did not receive the tax benefits Defendants promote. In January 2015, Johnson, via Shepard, reiterated this offer to customers who were being audited for having claimed the tax benefits that Defendants promote. He said, “We ... believe we will prevail against the IRS in court. However, if you would like to part company, we will refund your money and you can pay the IRS and move in a different direction. You can most likely get the IRS to drop the penalties.”

Exhibit
790

120

Not “At Risk”

- Defendants used extensive non-recourse financing.

Solar Equipment: IAUS Financing

IAUS’s solar unit can be purchased with a down payment of \$9,000. The balance of \$21,000 is financed by IAUS interest free over a term of 30 years. The first five years of the loan are deferred to the end. Once the first five years are over, the buyer pays 30 annual loan payments of \$700.

IAUS believes that paying the five deferred installments at the end of the thirty years is much more profitable for the purchaser than in the first five years. Since, the wholesale price per kilowatt-hour (kWh) will follow the average U.S. GDP inflation rate of 2.9%, the wholesale price of electricity will be at 13 cents per kWh after thirty years and over 15 cents per kWh by thirty-five years.

Purchased solar units will be nested with other solar units in an array, selling net energy or net BTUs to a commercial power plant that will be owned and operated by LTB LLC. The power company LTB LLC will use the BTUs to generate electricity and in turn, sell it to customers such as residents, businesses, or other power companies.

LTB LLC will maintain and operate the plant and market the power generated by the solar units. LTB LLC will pay the solar unit owner a quarterly payment for the purchase of the net BTUs produced by each solar unit, at a rate of 5.5 cents per kWh. The selling price for electricity generated by an energy provider in the U.S., averaged 5.5 cents per kWh in 2005. The projected net energy production for each solar unit is an estimated 14,600 kWh per year.

EXHIBIT
531

Ra3 013964

121

Not "At Risk"

- Defendants used extensive non-recourse financing.

RA POWER
RaPower-3 Equipment Purchase Agreement

This Equipment Purchase Agreement (the "Agreement") is entered into this day
 12/28/2012 4:57:46 PM
 by and between RaPower-3 LLC (the "Operator"), with principal offices at 4033 South 4000
 West, Doreet, UT 84624, hereinafter referred to as "Seller", and
Yvonne Olsen on behalf of PPO Solar LLC
 whose address is 237 Bryansville Ct Murray, UT 84146
 574 S. Madson Dr, Bluff UT 84107
 hereinafter referred to as "Purchaser".

3. **Payment Terms.** Purchaser shall pay to Seller the sum of \$3,500 for each Alternative Energy System purchased, hereinafter referred to as the "Purchase Amount" for the purchase of the Alternative Energy System. This includes the cost of delivery, installation and startup, as well as the cost of warranty work performed during the warranty period described below. The Total Purchase Amount shall be paid in accordance with the following schedule:

EXHIBIT 119
 BY *Olsen*
 DATE *8-18-16*
 DEBRA M. THOMAS, CLERK

- Option 1:**
 Initial Down Payment in the amount of \$1,050 (one thousand fifty dollars) for each Alternative Energy System purchased, which shall be paid at the time this agreement is entered into.
- Option 2:**
 Initial Down Payment in the amount of \$1,050 (one thousand fifty dollars) for each Alternative Energy System purchased, which shall be paid with a one-time payment of \$105 (equal to 10% of the down payment) at the time this Agreement is entered into. The balance of \$945 for each Alternative Energy System is to be paid on or before June 30, 2012.
- Option 3:**
 Initial Down Payment in the amount of \$1200 (One Thousand Two Hundred Dollars) for each Alternative Energy System purchased, which shall be paid in monthly installments of \$100 (One Hundred Dollars) per system purchased.

Defendants Knew or Had Reason to Know, Based on the Advice and Statements of Others, That Their Statements Was False or Fraudulent.

November 2010



www.deltatattorney.com
andersonlawcenter@deltatattorney.com
P.O. Box 183
54 South 500 East
Delta, UT 81624
P: 435.884.4307
F: 435.884.4308

November 9, 2010

Re: *Potential tax advantages.*

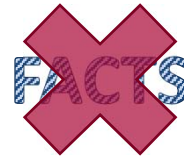
Dear Potential RaPower-3 Customer,

To help you, as a taxpayer, understand the possible tax saving benefits of purchasing energy equipment through RaPower-3, we have assembled the following information so that you can consult with your own tax professional about the potential tax advantages of entering the energy market by owning RaPower-3 energy equipment.

With the purchase of Rapower-3 Energy Equipment, there are four possible ways to reduce tax liability:

- energy credits;
- depreciation;
- § 179 costs,
- deductions and expenses.

Depending on your situation, all four approaches may apply to you. Below is a discussion regarding each possible benefit for you to review with your own tax professional and determine the applicability to your own unique financial situation.



8255

Ra3 008255

124

January 2011

- No later than January 2011, Jessica Anderson fired Neldon Johnson as a client. See Trial Tr. 629:12-632:15.

630

14:01:03	16	Q.	And in the course of that conversation, did you
14:01:06	17		fire RaPower-3 as a client?
14:01:07	18	A.	I told him that I couldn't do what he wanted me
14:01:11	19		to do and he needed to find someone else.
14:01:15	20	Q.	When did you have this conversation with
14:01:17	21		Mr. Johnson?
14:01:17	22	A.	It's my recollection that it was probably in
14:01:20	23		January, 2011.
14:01:27	24	Q.	What after -- what -- excuse me. What was your
14:01:30	25		next step after that conversation?

125

January 2011

- No later than January 2011, Jessica Anderson fired Neldon Johnson as a client. See Trial Tr. 629:12-632:15.

631

14:01:31	1	A. At that point -- Todd was not in the office when
14:01:34	2	that occurred, so when he got back in the office, I said:
14:01:40	3	I just fired RaPower-3. I fired Neldon Johnson.
14:01:43	4	And his response to me was: You need to put that
14:01:46	5	in writing. You need to commemorate that in an email.
14:01:51	6	And I did that day. I wrote an email. Todd and
14:01:57	7	I -- I sent it to Todd for review. He made minor
14:02:02	8	adjustments. I reviewed those adjustments, and that email
14:02:05	9	was sent to Mr. Johnson either that day or shortly -- the
14:02:09	10	next day.

126

June 2012

IRS Criminal Investigation Division
executes search warrant.

Williams Testimony

- Trial Tr. 1044:2-5

2		Q. While you were present at the site for the visit on
3		2012, did you witness the IRS raid on the RaPower facilities
4		that took place?
5		A. Yes, I did.

Howell Testimony

- Pl. Ex. 683, 80:8-81:23



<p>8 Q. Right. Did you go anywhere else in 2012?</p> <p>9 A. No. Yeah, I take that back. Yes, we went</p> <p>10 to Neldon's house.</p> <p>11 Q. Why did you go to Neldon's house?</p> <p>12 A. We just went by there. No particular</p> <p>13 reason that I know of. That's just where the whole</p> <p>14 group of us went.</p> <p>15 Q. Do you remember seeing government</p> <p>16 officials --</p> <p>17 A. Yes.</p> <p>18 Q. -- with large weapons --</p> <p>19 A. Yes.</p> <p>20 Q. -- on that 2012 visit?</p> <p>21 A. Yes.</p> <p>22 Q. Do you know what that was about?</p> <p>23 A. They were doing a raid.</p> <p>24 Q. On?</p> <p>25 A. RaPower, Neldon Johnson, confiscating</p>	<p>81: 1 computers and everything. Yes.</p> <p>2 Q. Did you ask anybody about that?</p> <p>3 A. We did. We talked about it some.</p> <p>4 Q. Who did you talk about it with?</p> <p>5 A. Greg, Neldon. They were -- we were at</p> <p>6 a -- we had stopped somewhere to -- they cooked</p> <p>7 hamburgers and stuff, and so --</p> <p>8 Q. What did Neldon Johnson say about the</p> <p>9 raid?</p> <p>10 A. I don't really recall all of that. We</p> <p>11 weren't given any specifics.</p> <p>12 Q. You mean specifics?</p> <p>13 A. I didn't look at any search warrants or</p> <p>14 anything like that, so I didn't have the specifics.</p> <p>15 Q. What did Greg Shepard say, if anything?</p> <p>16 A. That's been awhile back. I'm not sure of</p> <p>17 any exact things that they said.</p> <p>18 Q. Do you remember generally?</p> <p>19 A. Just said that the government raided</p> <p>20 Neldon's house and the manufacturing plant, because</p> <p>21 we had to go to the solar research and development</p> <p>22 first before we could come back to the manufacturing</p> <p>23 plant.</p>
---	--

127

October 2012

Ken Birrell

From: Ken Birrell
Sent: Wednesday, October 31, 2012 9:50 AM
To: Jason@orangeinsure.com
Subject: RE: Generalized Documents
Attachments: Tax Issues Relating to Purchase of Solar Lenses Memo.pdf

Jason,

Please see the attached memo, which contains a generalized analysis of the tax consequences relating to purchasing the solar lenses. Please note that this analysis is limited to C corporations – there would be different issues for an individual, partnership or S corporation purchaser.

Thanks,

Ken

Kenneth W. Birrell
 KIRTON McCONKIE
 P: 801-321-4826
 F: 801-321-4893
 kbirell@kmcaw.com



KM00148

KM00148

Updated to fix two typos requested by Glenda Johnson, and emailed back to her with those corrections on January 14, 2013.

