
IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

vs.

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

Defendants.

**INITIAL ORDER AND
INJUNCTION AFTER TRIAL**

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

District Judge David Nuffer

Magistrate Judge Evelyn J. Furse

This is an interim order for partial injunctive relief entered after trial, but before entry of a complete set of findings and conclusions which will support much broader relief.

Defendants Neldon Johnson, R. Gregory Shepard, and former defendant Roger Freeborn were each involved in the organization of, and participated in sales of interests in, the plan or arrangement, and the plan or arrangement that constitutes this fraudulent tax scheme.

Defendants made statements regarding allowability of tax deductions and credits from participation in the plan or arrangement; told prospective customers, and customers, about the structure of the transactions; and told them about Johnson's solar energy technology. They sold solar lenses by emphasizing the purported tax benefits but knew or had reason to know that their statements were false or fraudulent as to material matters, for the following reasons:

- a. Johnson's purported solar energy technology did not work, and would not work to generate commercially viable electricity or other energy;

- b. the only way a customer has “made money” from buying a lens is from the purported tax benefits;
- c. no customer has been paid rental income generated from the use of his lens to generate power bought by a third-party purchaser; and
- d. no customer has been paid a bonus;
- e. customers are not required to pay the full down payment, much less the full purchase price for a lens; and
- f. advice from independent professionals did not support Defendants claims about tax benefits.

Defendants knew, or had reason to know:

- a. that Johnson, and not the customers, controlled the customers’ purported “solar lens leasing businesses”;
- b. that the customers do not have special expertise or prior experience in the solar lens leasing business;
- c. that their customers were not in a “trade or business”;
- d. that the lenses were not “placed in service”;
- e. that the lenses were not held for production of income from the lenses;
- f. that that the full “purchase” price of the lenses was not at risk in the year a customer signed transaction documents;

- g. that their customers were not allowed to deduct their purported expenses related to the solar lenses against their active income or use the credit to reduce their tax liability on active income;
- h. that the IRS disallowed their customers' depreciation deductions and solar energy tax credits and that the customers were not entitled to depreciation deductions and solar energy tax credits;
- i. that the Oregon Tax Court rejected their customers' depreciation deductions and solar energy tax credits.

In connection with sales to customers, Defendants made gross valuation overstatements as to the value of the solar lenses.

Defendants knew, or had reason to know, that their statements were false or fraudulent. Their claims of reliance on legal advice fails. Their claimed reliance was not reasonable. The advice documents do not support the Defendants' position.

An injunction and other equitable relief are necessary and appropriate to enforce the internal revenue laws of the United States. At this early point, partial relief is ordered to prevent ongoing and significant fraud.

ORDER

IT IS HEREBY ORDERED that this notice be immediately placed on www.rapower3.com and www.rapower3.net and www.iaus.com and any other site controlled by Defendants which is used in relation to marketing of lenses:

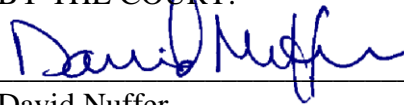
THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH in U.S. v. RaPower-3, LLC., et al., Case No., 2:15 cv 828, has determined that tax information provided by Neldon Johnson, RaPower-3, LLC, International Automated Systems (IAUS), XSun Energy, LLC, SOLCO I LLC, Greg Shepard, and others associated with

them regarding solar energy lenses is false. Tax information related to solar energy lenses must not appear on this site until further order of the court.

Defendants shall file a Declaration of Compliance, attesting that all tax related information has been removed from the websites and attaching copies of the web pages, on or before Friday June 29, 2018.

Dated June 22, 2018.

BY THE COURT:

A handwritten signature in blue ink, appearing to read "David Nuffer", is written over a horizontal line.

David Nuffer
United States District Judge