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**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH  
CENTRAL DIVISION**

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UNITED STATES OF AMERICA,

Plaintiff,

v.

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

Defendants.

**RECEIVER'S AND R. GREGORY  
SHEPARD'S STIPULATION AS TO  
THE RECEIVER'S  
RECOMMENDATION FOR LIVING  
EXPENSES ALLOWANCE FOR R.  
GREGORY SHEPARD**

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

The Honorable David Nuffer

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R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of RaPower-3, LLC ("RaPower-3"), International Automated Systems, Inc. ("IAS"), and LTB1, LLC ("LTB1") (collectively "Receivership Entities"), as well as certain affiliated subsidiaries and entities, and the assets of Neldon Johnson ("Johnson") and R. Gregory Shepard ("Shepard") (collectively "Receivership Defendants"), hereby submits this *Stipulation as to The Receiver's Recommendation for Living Expenses Allowance for R. Gregory Shepard* ("Stipulation"). In

support hereof, the Receiver states as follows:

### **BACKGROUND**

1. On November 30, 2018, the Receiver filed his *Recommendation on Living Allowances for Defendants Johnson and Shepard* (“Initial Recommendation”).<sup>1</sup>

2. Due to the lack of response to the Receiver’s request for financial information from Johnson and Shepard, the Receiver submitted the Initial Recommendation based on the information available to him at that time.<sup>2</sup>

3. On December 14, 2018, the Receiver submitted a *Corrected Recommendation* (“Corrected Recommendation”) to correct a calculation error made in the Initial Recommendation.<sup>3</sup>

4. On April 26, 2019 and May 3, 2019 a hearing was held on the United States’ *Motion for Order to Show Cause why Johnson, Shepard, Glenda Johnson, LaGrand Johnson, and Randale Johnson should not be held in Civil Contempt for Violating the Corrected Receivership Order*.<sup>4</sup>

5. Based on the information developed at the May 3, 2019 hearing, the Court issued an order (“Order”) requiring Shepard to complete a summary of his financial circumstances, including a complete statement of income, expenses, assets, and liabilities.<sup>5</sup>

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<sup>1</sup> [Docket No. 526](#). The Corrected Receivership Order directed the Receiver to “investigate the monthly income and living expenses of Johnson and Shepard and make a recommendation to the Court regarding whether any monthly living expenses should be paid out of the Receivership Property to Johnson or Shepard.” See [Docket No. 491](#) at ¶78.

<sup>2</sup> [Docket No. 526](#).

<sup>3</sup> [Docket No. 543](#).

<sup>4</sup> [Docket No. 559](#), filed January 29, 2019. The hearings were also on the Receiver’s *Motion for Order to Show Cause Why Pacific Stock Transfer Shouldn't Be Held in Civil Contempt for Violating the CRO*. See [Docket No. 588](#), filed on March 5, 2019.

<sup>5</sup> [Docket No. 637](#).

6. The Order instructed the Receiver to confer with Shepard “regarding Shepard’s financial circumstances and evaluate the adequacy of the living expenses allowance Shepard receives.”<sup>6</sup> The Order also instructed the Receiver to file a recommendation regarding any changes to Shepard’s living expenses allowance.<sup>7</sup>

7. Since the May 3, 2019 hearing, the Receiver represents the following:

- I. The Receiver acknowledges timely receipt of financial information from Shepard as required by the Order.
- II. The information that the Receiver had previously indicated had been missing<sup>8</sup> about Shepard’s retirement accounts and assets, was provided by Shepard to the Receiver.
- III. The Receiver and Shepard have consulted together on Shepard’s financial circumstances and what the appropriate monthly living allowance should be as required under the Order.<sup>9</sup>

### **RECOMMENDATION AND STIPULATION**

1. Based on the information provided by Shepard, the Receiver recommends the monthly living allowance for Shepard and his wife should be \$4,528.00.

2. This is the amount the Receiver recommended in the Corrected Recommendation on December 14, 2018.<sup>10</sup> This amount takes into account specific circumstances for Shepard’s family.

3. The living expenses for Shepard’s mother-in-law and the family of Matt Shepard (Shepard’s son), who are living in the Shepard home, will not be counted towards the living allowance and none of their incomes will be counted towards income of Shepard and his wife.

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<sup>6</sup> *Id.*

<sup>7</sup> *Id.*

<sup>8</sup> See [Docket No. 526](#) at 3.

<sup>9</sup> [Docket No. 637](#).

<sup>10</sup> [Docket No. 543-1](#) at 4.

4. To the extent that Shepard earns additional income as a substitute teacher, Shepard will be able to retain those funds and use them for household expenses or paying down debt.

5. Social Security income for Shepard and his wife is \$2,700, leaving a monthly deficit of approximately \$1,830.

6. Upon approval of this Recommendation, the Receiver will instruct Bigger, Faster, Stronger to begin sending its monthly payments of \$1,000 to Shepard, instead of the Receiver.

7. The monthly annuity payments of \$431.08 currently being paid to the Receiver by Allianz will continue to be paid to the Receiver. (These payments are expected to terminate within a few months.)

8. The Receiver will send \$830.00 monthly to Shepard from the Receivership operating account to fund the deficit in monthly living allowance amounts.<sup>11</sup>

9. Shepard has agreed that he will cause the shares of IAS that he previously transferred to his wife, Diana C. Shepard, and to his son, Matt Shepard, to be recovered from Diana C. Shepard and Matt Shepard and will deliver those shares to the Receiver.

DATED this 24th day of May, 2019.

  
Wayne Klein, Receiver

/s/ R. Gregory Shepard  
R. Gregory Shepard, *Pro Se* Defendant  
(Signed with Permission)

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<sup>11</sup> Monthly living allowance amount: \$4,528.00. Social Security income: \$2,700.00. Bigger, Stronger, Faster income: \$1,000.00. Deficit: approximately \$830.00 (\$4,528 - \$2,700 - \$1,000 = \$828).

**PARR BROWN GEE & LOVELESS**

*/s/ Michael S. Lehr*

Jonathan O. Hafen

Michael S. Lehr

*Attorneys for Receiver*

**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that service of the above **RECEIVER'S AND R. GREGORY SHEPARD'S STIPULATION AS TO THE RECEIVER'S RECOMMENDATION FOR LIVING EXPENSES ALLOWANCE FOR R. GREGORY SHEPARD** was electronically filed with the Clerk of the Court through the CM/ECF system on May 24, 2019, which sent notice of the electronic filing to all counsel of record.

IT IS FURTHER CERTIFIED that, May 24, 2019, by U.S. Mail, first-class, postage pre-paid, I caused to be served the same documents upon the following persons:

Neldon Johnson  
2730 W 4000 South,  
Oasis, UT 84624

R. Gregory Shepard  
858 Clover Meadow Dr.  
Murray, Utah 84123

*Pro se Defendants*

/s/ Michael S. Lehr