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

R. WAYNE KLEIN, as Receiver,

Plaintiff,

v.

RICHARD JAMESON, an individual; and
NORTH STAR TAX SERVICES, LLC, a
Utah limited liability company.

Defendants.

COMPLAINT

**(Ancillary to Case No. 2:15-cv-00828)
(General Order 19-003)**

Civil No. _____

Judge David Nuffer

R. Wayne Klein, the Court-Appointed Receiver of RaPower-3, LLC ("RaPower"), International Automated Systems Inc. ("IAS"), LTB1 LLC ("LTB1") their subsidiaries and affiliates,¹ and the assets of Neldon Johnson ("Johnson") and R. Gregory Shepard ("Shepard"),² (the "Receiver" or "Plaintiff") in the case styled as *United States v. RaPower-3, LLC, et al.*,

¹ Collectively, unless stated otherwise, RaPower, IAS, LTB1, and all subsidiaries and affiliated entities are referred to herein as "Receivership Entities." The subsidiaries and affiliated entities are: Solco I, LLC ("Solco"); XSun Energy, LLC ("XSun"); Cobblestone Centre, LC ("Cobblestone"); LTB O&M, LLC; U-Check, Inc.; DCL16BLT, Inc.; DCL-16A, Inc.; N.P. Johnson Family Limited Partnership ("NPJFLP"); Solstice Enterprises, Inc. ("Solstice"); Black Night Enterprises, Inc. ("Black Night"); Starlite Holdings, Inc. ("Starlite"); Shepard Energy; and Shepard Global, Inc.

² Collectively, RaPower, IAS, LTB1, Shepard, and Johnson are referred to herein as "Receivership Defendants."

Case No. 2:15-cv-00828 (D. Utah) (Nuffer, J.) (the “Civil Enforcement Case”), hereby files this Complaint against Richard Jameson (“Jameson” or “Richard Jameson”), as an individual, and North Star Tax Services, LLC (“North Star”), as a Utah limited liability company (collectively, “Defendants”).

STATEMENT OF THE CASE

1. Receivership Defendants were operated as an abusive tax fraud.³ The United States alleged, and the Court found, among other things, that the Receivership Defendants operated a massive tax fraud.⁴ Under this fraudulent scheme, Jameson and North Star received, directly or indirectly, \$18,942.44 from Receivership Entities. These transfers to Jameson and North Star were in furtherance of the massive tax fraud and without any legally recognized value for the transferred money. The Receiver seeks to recover, for the benefit of the Receivership Estate, the amounts improperly transferred to Jameson and North Star

PARTIES, JURISDICTION AND VENUE

2. Pursuant to a Receivership Order entered on October 31, 2018 in the Civil Enforcement Case (the “Receivership Order”),⁵ Plaintiff is the duly-appointed Receiver for Receivership Entities.⁶

3. Upon information and belief, Richard Jameson is a resident of or is domiciled in the State of Utah.

³ See *Findings of Fact and Conclusions of Law*, Civil Enforcement Case, [Docket No. 467](#), at 1 (“FFCL”), filed Oct. 4, 2018.

⁴ *Amended and Restated Judgment*, Civil Enforcement Case, [Docket No. 507](#), filed Nov. 13, 2018; see also FFCL. The Receivership Defendants have filed notices of appeal, which are pending.

⁵ Civil Enforcement Case, [Docket No. 490](#). A Corrected Receivership Order, which corrected formatting errors, was entered the next day, [Docket No. 491](#).

⁶ Civil Enforcement Case, [Docket No. 636](#). The assets of 12 of these affiliates had been frozen by the initial Receivership Order.

4. North Star is a Utah limited liability company that provides a variety of tax and audit services, with its principal place of business in St. George, Utah. Jameson is the managing member of North Star.

5. Jurisdiction is proper in this Court pursuant to 28 U.S.C. §1367 and 28 U.S.C. § 754.

6. Venue is proper in this Court pursuant to 28 U.S.C. § 754 and 28 U.S.C. § 1391(b).

FACTS
The Abusive Tax Scheme

7. As the Court found in the Civil Enforcement Case: “For more than ten years, the Receivership Defendants promoted an abusive tax scheme centered on purported solar energy technology featuring ‘solar lenses’ to customers across the United States. But the solar lenses were only the cover story for what the Receivership Defendants were really selling: unlawful tax deductions and credits.”⁷

8. Receivership Defendants sold solar lenses emphasizing their purported tax benefits. Customers were told that they could “zero out” their federal income tax liability by buying enough solar lenses and claiming both a depreciation deduction and solar energy tax credit for the lenses.

