

**WAYNE KLEIN, RECEIVER FOR RAPOWER-3, LLC**

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January 18, 2019

**Via Electronic Mail Only**

Ashlee Canady  
Compliance Manager  
Pacific Stock Transfer Company  
6725 Via Austi Parkway, Suite 300  
Las Vegas, NV 89119

Re: *United States v. RaPower-3, IAS, et al.*, Case No. 2:15CV000828  
Second Request for Information

Dear Ms. Canady:

I have reviewed the partial response to the subpoena we issued to the Pacific Stock Transfer (“PST”) accompanying your letter dated January 2, 2019. I strongly urge you to consult with your counsel on your refusal to provide the complete information requested in my letter and the subpoena. I also demand that you provide the information that you failed to provide from those requests along with the additional information being requested by this letter.

Your letter acknowledges receipt of the Receivership Order. I direct your attention to relevant provisions of that Order:

Paragraph 24 provides, in relevant part:

The Receivership Defendants and . . . **transfer agents** . . . of the Entity Receivership Defendants . . . **are hereby ordered and directed to preserve and turn over to the Receiver forthwith** all paper and electronic information of, or relating to, the Receivership Defendants or Receivership Property; such information shall include, but is not limited to: books, records, documents, accounts, **stock certificates** . . . an all other instruments and papers. (Emphasis added.)

Paragraph 28 provides, in relevant part:

Johnson and Shepard, as well as all past and present officers, directors, **agents** . . . and other appropriate persons or entities . . . **shall promptly answer under oath to the Receiver all questions which the Receiver may put to them and produce all documents as required by the Receiver regarding the business of the Receivership Defendants** . . . . (Emphasis added.)

Under paragraph 9, all:

directors, officers, managers, employees, . . . of . . . IAS . . . are hereby dismissed . . . Such persons shall have no authority with respect to the Entity Receivership Defendants' operations or assets, **except to the extent as may hereafter be expressly granted by the Receiver.**

In place of the former officers, directors, and managers, "This Court takes exclusive jurisdiction and possession of all assets, of whatever kind and wherever situated, of Defendants . . . International Automated Systems, Inc. . . ." (§ 2). To direct the necessary operations of these companies, the Court ordered: "Wayne Klein is appointed to serve without bond as receiver (the "Receiver") for the estate of the Receivership Defendants . . ."

The upshot of these provisions is that as Receiver for International Automated Systems, Inc. ("IAS"), I am the only person authorized to act for IAS. That means any information that IAS could seek from PST must be delivered to me. Moreover, PST is already under a court order to provide information to me. No subpoena should have been required.

Other consequences of this court order are:

1. The Receiver does not need to "contact [your] office during normal business hours to update the company contact information and [formally] remove the prior officers." **Instead, the Court order effects this change, without requiring the Receiver to complete PST forms.**
2. There will be no "board minutes or resolutions to reflect the changes as directed by the Court." **There is no board; the Receiver is the sole person authorized to act on behalf of IAS and the Court order automatically endows the Receiver with all powers necessary to operate IAS.**

As PST should recognize, because IAS is a publicly traded company, IAS has obligations under state and federal securities laws to disclose complete and accurate information to markets, to shareholders, and to securities regulators. The company also has an obligation to ensure that none of its officers, directors, and other insiders are engaging in insider trading.

My November 12, 2018 letter requested information about securities transactions by:

- Glenda Johnson, who is the wife of the former company president;
- LaGrand Johnson, who was an officer of IAS;
- Randale Johnson, who was an officer of IAS.

I renew that request. That information is crucial to my ability, as the sole person authorized to act on behalf of IAS, to investigate possible insider trading by Glenda Johnson, LaGrand Johnson, and Randale Johnson.

Subsequent to the date of the November 12, 2018 letter, I have found documents indicating that:  
i) Neldon Johnson transferred most or all of his shares to the N.P. Johnson Family Limited

Partnership (“NPJFLP”) in 2004, ii) Johnson sold 20% interest in the NPJFLP (which held Johnson’s controlling interest in IAS) to Roger Hamblin in 2011, and iii) the NPJFLP later transferred Johnson’s shares and warrants to two foreign entities: Black Night Enterprises and Starlight Holdings in 2011.

Based on the discovery of these agreement, IAS now must decide how to disclose that Black Night Enterprises and Starlight Holdings may own and control approximately 75% of the shares of IAS. This information is relevant to the markets and necessary for me to comply with securities law requirements of disclosing material information to shareholders, regulators, and the markets.

Accordingly, I am also requesting information about securities transactions since November 2015 by:

- Roger Hamblin,
- Black Night Enterprises, and
- Starlight Holdings.

In conclusion, PST’s comment in response to Request #5 that the release of the information must be “compelled by a court of competent jurisdiction” is unjustified. The U.S. District Court of Utah is a court of competent jurisdiction. It has issued an order that explicitly applies to PST, once PST is on notice of the Order. The Court has appointed me as the sole person authorized to act on behalf of IAS—which includes the right to obtain any information the company could obtain. Your refusal to provide this information is a violation of a valid court order that applies to PST.

I will not ask the Court to compel production of information you are already ordered to provide by a valid court order. If you do not provide the information I have requested—and provide it by February 4, 2019—I will direct my outside counsel to file a motion for an order to show cause requiring PST to appear and show cause why it should not be held in contempt.

Pursuant to paragraph 28 of the Order, PST’s response should be accompanied by a sworn affidavit or declaration by a person authorized to speak for PST.

Sincerely,



WAYNE KLEIN  
Receiver

cc: Mike Lehr, Esq., Parr Brown Gee & Loveless  
Erin Healy-Gallagher, Esq., U.S. Department of Justice  
Erin Hines, Esq., U.S. Department of Justice