See PLEX 367.

Defendants knew or had reason to know that their buyers were individuals, not C corporations.



128

June 2013

- IRS audits customers and disallows all promoted tax benefits.
 - PLEX 71
 - PLEX 73
 - PLEX 328
 - PLEX 602
 - PLEX 689, Gregg Dep., 141:20-142:7
 - PLEX 697: Zeleznik Dep., 165:13-166:10; 167:3-21
 - PLEX 683, Howell Dep., 216:16-217:15
- IRS has never allowed anything.
 - Jameson Testimony, Trial Tr. 1249:14-1250:1

129

Also in 2013...

- Oregon Department of Revenue began auditing customers and disallowing benefits.
- PLEX 330
- PLEX 331
- PLEX 332
- PLEX 333

From: Greg Shepard <greg@rapower3.com>
 Sent: Wednesday, July 31, 2013 7:45 PM
 To: pgregg@bfmail.com
 Subject: RE: Oregon Dept of Treasury

CALL ME AT 801-699-2284

Greg Shepard
 RaPower3
 4035 South 4000 West
 Denver, UT 84624
 www.rapower3.com

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----- Original Message -----
 From: Peter Gregg [mailto:pgregg@bfmail.com]
 To: greg@rapower3.com
 Sent: Wed, 31 Jul 2013 12:41:13 -0700
 Subject: Oregon Dept of Treasury

Greg,
 I was asked to send in the IRS Adjustments and the Appeal that I replied with to the Oregon Dept Treasury. Genevive Traub has now called and asked me to discuss the items with her.

Peter Gregg
 RPS Clinician/Sales Rep
 www.biggerfasterstronger.com
 Edmunds High School Coach
 503-679-4688



Gregg_P&R-001465

130

July 2013

Tate W. Bennett, Esq.
 Attorney at Law
 PO Box 272
 Fillmore, Utah 84631
 801-503-2705
 tatebennettlawfirm@gmail.com

Cease and Desist Letter

Nelson Johnson
 4035 W-4000 S
 Delta, Utah 84604

RAPOWER-3, LLC
 c/o Nelson P. Johnson - Registered Agent
 326 North Hwy. 6
 Salem, Utah 84653

Re: Unauthorized Use of Proprietary Information

Mr. Johnson

I have been retained by Todd Anderson and the Anderson Law Center to potentially initiate litigation regarding your unauthorized use of proprietary information in the form of an advisory letter.

My client, Todd Anderson, provided you with an advisory letter in order to further discussions and solicit information in his capacity as legal advisor. Todd Anderson's letter was not, and is not, a complete advisory letter and was only in the "rough draft" stage and was intended to solicit additional information from you during the regular course of representation. Further, Todd Anderson did not, and does not, give you permission to use his incomplete letter in any manner other than for its intended purpose - to solicit additional information to aid him in his legal analysis.

It has come to my attention that the letter has been and/or is currently being displayed by you and/or your company, RAPOWER-3 LLC, in a manner which was not authorized by Mr. Anderson, nor The Anderson Law Center.

Although the information which has been and/or is currently being displayed by you and/or your company RAPOWER-3 LLC, does not bear the letter-head of the Anderson Law



Anderson_Todd-00024

Center, nor does it contain Mr. Anderson's name or signature, it is identical or substantially similar to Mr. Anderson's advisory letter previously provide to you and/or your company.

Permission was neither asked nor granted to reproduce or alter Mr. Anderson's advisory letter, nor was permission granted to display the advisory letter to 3rd parties. As such, your displaying of Mr. Anderson's letter constitutes an infringement of his rights. We are therefore entitled by law to an injunction against your continued infringement, as well as damages from you for the loss we have suffered as a result of your infringing conduct.

We demand that you immediately:

- Remove all infringing content and notify us in writing that you have done so;
- Immediately cease the use and distribution of the advisory letter;
- Deliver-up for destruction all issued or undistributed copies of Mr. Anderson's letter;
- Pledge in writing to desist from using any of Mr. Anderson's advisory letter in the future.

We request that you respond to this demand on or before the close of business on July 10, 2013.

This cease and desist letter is written without prejudice to our rights, all of which we hereby expressly reserved.

Sincerely,

Tate Bennett
 Tate Bennett, Esq.

Anderson_Todd-00026

131

December 2013

From: Greg Shepard <greg@rapower3.com>
Sent: Wednesday, December 11, 2013 7:50 PM

Subject: Ra3 Audit-McConkie Letter
Attach: Tax Kirton Comments.doc

TO ALL:

First, we are really progressing down in Delta. Weather is cold but sunny. We do not slow down at all.

Second, the last time I wrote to you it was concerning the Kirton-McConkie Memorandum Letter. The concerns stemmed from an audit a RaPower3 Team Member went through with IRS officer, Mark Tenney. I went down to Kirton-McConkie and spoke with COO Ken Olson who then talked with Ken Birrell who wrote a Tax Attorney Opinion Letter for one of our big clients and who also wrote the Memorandum Letter to Solco1 and Neldon Johnson.

Mark Tenney vociferously stated the letter written by Birrell had been recinded and was adamant that RaPower3 members had no business using it. **Do not be misled by Tenney or allow him to intimidate you.**



Gregg_P&R-003220

132

December 2013

From: Greg Shepard <greg@rapower3.com>
Sent: Wednesday, December 11, 2013 7:50 PM
Subject: Ra3 Audit-McConkie Letter
Attach: Tax Kirton Comments.doc

This morning I wrote Ken Birrell and Ken Olson a detailed letter about the situation and asked Mr. Birrell to write a letter of clarification.

While I'm waiting for his clarification, here are the facts as we see them:

1. Kirton-McConkie did write an opinion letter for a big client and Solco1, the entity we use for multi-million dollar deals.
2. Kirton-McConkie did write a Memorandum for Solco1 and Neldon Johnson. Memorandums are what Neldon uses to confirm wordings in contracts.
3. RaPower3 owns Solco1 (Tenney does not know this)
4. Neldon paid Kirton-McConkoe for the Memorandum and thus Neldon Johnson owns that Memorandum. (Tenney does not know this)
5. Kirton-McConkie has a disclaimer at the end of the Memorandum basically saying you can't use their letter to avoid penalties and to also seek tax advice elsewhere.
6. So what did you do as a RaPower3 Team Member? Neldon owns the letter. Therefore, you can use his letter (which is the Memorandum) for your purposes.

BOTTOM LINE: The Memorandum cannot be rescinded. You can use it. Tenney's assertions are patently false.

ATTACHED IS A SYNOPSIS OF THE KIRTON-MCCONKIE MEMORANDUM. I REDUCED IT DOWN TO TWO-PLUS PAGES FOR EASIER UNDERSTANDING. I TRIED TO CAPTURE THE ESSENCE OF THE CODES AND TAX COURT RULINGS FOR YOUR BENEFIT. HOPE IT HELPS.

Warmest Regards, Greg

Gregg_P&R-003221



133

December 2013 and beyond ...

- Deseret News Article
 - Published on December 21, 2013
 - Trial Tr. 1570:2-19

- Survey by Matthew and R. Gregory Shepard as a result of the Article
 - Trial Tr. 1407:4-20; 1570:2-19.

K	
1	Please add any additional comments or personal experiences concerning these false statements here:
2	There is a large 300 MW project I am working on for Mexico. We were set to close a deal and this article came up and is causing a major issue.
3	My own family has been audited which is causing me to buy less lenses and become more skeptical of this company. I have become very worried about selling lenses myself and also though still following the law feel somewhat scared to tell others about this amazing opportunity
4	I have been audited Twice by the IRS
5	I am a strong believer in what Neldon and RaPower3 are doing and have invested in purchasing nearly 1000 lenses to date. I am very vested in the success of the project and this article and the false statements definitely had a negative effect on my ability to purchase more lenses as well as my ability to sell and work with others after a cloud of doubt from a "government official" was put out there to be used as a weapon for all those who would like to see this project fail. I was very disappointed in the article and the negative consequences it caused for Neldon and RaPower3 and myself.
6	
7	gives one a sense of caution regarding the health of the business
8	N/A
9	put a negative impact on the ability to sell lenses
10	I had people that I was sharing these solar lens with bring these letters to my attention and they did not purchase and I believe a large portion was due to these lies.
11	

EXHIBIT 442
 WIT: Shepard
 DATE: 4-18-19
 CSDent, LLC

134

January 2014

KIRTON | MCCONKIE

January 10, 2014

Nelson Johnson
 4035 South 4000 West
 Deseret, UT 84064

Greg Shepard
 4035 South 4000 West
 Deseret, UT 84064

Re: Use of Kirton McConkie Memorandum Dated October 31, 2012

Mr. Johnson and Mr. Shepard,

We are writing in response to Mr. Shepard's request for a letter of clarification concerning the Memorandum dated October 31, 2012, from our firm to SOLCO 1, LLC (the "Memorandum"), a copy of which is attached hereto for your reference.

First, as indicated by its name, the Memorandum is not an opinion letter. It is merely a memorandum. While under certain circumstances taxpayers can rely upon an opinion letter to avoid the imposition of certain federal tax penalties, the Memorandum was not intended to and does not provide any such protection as it is merely a memorandum rather than an opinion letter. To constitute an opinion letter for tax purposes, the document must address the specifics of an actual transaction, which the Memorandum does not do as it merely discusses the ability to qualify for an energy tax credit in general terms. Hence the statement on page 12 of the Memorandum, that "[t]he analysis set forth in this memorandum was not intended or written to be used, and it cannot be used, by any taxpayer for the purpose of avoiding United States federal tax penalties that may be imposed on the taxpayer."