9. The purported solar energy solar technology and solar lenses, however, did not work and could not generate energy.

⁷ *Memorandum Decision and Order on Receiver’s Motion to Include Affiliates and Subsidiaries in Receivership*, Civil Enforcement Case, [Docket No. 636](#) at 4, quoting FFCL at 1.

10. Specifically, the Court found that the “purported solar energy technology is not now, has never been, and never will be a commercial grade solar energy system that converts sunlight into electrical power or other useful energy” and “[t]he solar lenses do not, either on their own or in conjunction with other components, use solar energy to generate marketable electricity.”⁸

11. Notwithstanding the fact the solar lenses and technology never worked, Receivership Defendants continued to sell solar lenses to customers emphasizing that customers would qualify for depreciation deductions and/or the solar energy tax credit.

12. Between 45,205 and 49,415 solar lenses were sold to customers.⁹ Receivership Defendants’ own transaction documents and testimony at trial showed that the gross receipts received by Receivership Defendants were at least \$32,796,196 and possibly much more.¹⁰

13. These lens sales constituted a massive tax fraud.¹¹ None of these solar lenses ever met the necessary elements to qualify for depreciation deductions or the solar energy tax credit.

14. Indeed, “[h]undreds, if not thousands” of customer lenses were not even removed from the shipping pallets.¹²

15. Based on these facts and others, the Receivership Defendants were enjoined from promoting their abusive solar energy scheme, were ordered to disgorge their gross receipts, and were required to turn over their assets and business operations to the Receiver.¹³

⁸ FFCL at 49.

⁹ *Id.* at 14.

¹⁰ *Id.* at 15.

¹¹ *Id.*

¹² *Id.* at 55-56.

¹³ *Memorandum Decision and Order on Receiver’s Motion to Include Affiliates and Subsidiaries in Receivership*, Civil Enforcement Case, [Docket No. 636](#) at 4, citing *Memorandum Decision and Order Freezing Assets and to Appoint a Receiver*, Civil Enforcement Case, [Docket No. 444](#), filed August 22, 2018.

16. The Court held that the “whole purpose of . . . the Receivership Entities . . . was to perpetuate a fraud to enable funding for Neldon Johnson. The same is true for other entities Johnson created, controls, and owns . . . including [Johnson-controlled affiliates]. Johnson has commingled funds between these entities, used their accounts to pay personal expenses, and transferred Receivership Property to and through them in an attempt to avoid creditors.”¹⁴

17. Defendants Jameson and North Star received at least \$18,942.44 from the Receivership Defendants.

Jameson’s Involvement with Receivership Defendants

18. Jameson and North Star performed tax work for multiple Receivership Defendants and Entities, including Shepard, Shepard Energy, and Shepard Global. As part of his work at North Star, Jameson prepared tax returns for Shepard and Shepard Global for tax years 2013 through 2017.

19. In addition, Jameson and/or North Star assisted Shepard with IRS audits for tax years 2012 through 2014.

20. Further, Jameson and/or North Star performed payroll services for Shepard Energy and Shepard Global for years 2016, 2017, and part of 2018, and also performed accounting services related to tax returns for at least one Receivership Defendant.

21. Jameson was very involved in the tax management of Shepard, Shepard Energy, and Shepard Global.

¹⁴ *Id.* citing FFCL and *Receiver’s Report and Recommendation on Inclusion of Affiliates and Subsidiaries in Receivership Estate*, Civil Enforcement Case, [Docket No. 581](#).

22. Receivership Defendants referred lens purchasers to Jameson and/or North Star for assistance with audit and tax issues. Jameson and/or North Star prepared tax returns for RaPower customers on which solar energy credits and depreciation were claimed.

23. The number of tax returns Jameson prepared for RaPower customers increased every year from 2012 to 2018.

24. At the recommendation of Receivership Defendants, Jameson assisted RaPower customers when they were audited.

25. Indeed, Jameson wrote a letter to the IRS for a lens purchaser client stating “As a matter of fact, I have been to the site and have seen the home that is currently being powered by lenses in the testing of the units.”

26. In reality, Jameson had no idea if the home was actually powered by solar energy or if the client’s lenses were even installed at that time.

27. Jameson never saw heat captured by solar lenses used in any way other than to burn a piece of wood or make “a hole in the ground that would, you know, fry things.”

28. When a person was considering purchasing solar lenses from RaPower, Jameson recommended that he prepare a draft tax return for a person so that the person could see the potential tax liability.