Second, as stated on page 2 of the Memorandum, the analysis within the Memorandum only applies to, among other factors, the purchaser who "used an subsidiary C corporation for federal income tax purposes." The Memorandum's analysis of when energy tax credits may be available does not apply to any other type of taxpayer, including individuals, trusts, partnerships, limited liability companies used as partnerships or corporations used as subchapter S corporations. The requirements relating to application of certain issues addressed in the Memorandum are different for such non-C corporation types of taxpayers, and the ability of such non-C corporation taxpayers to qualify for an energy tax credit depends upon certain additional

issues that are not addressed at all in the Memorandum. Therefore, for various reasons, the conclusion of the Memorandum's analysis, while accurate as they relate to taxpayers who are taxed as C corporations, have little, if any, relevance to taxpayers who are not taxed as C corporations.

Third, the analysis within the Memorandum only applies to, among other factors, the solar lenses are purchased on the terms and conditions set forth in the "Transaction Documents" referenced on page 3 of the Memorandum and attached as exhibits thereto. Any sale of solar lenses upon terms and conditions that vary at all from those of the Transaction Documents could raise additional issues and/or alter the Memorandum's analysis, even as it relates to taxpayers taxed as C corporations. Therefore, the conclusions of the Memorandum's analysis may have little, if any, relevance to taxpayers who purchase solar lenses on terms and conditions that are at all different from the terms and conditions of the Transaction Documents.

Based upon the foregoing, demand is made that XSun Energy LLC, SOLCO 1, LLC, RaPower-3, LLC, and any and all affiliates, agents and representatives of any of the foregoing companies immediately cease and desist from:

- (1) referring to the Memorandum as an opinion letter, whether orally, in writing, in electronic communications, upon websites or otherwise;
- (2) representing to any person, including but not limited to potential purchasers of solar lenses, that they can rely upon the Memorandum as a defense against the imposition of any federal tax penalties;
- (3) representing to any person, including but not limited to potential purchasers of solar lenses, that the analysis within the Memorandum applies to any person other than a taxpayer who is taxed as a C corporation for federal income tax purposes; and
- (4) representing to any person, including but not limited to potential purchasers of solar lenses, that the analysis within the Memorandum applies to any person that purchases solar lenses upon terms and conditions that vary at all from the terms and conditions set forth in the "Transaction Documents."

Please be advised that we are providing a copy of this letter to Special Agent Michael Lawson with the Internal Revenue Service's Criminal Investigation Division, and authorizing him to provide copies of this letter to anyone he deems appropriate, including any taxpayers who claim an ability to rely upon the Memorandum as if it were an opinion letter.

Very truly yours,
KIRTON MCCONKIE

 Kenneth W. Blinell

cc: Michael Lawson

EXHIBIT 570
 WIT: BLINELL
 DATE: 3-24-19
 CSDent, LLC

135

Gregg v. Department of Revenue, 2014 WL 5112762 (2014)

October 2014

- Peter Gregg loses case against Oregon Department of Revenue

2014 WL 5112762 (Or.Tax Magistrate Div.)
Only the Westlaw citation is currently available.
 Oregon Tax Court, Magistrate Division.

Peter C. GREGG and Renae J. Gregg, Plaintiffs,
 v.
 DEPARTMENT OF REVENUE,
 State of Oregon, Defendant.

TC-MD 140043C
 |
 October 13, 2014

FINAL DECISION

III. CONCLUSION

After carefully considering the evidence, the court concludes that Plaintiffs have failed to establish their entitlement to the \$21,960 in depreciation they claimed on their 2010 federal Schedule C, which flowed over to their 2010 Oregon return. Accordingly, the court concludes that Defendant's adjustments to Plaintiffs' 2010 Schedule C were proper. Now, therefore,

IT IS THE DECISION OF THIS COURT that Plaintiffs' appeal is denied.

136

October 2014


From: Greg Shepard <greg@rapower3.com>
Sent: Thursday, October 23, 2014 1:58 PM
To:
Subject: [BULK] Ra3 Court Appeal Update
Attach: Paul Jones Letter Generic.docx

Please read and use as you see fit. Regards, Greg

PREPARATION NOTES FOR RAPOWER3 COURT APPEALS

Hello To All RaPower3 Team Members being Audited,

At the audit or first appeal level, IRS agents may try to dismiss our tax attorney opinion letters. They may tell you the Kirton McConkie letter has been rescinded. Just say, "You have no proof of that. I can assure you that we can use our letters. So, you'll have to deal with them now or in tax court."



2. Tax Attorney Opinion Letters: Everyone relied on the Anderson and Kirton McConkie tax attorney opinion letters and all of their research into tax codes and law. Taxpayers, RaPower3, and the inventor, Neldon Johnson. We all thought that the tax benefits were legitimate and fully in compliance with all IRS tax codes relating to solar energy. Our RaPower3 taxpayers never would have purchased the solar lenses if there were even a hint of impropriety. Neither RaPower3 nor Neldon Johnson would have ever become involved in the first place. There was never any intent to perpetrate a tax avoidance scheme or do anything inappropriate. The intent was to fully participate in the American Recovery and Reinvestment Act (ARRA) passed by Congress and signed into law by President Obama in 2009.

The intent of the ARRA was to foster innovation so our country could have clean, affordable, renewable energy. At this point, we are the only solar company that can do this. (Energy Experts)

Gregg_P&R-001779

137

October 2014

From: Greg Shepard <greg@rapower3.com>
Sent: Thursday, October 23, 2014 1:58 PM
To:
Subject: [BULK] Ra3 Court Appeal Update
Attach: Paul Jones Letter Generic.docx



Please read and use as you see fit. Regards, Greg

- A. Is there anything in the Anderson Tax Attorney Opinion letter that you wish to challenge? If so, which parts? Cite tax code and statutory law.**
- Concerning the Bonus Contracts, Anderson states, "This is an advertising purpose. Leasing it (the solar lenses) for advertising purposes allows for depreciation. Thus, your lenses were placed in service for depreciation purposes."
 - A taxpayer can start claiming depreciation of an asset as soon as his or her property is placed in service. Property just has to be ready and available for its specific use. If the equipment (Solar Lenses) is ready and available for ANY income producing activity, including leasing it out for advertising purposes, the owner may start claiming depreciation of the asset.
- B. Is there anything in the Kirton McConkie Tax Attorney Opinion letter that you wish to challenge? If so, which parts? Cite tax code and statutory law.**
- We consider the word "Memorandum" to be synonymous with "opinion". Kirton McConkie was paid to research all tax law pertaining to solar tax benefits and to ascertain if our marketing plan was in full compliance with all tax codes and law. Our tax attorneys affirm that we are in full compliance. If the IRS can find errors in either of our tax attorney opinion letters, then we would have cause to sue the attorneys.
 - Kirton McConkie did write a request to rescind their "memorandum." However, in their "memorandum" there was no such stipulation for use restriction. Therefore, they cannot rescind their letter for RaPower3 taxpayers. Doing so would risk a lawsuit.
 - The tax attorney opinion letters fully cover the following topics: Sale vs. lease, Energy Tax Credit, Energy Property, Cost Basis, Placed in Service, Depreciation, At-Risk Limitations, Passive Activity Limitations, etc. So again, specifically, is there any area you wish to challenge? Reasons? Cite tax code and statutory law.

Gregg_P&R-001780

138

November 2014

From: Greg Shepard [mailto:greg@rapower3.com]
Sent: November 15, 2014 12:18 PM
To: John Howell
Cc: Rick Jameson; Ken Riter; Kenneth Alexander
Subject: IRS Tactics Against Tax Preparers

Hello All:

The IRS is harassing some of you tax preparers. This comes in the form of threats and then demands. The threat states RaPower3 is a Tax Avoidance Scheme and you may face criminal charges if you don't give them confidential information. They may want your entire client list and then highlight your RaPower3 clients. What an invasion. The IRS is running amok. Just politely e-mail them back and say "What is the purpose of this? It appears you are overreaching." They probably won't respond back. Just ignore them. There is no consequence for not complying with these illegal demands. This advice comes from our attorney Paul Jones.

I will continue to keep you informed. Hang in there and good luck.

Regards, Greg

Greg Shepard
 RaPower3
 Chief Director of Operations
 4035 South 4000 West
 Deseret, UT 84624
 801-699-2284
www.rapower3.com

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Riter_Kenneth-01066

139

November 2015

Case 2:15-cv-00828-DN Document 2 Filed 11/23/15 Page 1 of 47

IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF UTAH

UNITED STATES OF AMERICA,
Plaintiff,

vs.

RAPOWER-3, LLC, INTERNATIONAL
AUTOMATED SYSTEMS, INC., LTB1,
LLC, R. GREGORY SHEPARD,
NELDON JOHNSON, and ROGER
FREEBORN,

Defendants.

Civil No. 2:15-cv-00828 DN

**COMPLAINT FOR PERMANENT
INJUNCTION AND OTHER
EQUITABLE RELIEF**

Judge David Nuffer

Plaintiff, the United States of America, for its complaint against Defendants RaPower-3, LLC, International Automated Systems, Inc., LTB1, LLC, R. Gregory Shepard, Neldon Johnson, and Roger Freeborn (collectively, "Defendants"), states as follows:

140

November 2017

Gregg v. Department of Revenue, 2017 WL 5900999 (2017)

III. CONCLUSION

2017 WL 5900999 (Or. Tax Magistrate Div.)
Only the Westlaw citation is currently available.
Oregon Tax Court,
Magistrate Division,
Income Tax.

Kevin M. GREGG and Michaele D. Gregg, Plaintiffs,
v.

DEPARTMENT OF REVENUE,
State of Oregon, Defendant.

TC-MD 160068R

November 30, 2017

FINAL DECISION¹

After careful consideration, the court concludes Plaintiff's were not eligible to deduct depreciation and solar energy credits from their income for the 2011 tax year pursuant to ORS sections 162 and 183. The court also concludes that Plaintiffs are not eligible for the deductions because they did not meet their burden of proof that the solar lenses were placed into service during the 2011 tax year, because the venture lacked true economic substance, and that any deductions are eliminated by the passive activity loss and at risk limitation rules. Now, therefore,

IT IS THE DECISION OF THIS COURT that Plaintiffs' appeal is denied.

IT IS FURTHER DECIDED that Defendant's request that the court disallow Plaintiffs' depreciation deductions related to Michaele Gregg's investment in the venture is granted.

141

November 2017

Orth v. Department of Revenue, 2017 WL 5904611 (2017)

2017 WL 5904611 (Or.Tax Magistrate Div.)
Only the Westlaw citation is currently available.
Oregon Tax Court,
Magistrate Division,
Income Tax.

Matthew D. ORTH and Elizabeth D. Orth, Plaintiffs,

v.

DEPARTMENT OF REVENUE,
State of Oregon, Defendant.

TC-MD 160075R

|

November 30, 2017

Opinion

FINAL DECISION¹

III. CONCLUSION

After careful consideration, the court concludes Plaintiffs were not eligible to deduct depreciation and solar energy

credits from their income for the 2011 tax year pursuant to ORS sections 162 and 183. The court also concludes that Plaintiffs are not eligible for the deductions because they did not meet their burden of proof that the solar lenses were placed into service during the 2011 tax year, because the venture lacked true economic substance, and that any deductions are eliminated by the passive activity loss and at risk limitation rules. Now, therefore,

IT IS THE DECISION OF THIS COURT that Plaintiffs' appeal is denied.

142

While promoting the solar energy scheme, Defendants made or furnished (or caused others to make or furnish) gross valuation overstatements as to the value of the solar lenses.

26 U.S.C. § 6700(a)(2)(B)

143

At Most, Defendants Paid \$69.30 Per Sheet of Plastic

\$3,500 per lens

- PLEX 579, Neldon Johnson Dep., vol. 1, 206:15-23
- PLEX 687, Robert Aulds Dep., 140:5-141:13; 146:17-147:5
- PLEX 511

Each solar lens costs \$3,500 and thus a \$1,050 tax credit may be available (Use IRS tax forms 3468 and 3800). If so, the entire down payment could be paid back in less than a year.

A depreciation of \$2,975 per solar lens may also be available (Use IRS tax forms 4562 and Schedule C). If so, an in-pocket profit of another 50-65% could be realized on top of the tax credit. Typically, taxpayers may go back one year on the tax credit and forward twenty years on the tax credit. The depreciation and NOL (Net Operating Loss) is the same as any other business as far as going back and going forward. The generous tax benefits are part of the ARRA-American Recovery and Reinvestment Act meant to stimulate the solar energy industry along with much needed innovation.

Plaintiff
Exhibit
18

3. sponsoring and

13

US-001793
US001793

144

Defendants Incurred No Other Expenses to Produce Each Lens

- All Defendants responded, under penalty of perjury, that they had not incurred any such costs.
- PLEX 449, at 2, Response to Interrogatory No. 12
- PLEX 450, at 5, Response to Interrogatory No. 16
- PLEX 451, at 3, Response to Interrogatory No. 12
- PLEX 452, at 2, Response to Interrogatory No. 12

INTERNATIONAL AUTOMATED SYSTEMS, INC.'S SUPPLEMENTAL RESPONSES TO UNITED STATES' FIRST INTERROGATORIES

Civil No. 2:15-cv-00828-DN-BCW

Judge David Nuffer
Magistrate Judge Evelyn Furse

INTERROGATORY NO. 12: Identify the costs you incurred to produce each lens, including the cost of procuring materials and manufacturing the final product that you sold to customers.

RESPONSE NO. 12: IAUS does not incur any of the described costs as it does not produce the lenses or materials related thereto. As such, IAUS is unable to provide further information on this interrogatory. Verification associated with this response can be found in the public filings associated with IAUS. Specifically, the 10K and 10Q filings.

Plaintiff
Exhibit
449

145

Defendants Incurred No Other Expenses to Produce Each Lens

- All Defendants responded, under penalty of perjury, that they had not incurred any such costs.

- PLEX 449, at 2, Response to Interrogatory No. 12
- PLEX 450, at 5, Response to Interrogatory No. 16
- PLEX 451, at 3, Response to Interrogatory No. 12
- PLEX 452, at 2, Response to Interrogatory No. 12

RAPOWER-3, LLC'S
SUPPLEMENTAL RESPONSES TO
UNITED STATES' FIRST
INTERROGATORIES

Civil No. 2:15-cv-00828-DN-BCW

Judge David Nuffer
Magistrate Judge Brooke C. Wells

**Plaintiff
Exhibit
450**

INTERROGATORY NO. 16: Identify the costs you incurred to produce each lens, including the cost of procuring materials and manufacturing the final product that you sold to customers.

Notwithstanding this objection, and without waiving the same, RaPower-3 states that it does not produce lenses, and as such, RaPower3 has not incurred any costs to produce lenses, procure materials, or manufacture the final product.

146

Defendants Told Customers About the Price of a Solar Lens

Purchase Order from International Automated Systems, Inc.

Fax To: Plaskolite
Greg Lemay
(662) 893 5352

Fax From: International Automated Systems, Inc.
Lisa Phillips
(801) 423-1451

Ship to: International Automated Systems, Inc.
279 East Main Street
Delta, Utah 84624

Bill to: International Automated Systems, Inc.
326 North Highway 6
Salem, Utah 84604

cap

Product Description: Solar Lens
Number of Pieces: 2,100
Dimensions: 60.0" x 49.12"
Thickness: 0.085"
Unit Price: \$52.18
Total Price Pre-Terms: \$109,578
Credit Terms: 2% Cash up front discount
Total Price Post Terms: \$107,386.44

Freight Terms: Freight Pre-paid
Need by Date: February 2, 2009

Contact Information: Randy Johnson
(801) 592-8148

PLASKOLITE INC
P.O. BOX 636087
CINCINNATI, OH
45263-6087

International Automated Systems, Inc.

Naldon Johnson
Naldon Johnson
President, CEO

1-9-2009
Date

**EXHIBIT
518**

See also, PLEX 520: Plaskolite Invoices

Unit Price Between
\$ 52.18 and \$69.30

**EXHIBIT
520**

147

Defendants Made Gross Valuation Overstatements

EXHIBIT 460
WIT: G. Shepard
DATE: 5-22-17
CIBCourt, LLC

Plaintiff Exhibit

LIMITED TIME FINANCE OPTION

Click for Details

What's the Cost? Your deposit on these 36 Solar Thermal Lenses is \$3,600 (\$100 per solar lens). Then when you get your refund of \$37,800 you pay us \$19,800 (\$550 per lens). Your cost base is \$126,00 (35 X \$3,600)

148

An injunction is appropriate to prevent Defendants from making false or fraudulent statements as to material materials and from making gross valuation overstatements in connection with the solar energy scheme.

26 U.S.C. § 7408

149

**An injunction and other equitable relief
are necessary or appropriate to enforce
the internal revenue laws of the United
States.**

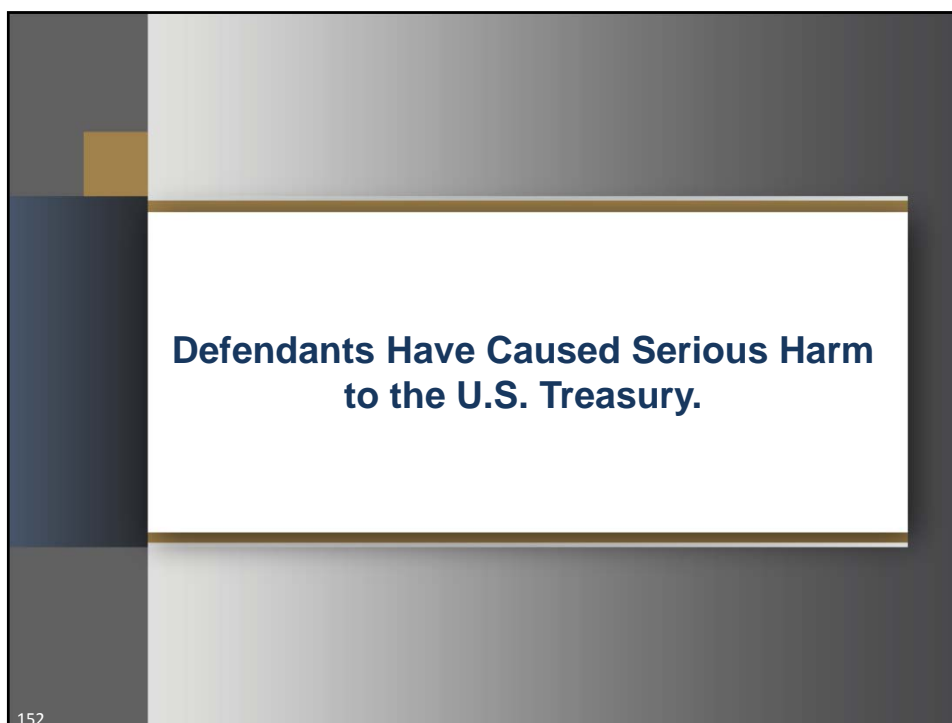
26 U.S.C. § 7402

150

An Injunction is Necessary or Appropriate

- Each Defendant was a critical player in the solar energy scheme.
- Each Defendant continually and repeatedly engages in conduct that must be enjoined.
- Each Defendant knew or had reason to know that he was making statements about tax benefits that were false or fraudulent.
- Defendants are unapologetic.
- Defendants' ongoing occupations and activity put them in a position to continue the solar energy scheme.
- Defendants have caused serious harm to the U.S. Treasury.