29. Jameson was involved with RaPower customers before, during, and after they purchased lenses.

Amounts Transferred to Jameson

30. Defendants received \$18,942.44 from Receivership Entities.

31. On February 1, 2017, North Star received a \$5,618.51 payment from the law firm Heideman & Associates (“Heideman”) for Jameson’s work performing tax research and appearing as an expert witness on behalf of lens purchasers in an Oregon Tax Court case.

32. On August 14, 2018, Jameson received a \$13,323.98 payment from the law firm Nelson, Snuffer, Dahle & Poulsen, P.C. (“Nelson Snuffer”) for performing tax research and serving as an expert witness on behalf of Receivership Defendants in the Civil Enforcement Case. This \$13,323.98 payment was deposited into a North Star checking account on August 22, 2018.

33. Jameson and North Star did not take these payments in good faith and/or did not transfer anything of a reasonably equivalent value to the transferors.

34. The benefit of Jameson’s expert testimony in the Oregon Tax Court litigation flowed to the taxpayers challenging the ruling of the Oregon Tax Commission, but Jameson’s fee was paid by Receivership Defendants, who used Heideman as a conduit for the transfer.

35. Regarding the \$13,323.98 paid to Jameson through Nelson Snuffer, Receivership Defendants knew Jameson would testify in support of their position regardless of the actual facts of the fraudulent scheme and had reason to know Jameson would not be qualified to testify as an independent expert witness. Nonetheless, Receivership Defendants hired Jameson to serve as an expert witness on their behalf at trial in the Civil Enforcement Case.

36. The court, however, disqualified him as an expert witness and did not allow him to submit expert testimony.

37. The court found that Jameson’s “presence in the case demonstrates how Defendants rely on people with minimal qualifications, sophistication and expertise.”

38. Concerns were raised by the court about his bias and impartiality while finding that he did not apply reliable methodologies as an expert witness.

39. The court found that Jameson's positions did not reflect a survey of the field but only supported Receivership Defendants' position. Moreover, he drew conclusions without examination of the many factors that would normally be presented in expert analysis.

40. Jameson knew that the testimony he was hired to give was not based on independent investigation or verification of RaPower's marketing statements. He admitted that the inquiries he made to support his testimony were purposefully limited because he did not feel he had to audit further information.

41. The court also found that he did not have the qualifications to testify as a tax expert.

FIRST CLAIM FOR RELIEF

(Avoidance of Fraudulent Transfers Under Utah Code Ann. §§ 25-6-5(1)(a) and 25-6-8 or Utah Code Ann. §§ 25-6-202(1)(a) and 25-6-303)

42. The Receiver re-alleges and incorporates herein by reference each of the preceding allegations as if set forth completely herein.

43. The Receivership Entities were engaged in an enterprise with all of the characteristics of a fraud scheme.

44. The Receivership Entities, under the control of Neldon Johnson, paid the transfers to Jameson and/or North Star through Nelson Snuffer and Heideman.

45. The Receivership Entities, under the control of Neldon Johnson, used these law firms as a conduit for the transfers in furtherance of the fraud scheme.

46. At all relevant times hereto, each Receivership Entity that made payments to Jameson and/or North Star had at least one creditor.

47. At all relevant times hereto, each Receivership Entity that made payments to Jameson and/or North Star was insolvent.

48. The transfers were paid and any obligations to Jameson and/or North Star incurred with actual intent to hinder, delay or defraud a creditor of the Receivership Entities.

49. Jameson did not take the transfers in good faith and did not provide reasonably equivalent value to any Receivership Entity.

50. Pursuant to Utah Code Ann. §§ 25-6-5(1)(a) and 25-6-8 or Utah Code Ann. §§ 25-6-202(1)(a) and 25-6-303, the Receiver may avoid and recover the transfers paid to Jameson and North Star.

SECOND CLAIM FOR RELIEF

(Avoidance of Fraudulent Transfers Under Utah Code Ann. §§ 25-6-5(1)(b) and 25-6-8 or Utah Code Ann. §§ 25-6-202(1)(b) and 25-6-303)

51. The Receiver re-alleges and incorporates herein by reference each of the preceding allegations as if set forth completely herein.

52. The Receivership Entities were engaged in an enterprise that has all of the characteristics of a fraud scheme.

53. The Receivership Entities, under the control of Neldon Johnson, paid the transfers to Jameson and/or North Star through Nelson Snuffer and Heideman.

54. The Receivership Entities, under the control of Neldon Johnson, used these law firms as a conduit for the transfers in furtherance of the fraud scheme.

55. At all relevant times hereto, each Receivership Entity making transfers to Jameson and/or North Star had at least one creditor.

56. The transfers were paid or the obligations to Jameson and/or North Star were incurred by the Receivership Entities without receiving a reasonably equivalent value in exchange for the transfers or obligations.