151



Tax Benefits Claimed: Depreciation

Depreciation on Schedule C

- Line 13 of Schedule C

Schedule C "Business" or "Activity"

- Equipment Rental Services
- Alternative Energy Systems
- Solar Energy
- Solar Panels
- Solar Thermal Lenses
- RaPower-3
- Sales: Solar Energy

Deposition Testimony

- PLEX 683, John Howell Dep., 186:3-190:23; 193:22-194:10; 194:19-200:20
- PLEX 697, Brian Zeleznik Dep., 152:10-15, 152:22-159:5
- PLEX 689, Peter Gregg Dep., 102:7-103:25; 104:24-105:4; 105:15-106:2; 112:7-124:9

Trial Testimony

- Perez, Trial Tr. 828:5-829:7; 834:11-836:14.
- Olsen, Trial Tr. 1136:14-1137:18; 1139:8-1145:12.
- Williams, Trial Tr. 1022:18-1028:14.
- Jameson, Trial Tr. 1282:21-1289:11; 1289:15-1293:18; 1304:4-1306:8; 1307:2-1308:17.

153

Tax Benefits Claimed: Depreciation

SCHEDULE C
Profit or Loss From Business
 (Form 1040) **2011**

Name of proprietor: **MADEIRA, J. GREGG**
 EIN: **17-171742**
 Business name, if no separate business name, state blank: **MADEIRA, J. GREGG**
 Business address (including suite or apartment): **10111 CANTON RD, SUITE 100, FREDERICK, MD 21701**
 City, town or other place, state, and ZIP code: **FREDERICK, MD 21701**
 Do you have a principal business or profession? **Yes**
 Do you have any other business or profession? **No**
 Do you have any other income or loss from a business or profession? **No**
 Do you have any other income or loss from a business or profession? **No**
 Do you have any other income or loss from a business or profession? **No**

Part I Income

1a. Gross receipts or sales: **124,950**
 1b. Returns and allowances: **0**
 1c. Total gross receipts: **124,950**
 2. Cost of goods sold: **0**
 3. Gross profit: **124,950**
 4. Other income: **0**
 5. Total income: **124,950**

Part II Expenses

8. Advertising: **0**
 9. Car and truck expenses: **0**
 10. Commissions and fees: **0**
 11. Contract labor: **0**
 12. Depreciation and section 179 expense deduction: **124,950**
 13. Employee benefit programs: **0**
 14. Interest: **0**
 15. Insurance: **0**
 16. Legal and professional services: **0**
 17. Office expense: **0**
 18. Pension & profit-sharing plans: **0**
 19. Rent or lease: **0**
 20. Repairs and maintenance: **0**
 21. Supplies: **0**
 22. Taxes and licenses: **0**
 23. Travel, meals, and entertainment: **0**
 24. Utilities: **0**
 25. Wages: **0**
 26. Other expenses: **0**
 27. Total expenses before expenses for business use of home: **0**
 28. Expenses for business use of home: **0**
 29. Total expenses: **0**

Net Profit
 30. **124,950**

Tax Benefits Claimed: Tax Credits

Solar Tax Credit

- Property placed into service in current year – on Form 3468
- Form 3468, line 14 – carries over to Form 3800
- Computation of current year credit allowed on Form 3800
- Carried over from line 38 on Form 3800 to line 53 on the second page of 1040

Deposition Testimony

- PLEX 683, John Howell Dep., 186:3-190:23; 193:22-194:10; 194:19-200:20
- PLEX 697, Brian Zeleznik Dep., 152:10-15, 152:22-159:5
- PLEX 689, Peter Gregg Dep., 102:7-103:25; 104:24-105:4; 105:15-106:2; 112:7-124:9

Trial Testimony

- Perez, Trial Tr. 828:5-829:7; 834:11-836:14.
- Olsen, Trial Tr. 1136:14-1137:18; 1139:8-1145:12.
- Williams, Trial Tr. 1022:18-1028:14.
- Jameson, Trial Tr. 1282:21-1289:11; 1289:15-1293:18; 1304:4-1306:8; 1307:2-1308:17.

Tax Benefits Claimed: Tax Credits

Form 3468 Investment Credit OMB No. 1545-0055
2012
Attachment Sequence No. **174**

Department of the Treasury Internal Revenue Service (99) Information about Form 3468 and its separate instructions is at www.irs.gov/form3468.

Name(s) shown on return: **ROBERT K AULDS & MERLA E GILLESPIE-AULDS** Identifying number: **3933**

Part I Information Regarding the Election To Treat the Lessee as the Purchaser of Investment Credit Property
If you are claiming the investment credit as a lessee based on a section 48(g) (as in effect on November 4, 1990) election, provide the following information. If you acquired more than one property as a lessee, attach a statement showing the information below.

1 Name of lessor _____
2 Address of lessor _____
3 Description of property _____
4 Amount for which you were treated as having acquired the property _____

Part II Qualifying Advanced Coal Project Credit, Qualifying Gasification Project Credit, and Qualifying Advanced Energy Project Credit

5 Qualifying advanced coal project credit (see instructions): _____

12 Energy credit:

a Basis of property using geothermal energy or solar energy (acquired before January 1, 2005, and the basis attributable to construction, reconstruction, or erection by the taxpayer before January 1, 2005) placed in service during the tax year (see instructions) _____

b Basis of property using solar illumination or solar energy placed in service during the tax year that was acquired after December 31, 2005, and the basis attributable to construction, reconstruction, or erection by the taxpayer after December 31, 2005 (see instructions) **12b** **356,400.**

13 Enter the applicable unused investment credit from other forms (see instructions) **13** _____
14 Add lines 11e through 11i, 11m, 12a, 12b, 12c, 12d, 12e, 12f, 12g, 12h, 12i, 12j, 12k, 12l, 12m, 12n, 12o, 12p, 12q, 12r, 12s, and 13. Report this amount on Form 3800, line 4a **14** **356,400.**

Form 3468 (2012)

EXHIBIT
401
Aulds 3/14/17

156

Tax Benefits Claimed: Tax Credits

Form 3800 General Business Credit OMB No. 1545-0055
2012
Attachment Sequence No. **22**

Department of the Treasury Internal Revenue Service (99) Information about Form 3800 and its separate instructions is at www.irs.gov/form3800.

Name(s) shown on return: **ROBERT K AULDS & MERLA E GILLESPIE-AULDS** Identifying number: **3933**

Part III Current Year Credit for Credits Not Allowed Against Tentative Minimum Tax (TMT)
(See instructions and complete Part(s) III before Parts I and II)

1 General business credit from line 2 of all Parts III with box A checked _____ **1** _____
2 Passive activity credits from line 2 of all Parts III with box B checked **2** _____ **2** _____
3 Enter the applicable passive activity credits allowed for 2012 (see instructions) _____ **3** _____
4 Carryforward of general business credit to 2012. Enter the amount from line 2 of Part III with box C checked. See instructions for statement to attach _____ **4** _____
5 Carryback of general business credit from 2013. Enter the amount from line 2 of Part III with box D checked (see instructions) _____ **5** _____
6 Add lines 1, 3, 4 and 5 _____ **6** **356,400.**

30 Enter the general business credit from line 5 of all Parts III with box A checked _____ **30** **356,400.**
31 Enter the total eligible small business credit from line 6 of all Parts III with box E checked _____ **31** _____
32 Passive activity credits from line 5 of all Parts III with box G checked and line 6 of all Parts III with box F checked **32** _____ **32** _____
33 Enter the applicable passive activity credits allowed for 2012 (see instructions) _____ **33** _____
34 Carryforward of business credit to 2012. Enter the amount from line 5 of Part III with box C checked and line 5 of all Parts III with box G checked. See instructions for statement to attach _____ **34** **137,159.**
35 Carryback of business credit from 2013. Enter the amount from line 5 of Part III with box D checked and line 5 of all Parts III with box H checked (see instructions) _____ **35** _____
36 Add lines 30, 31, 33, 34, and 35 _____ **36** **493,559.**
37 Enter the smaller of line 29 or line 36 _____ **37** **6,753.**
38 Credit allowed for the current year. Add lines 30 and 37. Report the amount from line 38 (if smaller than the sum of Part I, line 6 and Part II, lines 25 and 36, see instructions) as indicated below (if 0, the applicable line of your return):
• Individuals: Form 1040, line 53, or Form 1040NR, line 50 _____ **38** **6,753.**
• Corporations: Form 1120, Schedule J, Part I, line 5c _____
• Estates and trusts: Form 1041, Schedule G, line 2b _____

Form 3800 (2012)

EXHIBIT
401
Aulds 3/14/17

157

Tax Benefits Claimed

TY 2013-2016

Tax Preparer	Depreciation Expense	Solar Energy Credit
John Howell (Texas)	\$14,829,035	\$5,912,267
Kenneth Alexander (Florida)	\$9,643,475	\$1,154,650
Richard Jameson (Utah)	\$3,452,658	\$921,900
Other Preparers	\$2,959,334	\$1,856,930
Grand Total	\$30,884,502	\$9,845,747

Plaintiff
Exhibit
752

158

Tax Benefits Claimed

TY 2013-2016

Tax Year	Depreciation Expense	Depreciation at Average Tax Rate*	Solar Energy Credit
2013	\$6,779,926	\$924,782	\$2,926,905
2014	\$10,893,841	\$1,542,568	\$4,053,787
2015	\$9,087,035	\$1,303,081	\$1,903,915
2016	\$4,123,700	\$591,339	\$961,140
Grand Total	\$30,884,502	\$4,361,770	\$9,845,747

Plaintiff
Exhibit
752

* The average tax rate for TY2013 is 13.64%, TY2014 is 14.16%, and TY2015 is 14.34%. IRS SOI (Statistics of Income) Tax Stats website: <https://www.irs.gov/statistics/soi-tax-stats-individual-statistical-tables-by-tax-rate-and-income-percentile>. The average tax rate for TY2016 is not yet available, so the average tax rate from TY2015 is applied.

159

Tax Benefits Claimed

TY 2013-2016

Tax Year	Depreciation at Average Tax Rate*	Solar Energy Credit	Harm to Treasury
2013	\$924,782	\$2,926,905	\$3,851,687
2014	\$1,542,568	\$4,053,787	\$5,596,355
2015	\$1,303,081	\$1,903,915	\$3,206,996
2016	\$591,339	\$961,140	\$1,552,479
Grand Total	\$4,361,770	\$9,845,747	\$14,207,517

Plaintiff Exhibit 792

* The average tax rate for TY2013 is 13.64%, TY2014 is 14.16%, and TY2015 is 14.34%. IRS SOI (Statistics of Income) Tax Stats website: <https://www.irs.gov/statistics/soi-tax-stats-individual-statistical-tables-by-tax-rate-and-income-percentile>. The average tax rate for TY2016 is not yet available, so the average tax rate from TY2015 is applied.

160

Tax Returns in Evidence Claiming Tax Benefits Relating to the Solar Lenses

- PLEX 63: Form 1040 for Brian and Amy Zelenikfor TY2010 prepared by Bryan Bolander
- PLEX 64: Form 1040 for Brian and Amy Zelenikfor TY2011 prepared by Bryan Bolander
- PLEX 65: Form 1040 for Brian and Amy Zelenikfor TY2012 prepared by Kenneth Riter
- PLEX 66: Form 1040 for Brian and Amy Zelenikfor TY2013 prepared by Woodward & Associates
- PLEX 67: Form 1040 for Brian and Amy Zelenikfor TY2014 prepared by Woodward & Associates
- PLEX 68: Form 1040 for Brian and Amy Zelenikfor TY2015 prepared by Woodward & Associates
- PLEX 127: Form 1040X for Preston and Elizabeth Olsen for TY2008 prepared by Bryan Bolander
- PLEX 128: Form 1040 for Preston and Elizabeth Olsen for TY2009 prepared by Bryan Bolander
- PLEX 129: Form 1040 for Preston and Elizabeth Olsen for TY2010 prepared by Bryan Bolander
- PLEX 130: Form 1040 for Preston and Elizabeth Olsen for TY2011 prepared by Bryan Bolander
- PLEX 131: Form 1040 for Preston and Elizabeth Olsen for TY2013 prepared by Richard Jameson
- PLEX 132: Form 1040 for Preston and Elizabeth Olsen for TY2014 prepared by Richard Jameson
- PLEX 158: Form 1040 for "Andrea"
- PLEX 168: Form 1040 for Samuel and Gloria Otto for TY2010 prepared by Steven Carter
- PLEX 169: Form 1040 for Samuel and Gloria Otto for TY2011 prepared by Steven Carter
- PLEX 170: Form 1040 for Samuel and Gloria Otto for TY2012 prepared by Steven Carter
- PLEX 171: Form 1040 for Samuel and Gloria Otto for TY2013 prepared by Steven Carter
- PLEX 172: Form 1040 for Samuel and Gloria Otto for TY2014 prepared by Steven Carter
- PLEX 173: Form 1040 for Samuel and Gloria Otto for TY2015 prepared by Steven Carter
- PLEX 191: Portions of Patricia Lambrecht's tax return for TY2009 prepared by Roger Halverson, specifically Form 3800 and Schedule C

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Tax Returns in Evidence Claiming Tax Benefits Relating to the Solar Lenses

- PLEX 308: Form 1040 for Peter and Ranae Gregg for TY2010, self-prepared
- PLEX 314: Form 1040 for Peter and Ranae Gregg for TY2011, self-prepared
- PLEX 315: Form 1040 for Peter and Ranae Gregg for TY2012, self-prepared
- PLEX 316: Form 1040 for Peter and Ranae Gregg for TY2013 prepared by Richard Jameson
- PLEX 317: Form 1040 for Peter and Ranae Gregg for TY2014 prepared by Richard Jameson
- PLEX 389: Form 1040 for Mike and Jann Penn for TY2011 prepared by John Howell
- PLEX 390: Form 1040X for Mike and Jann Penn for TY2011 prepared by John Howell
- PLEX 391: Form 1040 for Mike and Jann Penn for TY2012 prepared by John Howell
- PLEX 392: Form 1040 for Mike and Jann Penn for TY2013 prepared by John Howell
- PLEX 397: Form 1040 for Robert and M. Gillespie-Aulds for TY2011 prepared by John Howell
- PLEX 400: Form 1040X for Robert and M. Gillespie-Aulds for TY2010 prepared by John Howell
- PLEX 401: Form 1040 for Robert and M. Gillespie-Aulds for TY2012 prepared by John Howell
- PLEX 402: Form 1040 for Robert and M. Gillespie-Aulds for TY2013 prepared by John Howell
- PLEX 403: Form 1040 for Robert and M. Gillespie-Aulds for TY2014 prepared by John Howell
- PLEX 404: Form 1040 for Robert and M. Gillespie-Aulds for TY2015 prepared by John Howell
- PLEX 446: Form 1120S for Shepard Global, Inc. for TY2014 prepared by Richard Jameson
- PLEX 598: Form 1040 for Charles and Tammy Kowing for TY2014 prepared by John Howell
- PLEX 599: Form 1040 for James and JoAnn Woodson for TY2013 prepared by John Howell
- PLEX 634: Form 1040 for R. Gregory and Diana Shepard for TY2013 prepared by Richard Jameson
- PLEX 635: Form 1120 for Shepard Global, Inc. for TY2013 prepared by Richard Jameson
- PLEX 636: Form 1040 for R. Gregory and Diana Shepard for TY2014 prepared by Richard Jameson
- PLEX 761: Form 1040 for Lynette Williams for TY2010 prepared by Bryan Bolander
- PLEX 763: Form 1040 for Lynette Williams for TY2011 prepared by Bryan Bolander

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Tax Returns in Evidence Claiming Tax Benefits Relating to the Solar Lenses

- PLEX 766: Form 1040 for Frank and Lisa Lunn for TY2009 prepared by Woodward & Associates
- PLEX 767: Form 1065 for Kahuna Builders, LLC (Frank Lunn) for TY2010 prepared by Woodward & Associates
- PLEX 768: Form 1040 for Frank and Lisa Lunn for TY2010 prepared by Woodward & Associates
- PLEX 769: Form 1065 for Kahuna Builders, LLC (Frank Lunn) for TY2011 prepared by Woodward & Associates
- PLEX 770: Form 1040 for Frank and Lisa Lunn for TY2011 prepared by Woodward & Associates
- PLEX 771: Form 1040 for Frank and Lisa Lunn for TY2012 prepared by Woodward & Associates
- PLEX 772: Form 1065 for Kahuna Builders, LLC (Frank Lunn) for TY2013 prepared by Woodward & Associates
- PLEX 773: Form 1040 for Frank and Lisa Lunn for TY2013 prepared by Woodward & Associates
- PLEX 774: Form 1065 for Kahuna Builders, LLC (Frank Lunn) for TY2014 prepared by Woodward & Associates
- PLEX 775: Form 1040 for Frank and Lisa Lunn for TY2014 prepared by Woodward & Associates
- PLEX 779: Form 1120S for Shepard Global, Inc. for TY2015 prepared by Richard Jameson

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Defendants' Organized Response to IRS