57. Jameson did not take the transfers in good faith.

58. At the time the transfers were paid, the Receivership Entities (a) were engaged or was about to be engaged in a business or transaction for which the remaining assets of the Receivership Entities were unreasonably small in relation to the business or transaction; or (b) intended to incur, or believed or reasonably should have believed that it would incur, debts beyond its ability to pay as such debts became due.

59. Pursuant to Utah Code Ann. §§ 25-6-5(1)(b) and 25-6-8 or Utah Code Ann. §§ 25-6-202(1)(b) and 25-6-303, the Receiver may avoid and recover the transfers paid to Jameson and North Star.

THIRD CLAIM FOR RELIEF

(Avoidance of Fraudulent Transfers Under Utah Code Ann. §§ 25-6-6(1) and 25-6-8 or Utah Code Ann. §§ 25-6-203(1) and 25-6-303)

60. The Receiver re-alleges and incorporates herein by reference each of the preceding allegations as if set forth completely herein.

61. The Receivership Entities were engaged in a fraud scheme.

62. The Receivership Entities, under the control of Neldon Johnson, paid the transfers to Jameson and/or North Star through Nelson Snuffer and Heideman.

63. The Receivership Entities, under the control of Neldon Johnson, used these law firms as a conduit for the transfers in furtherance of the fraud scheme.

64. Each Receivership Entity had at least one creditor at the time that the transfers were made or the obligation to Jameson and/or North Star was incurred.

65. The transfers were paid or the obligation to Jameson and/or North Star was incurred by the Receivership Entities without the Receivership Entities receiving a reasonably equivalent value in exchange for the transfers or obligation.

66. Jameson did not take the transfers in good faith.

67. The Receivership Entities were each insolvent at the time the transfers were paid or the obligation was incurred, or became insolvent as a result of the transfers or the obligation incurred.

68. Pursuant to Utah Code Ann. §§ 25-6-6(1) and 25-6-8 or Utah Code Ann. §§ 25-6-203(1) and 25-6-303, the Receiver may avoid and recover the transfers to Jameson and North Star.

FOURTH CLAIM FOR RELIEF
(Unjust Enrichment)

69. The Receiver re-alleges and incorporates herein by reference each of the preceding allegations as if set forth completely herein.

70. The transfers to Jameson and/or North Star were comprised of property of Receivership Entities and were made by Receivership Entities in furtherance of the fraud scheme.

71. The transfers to Jameson and/or North Star conferred a benefit upon Jameson and/or North Star.

72. Jameson and/or North Star knowingly benefitted from the transfers.

73. Allowing Jameson and/or North Star to retain the transfers would unjustly enrich him and would be inequitable.

74. Absent return of the transfers, the Receivership Estate will be damaged by Jameson and/or North Star's unjust enrichment and may have no adequate remedy at law.

75. Jameson and/or North Star must disgorge the amount of the transfers.

PRAYER FOR RELIEF

WHEREFORE, the Receiver prays for Judgment against Richard Jameson and North Star as follows:

A. Pursuant to the Receiver's First Claim for Relief, judgment avoiding the transfers under Utah Code Ann. §§ 25-6-5(a)(1) and 25-6-8 or §§ 25-6-202(1)(a) and 25-6-303, and permitting Plaintiff's recovery of the value of the transfers in an amount no less than \$18,942.44.

B. Pursuant to the Receiver's Second Claim for Relief, judgment avoiding the transfers under Utah Code Ann. §§ 25-6-5(a)(2) and 25-6-8 or Utah Code Ann. §§ 25-6-202(1)(b) and 25-6-303, and permitting Plaintiff's recovery of the value of the transfers in an amount no less than \$18,942.44.

C. Pursuant to the Receiver's Third Claim for Relief, judgment avoiding the transfers under Utah Code Ann. §§ 25-6-6(1) and 25-6-8 or Utah Code Ann. §§ 25-6-203(1) and 25-6-303, and permitting Plaintiff's recovery of the value of the transfers in an amount no less than \$18,942.44.

D. Pursuant to the Receiver's Fourth Claim for Relief, judgment permitting Plaintiff's recovery of the value of the: (1) transfers in the total amount of \$18,942.44 to

Jameson; (2) imposition a constructive trust for the benefit of the receivership estate on any and all transfers; and (3) disgorgement of the value of the transfers.

E. Judgment for pre-judgment interest, costs, and fees, including reasonable attorney's fees, as may be allowed by law.

F. For such other and further relief as the Court deems just and proper.

DATED this 25th day of October, 2019.

PARR BROWN GEE & LOVELESS, P.C.

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