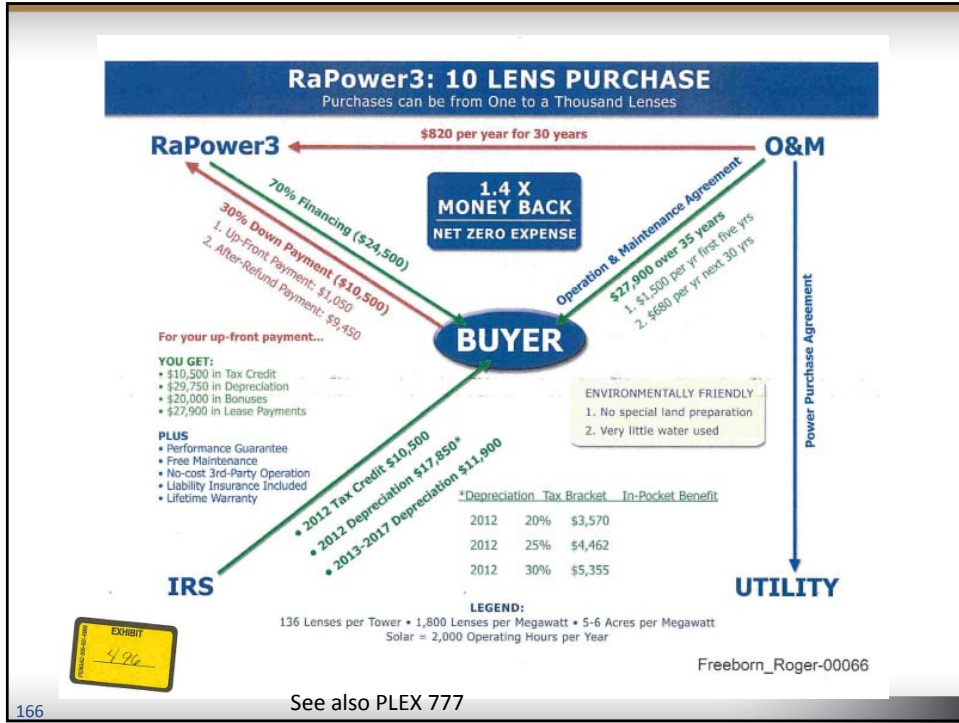
- PLEX 9
- PLEX 10
- PLEX 51
- PLEX 52
- PLEX 69
- PLEX 70
- PLEX 71
- PLEX 72
- PLEX 73
- PLEX 75
- PLEX 76
- PLEX 78
- PLEX 89
- PLEX 116
- PLEX 117
- PLEX 143
- PLEX 145
- PLEX 147
- PLEX 155
- PLEX 156
- PLEX 157
- PLEX 225
- PLEX 226
- PLEX 227
- PLEX 228
- PLEX 229
- PLEX 230
- PLEX 231
- PLEX 255
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- PLEX 335
- PLEX 336
- PLEX 338
- PLEX 340
- PLEX 341
- PLEX 440
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- PLEX 601
- PLEX 602
- PLEX 606
- PLEX 625
- PLEX 626

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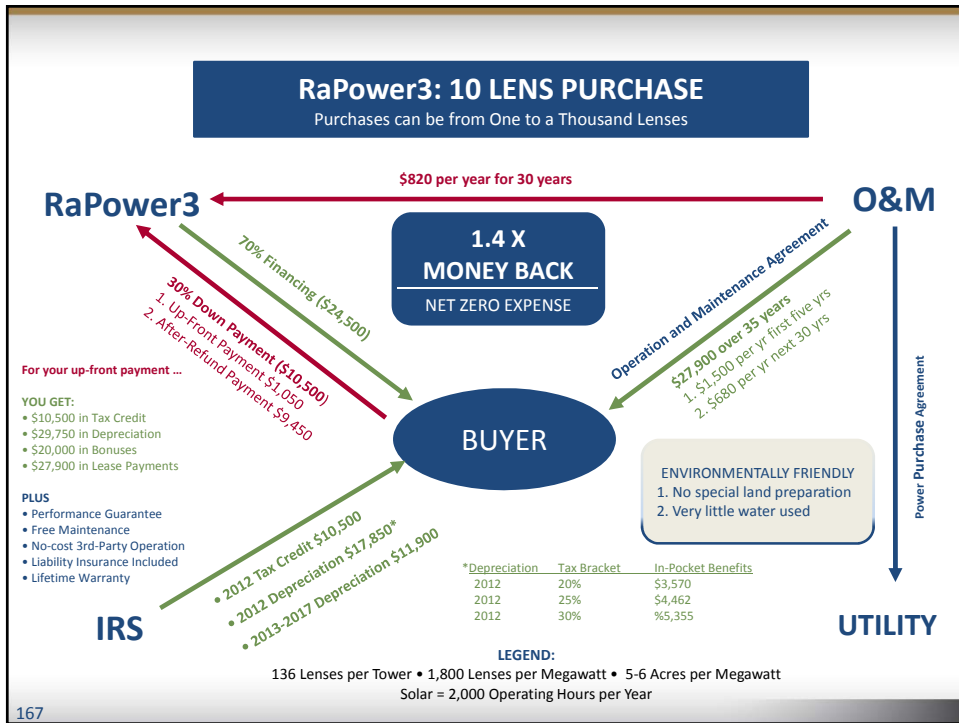
**Disgorgement is necessary or
appropriate to enforce the Internal
Revenue Laws.**

26 U.S.C. § 7402(a)

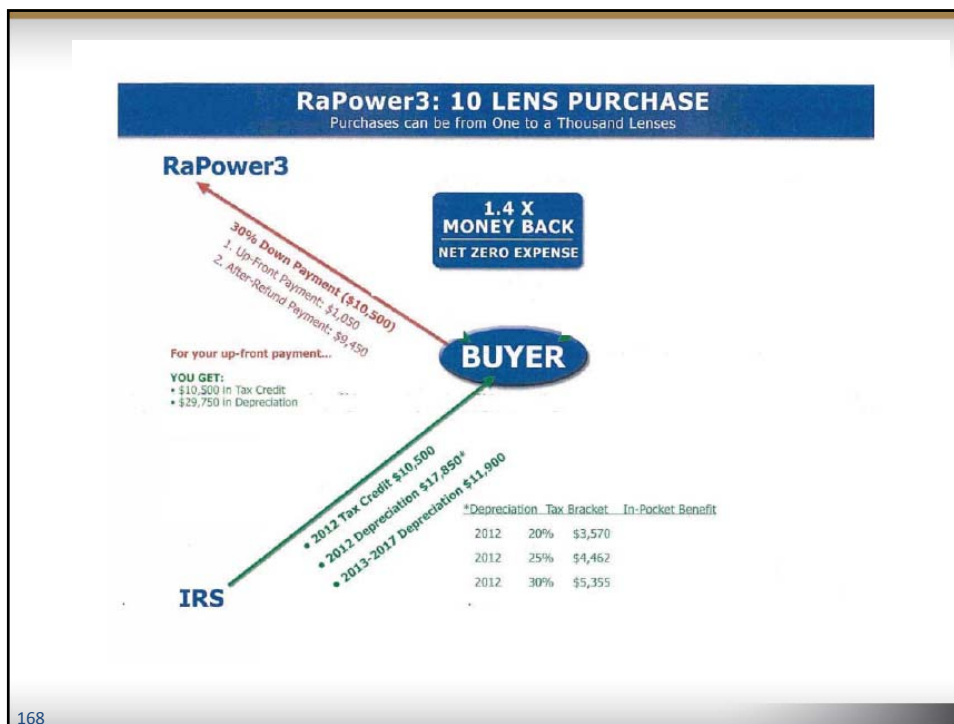
165



166



167



Disgorgement: RaPower-3

RaPower-3, LLC
Gross Receipts 2009-2016

Grand Total: \$25,310,670


Years	Sum of Amount
2009	\$4,580.01
2010	\$940,008.45
2011	\$2,447,120.37
2012	\$4,131,501.86
2013	\$5,573,907.07
2014	\$5,032,267.06
2015	\$4,493,974.47
2016	\$2,687,311.08
Grand Total	\$25,310,670.37

- RaPower-3, LLC does not generate revenue from any source other than selling lenses in the solar energy scheme.
- Pl. Ex. 682, RaPower-3, LLC 30(b)(6) Dep., 32:16-33:14; 36:14-39:16; 66:1-12
- Reinken Testimony, Trial Tr. 863:18-866:18; 866:19-868:24
- This amount is reasonable given PLEX 742B and PLEX 749.

Plaintiff Exhibit
798

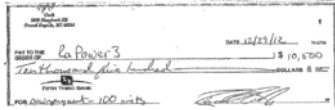
169

Disgorgement: RaPower-3



Invoice

Purchase Date: 12/29/2012 12:15:32 PM



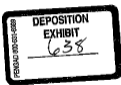
RaPower3 LLC
4035 South 4000 West
Deseret, UT, 84624


TO: COOK AES, LLC
2668 SHAGBARK SE
GRAND RAPIDS, MI, 49546


Order Information			
Order ID:	3714-2703-122920121215		
Units Purchased	Description	Down Payment	Full Unit Price
109	600 Watt Solar Thermal Lens	\$105,000.00	\$100,000.00

Order Payments			
Payment Date	Payment Type	Payment Received	Payment Amount
1/4/2013	Check	Yes	\$105,000.00
7/12/2013	Check	Yes	\$94,500.00
7/12/2013	Check	Yes	\$32,000.00
7/15/2013	Check	Yes	\$16,000.00

Received Payment Count: 1
 Amount Paid: \$105,000.00
 (Does not reflect pending payments) Balance: \$0.00







170

Disgorgement: International Automated Systems, Inc.

Fiscal Year Ended	Amount	Evidence
June 30, 2010	\$2,360,250	PLEX 852, p. 59 Buck Testimony, Trial Tr. 257:7-258:20; 271:9-272:12; 293:1-294:11; 312:5-15. PLEX 371, p. 63
June 30, 2016	\$3,077,839	PLEX 507, p. 20, 35
Total	\$5,438,089	

171

Disgorgement: International Automated Systems, Inc.

Customer Deposits and Revenue Recognition - The terms of sale of a System provides for an initial cash deposit of \$9,000 at the date the agreement is signed and thirty annual payments of \$700 (with no stated interest), totaling \$21,000, commencing five years following the installation date. As of June 30, 2009, the Company had entered into contracts and received deposits to build, install and maintain approximately 200 Systems.

Under the terms of sale, the Company warrants that the Systems will remain in good operating condition for a thirty-five year period commencing on the installation date and that it will be responsible for all material, equipment and labor costs incurred to complete such maintenance and repair work. In addition, the Company warrants a production rate of 95% of the target production rate of 250,000,000 BTU's per year for the first five years. If the energy produced during the first five years is less than five times the warranted production rate, the purchaser may elect to terminate the agreement and will have no further obligation other than to return the System to the Company. The initial cash deposit will not be returned.

The deposits received have been recorded as customer deposits and included as current liabilities in the financial statements since the Company has not verified the energy output and has not yet delivered electricity from the Systems to a third party as of June 30, 2009. Therefore, for all of these agreements, the customers may request a return of their deposits since the Company has not verified output of the energy. The Company will begin to recognize revenue once the Systems energy output has been verified (saleable energy is produced) and once it is able to estimate its costs associated with the warranty.

NOTE 9 – CUSTOMER DEPOSITS

During the years ended June 30, 2009 and 2008, the Company received customer deposits totaling \$954,000 and \$99,000, respectively, and refunded deposits totaling \$0 and \$9,000, respectively, relating to contract agreements to build, install and maintain alternate solar energy systems.

The total amount of customer deposits at June 30, 2009 and 2008 was \$1,757,250 and \$803,250, respectively. The agreements provide that the Company will deliver, install and startup the alternate solar energy system prior to June 30, 2009. The Company has and continues to work toward delivering, installing and starting up the alternate solar energy system, but the energy output has not been verified. Therefore, for all of these agreements, the customers may request a return of their deposits since the Company has not verified output of the energy.

EXHIBIT 3-71
WIT: BUCE
DATE: 2-15-17
CIBCourt, LLC

at 53

EXHIBIT 3-71
WIT: BUCE
DATE: 2-15-17
CIBCourt, LLC

at 63



172

Disgorgement: Neldon Johnson for Solco I, LLC

**Solco I, LLC
Gross Receipts 2010-2016**

Grand Total: \$3,434,992

Years	Sum of Amount
2010	\$12,450.00
2011	\$5,200.05
2012	\$1,269,595.55
2013	\$891,859.29
2014	\$1,138,606.87
2015	\$59,630.45
2016	\$57,650.08
Grand Total	\$3,434,992.29

Plaintiff
Exhibit
730

- Solco I, LLC does not generate revenue from any source other than selling lenses in the solar energy scheme.
- PLEX 579, Johnson Dep., vol. 1, 82:-8-85:2
- PLEX 581, IAS 30(b)(6) Dep., 38:10-40:6; 45:4-21
- PLEX 673, LTB1, LLC 30(b)(6) Dep., 78:22-79:5; 79:12-80:9; 81:12-21
- PLEX 38
- PLEX 325
- PLEX 495
- Reinken Testimony, Trial Tr. 863:18-866:18; 870:3-871:7

173

Disgorgement: Neldon Johnson for XSun Energy, LLC

**XSun Energy, LLC
Gross Receipts 2011-2016**

Grand Total: \$1,126,888

Years	Sum of Amount
2011	\$442,355.43
2012	\$660,462.57
2013	\$21,298.73
2014	\$1,170.10
2015	\$813.17
2016	\$788.18
Grand Total	\$1,126,888.18

**Plaintiff
Exhibit**
741

- XSun Energy, LLC does not generate revenue from any source other than selling lenses in the solar energy scheme.
- PLEX 579, Neldon Johnson Dep., vol. 1, 79:8-81:7; 82:8-10
- PLEX 581, IAS 30(b)(6) Dep., 47:2-19
- PLEX 208
- PLEX 355
- PLEX 356
- PLEX 510
- PLEX 743, p. 11
- Reinken Testimony, Trial Tr. 863:18-866:18; 871:10-872:14

174

Disgorgement: Neldon Johnson in his Individual Capacity

**Neldon Johnson
Gross Receipts 2008-2016**

Grand Total: \$623,449

- Reinken Testimony, Trial Tr. 863:18-866:18; 874:5-875:15

Years	Sum of Amount
2008	\$309,595.69
2009	\$148,470.80
2010	\$42,121.96
2011	\$109,045.00
2012	\$3,933.47
2014	\$1,000.00
2015	\$8,282.58
2016	\$1,000.00
Grand Total	\$623,449.50

**Plaintiff
Exhibit**
737

175

Disgorgement: Neldon Johnson in his Individual Capacity

- Checks from International Automated Systems, Inc. to Neldon Johnson
 - PLEX 646
 - PLEX 744, pages 3, 5, 9, 11, 15, 16, 17, 20
- Checks from International Automated Systems, Inc. to NP Johnson Family Limited Partnership
 - PLEX 647 (also on page 17 of PLEX 743)
- Checks from International Automated Systems, Inc. to Neldon Johnson's family members
 - Glenda Johnson: PLEX 648
 - LaGrand, Randale PLEX 744
- Checks from Cobblestone Centre to Neldon Johnson's family members
 - Randy Johnson: PLEX 650
- Checks from RaPower-3, LLC to Neldon Johnson's family members
 - PLEX 743
- Check form Xsun Energy to Glenda Johnson
 - PLEX 743, page 11
- Checks from RaPower-3, LLC to Neldon Johnson
 - PLEX 743, page 56
 - PLEX 743, page 65
 - PLEX 743, page 79




EXHIBIT 646
 WIT: Johnson
 DATE: 10-3-19
 CRICourt, LLC

176

Disgorgement: Neldon Johnson Summary

Where From	Amount
Individual Capacity	\$623,449
Solco I, LLC	\$3,434,992
Xsun Energy, LLC	\$1,126,888
Total	\$5,185,319

And Neldon Johnson should be jointly and severally liable for the disgorgement of RaPower-3, LLC and International Automated Systems:

Where From	Amount
Total From Above	\$5,185,319
RaPower-3, LLC	\$25,310,670
IAS	\$5,438,089
Total	\$35,934,078

177

Disgorgement: R. Gregory Shepard

- Received gross receipts from his activity related to the solar energy scheme.
- He was paid by International Automated Systems, Inc. and RaPower-3, LLC.
- His entity, Shepard Global, Inc., was paid by RaPower-3, LLC for his activity related to the solar energy scheme.

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Disgorgement: R. Gregory Shepard

SUMMARY COMMISSION CHECKS FOR DEC. 2008

1. Lynette Williams: \$5,400 to Greg Shepard in Jan. 09
2. Mo & Janeen Myers: \$1,800 to Greg Shepard in Jan. 09
3. Mike Kirwan/K & Sun, LLC: \$4,500 to Greg Shepard in Jan. 09 and \$4,500 to Tom Day in Jan. 09
4. Patty Lambrecht/ILIOS,LLC: \$22,500 to Ryan Davies in Jan. 09 and \$22,500 to Greg Shepard to be paid as follows:
 - A. \$2,700 to Matt Shepard in Dec. 08
 - B. \$6,000 to Andrea Shepard in Dec. 08
 - C. \$6,000 to Greg Shepard in Dec. 08

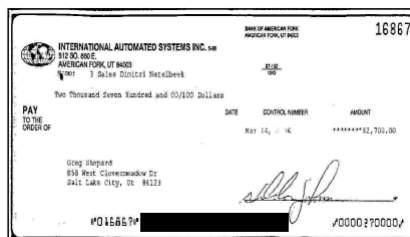
D. \$5,000 to Andrea Shepard in Jan. 09
 E. \$2,800 to Greg Shepard in Jan. 09
 Mike Vaughan: \$900 to Greg Shepard Jan. 09

ADDRESSES:

EXHIBIT 445
 WIT: Shepard
 DATE: 4-18-11
 CIBCourt, LLC



Plaintiff Exhibit 746



Check: 16867 Amount: \$2,700.00 Date: 3/20/2006 HIN # 227101001007715

Plaintiff Exhibit 746

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Disgorgement: R. Gregory Shepard

Year	Amount	Evidence
2006	\$11,700	PLEX 411, Trial Tr. 1596:5-21
2007	\$4,500	PLEX 411; Trial Tr. 1596:22-24
2008	\$3,600	PLEX 411; Trial Tr. 1596:25-1597:2
	+ \$11,100	PLEX 445
2009	\$19,000	PLEX 411; Trial Tr. 1597:3-5
	+ \$1,400	PLEX 445
2010	\$15,000	PLEX 411; Trial Tr. 1597:6-8
2011	\$9,000	PLEX411; Trial Tr. 1597:9-11
2012	\$55,829	PLEX411; Trial Tr. 1597:12-15
2013	\$82,603	PLEX 411; Trial Tr. 1597:16-18
2014	\$89,629	PLEX 411; Trial Tr. 1597:19-21
2015	\$127,308	Trial Tr. 1296:19-13
2016	\$169,332	Trial Tr. 1297:19-1301:3
2017	\$102,000	Trial Tr. 1597:22-1598:21
TOTAL	\$702,001	

180

**For all these reasons, we ask the Court
to enter all the equitable relief we
request:**

**Enjoin Defendants
Order Disgorgement**

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