

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

UNITED STATES OF AMERICA, :
 :
 Plaintiff, : Civil No.
 : 2:15-cv-00828-DN-EJF
 -v- :
 :
 RAPOWER-3, LLC, INTERNATIONAL :
 AUTOMATED SYSTEMS, INC., : Deposition of:
 LTBI, LLC, R. GREGORY : NELDON JOHNSON
 SHEPARD, NELDON JOHNSON, and :
 ROGER FREEBORN, :
 :
 Defendants. :

Place: UNITED STATES
ATTORNEY'S OFFICE
111 South Main Street
Suite 1800
Salt Lake City, Utah 84111



Date: June 28, 2017
9:10 a.m.

Reporter: Vickie Larsen, CSR/RMR

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<p>1 APPEARANCES</p> <p>2</p> <p>3 For the Plaintiff:</p> <p>4 Erin Healy-Gallagher</p> <p>5 Erin Hines</p> <p>6 Chris Moran (present by phone)</p> <p>7 U.S. DEPARTMENT OF JUSTICE</p> <p>8 P.O. Box 7238</p> <p>9 Ben Franklin Station</p> <p>10 Washington, DC 20044</p> <p>11 202.353.2452</p> <p>12 Erin.healygallagher@usdoj.gov</p> <p>13 Erin.r.hines@usdoj.gov</p> <p>14 Christopher.r.moran@usdoj.gov</p> <p>15</p> <p>16 For the Defendants, RaPower-3, LLC, International</p> <p>17 Automated Systems, Inc., LTB1, LLC, and Neldon</p> <p>18 Johnson:</p> <p>19 Denver C. Snuffer, Jr.</p> <p>20 NELSON, SNUFFER, DAHLE & POULSEN</p> <p>21 10885 South State Street</p> <p>22 Sandy, Utah 84070</p> <p>23 801.576.1400</p> <p>24 Denversnuffer@gmail.com</p> <p>25</p> <p>Also Present:</p> <p>Tom Mancini</p> <p>Glenda Johnson</p> <p>-oOo-</p>	<p>1 from Anderson Law Center</p> <p>2 Exhibit 103 Letter dated December 30, 225</p> <p>3 2008, from Neldon P. Johnson</p> <p>4 Exhibit 121 RaPower-3 Operation and 223</p> <p>5 Maintenance Agreement</p> <p>6 Exhibit 181 Equipment Purchase Agreement 227</p> <p>7 Exhibit 185 Letter to Patty Lambrecht from 228</p> <p>8 Neldon P. Johnson</p> <p>9 Exhibit 355 E-mail from Jason Clement 263</p> <p>10 dated August 15, 2012, with</p> <p>11 attachment</p> <p>12 Exhibit 356 E-mail from Jason Clement 261</p> <p>13 dated August 15, 2012, with</p> <p>14 attachment</p> <p>15 Exhibit 357 E-mail string, with attachment 264</p> <p>16 Exhibit 360 Letter from Bryan S. Sorenson, 241</p> <p>17 CPA</p> <p>18 Exhibit 362 E-mail string, with attachment 269</p> <p>19 Exhibit 367 E-mail string, with attachment 270</p> <p>20 Exhibit 370 Letter dated January 10, 2014, 277</p> <p>21 from Kenneth W. Birrell</p> <p>22 Exhibit 383 Memo dated 12-28-2010 from 237</p> <p>23 Neldon Johnson</p> <p>24 Exhibit 460 Photograph 192</p> <p>25 Exhibit 461 Photograph 197</p>
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<p style="text-align: right;">6</p> <p>1 June 28, 2017 9:10 a.m. 2 PROCEEDINGS 3 4 NELDON JOHNSON, 5 called as a witness, having been duly sworn, 6 was examined and testified as follows: 7 8 MS. HEALY-GALLAGHER: All right. We're 9 on the record in the case of the United States v. 10 RaPower-3, et al., on June 28th, and we're starting at 11 approximately 9:10 a.m. 12 My name is Erin Healy-Gallagher of the 13 U.S. Department of Justice's Tax Division, appearing 14 on behalf of the United States. 15 Counsel, would you please make your 16 appearance. 17 MR. SNUFFER: My name is Denver Snuffer, 18 and I'm on behalf of Mr. Nelson Johnson today. 19 It's my understanding that there is a 20 protective order that's in place in this case, and 21 it's also my understanding that whatever the scope of 22 the questions are today, that the protective order 23 would apply to the testimony of this witness. 24 And I haven't seen the protective order, 25 haven't read it, but I discussed it with the client</p>	<p style="text-align: right;">8</p> <p>1 which time they'll go with the court reporter. 2 And we'll address any other stipulations 3 as the need arises. 4 5 EXAMINATION 6 BY MS. HEALY-GALLAGHER: 7 Q. Would you please, sir, state your name 8 and address for the record. 9 A. Yes. Neldon Paul Johnson, and my mailing 10 address is 2730 West 4000 South, Oasis, Utah. 11 Q. Is that your home address or simply where 12 you receive mail? 13 A. That's where I receive the mail. 14 Q. Would you give me the city and state of 15 your home address. 16 A. I don't know it. I never use it. Do you 17 want me to ask my wife and see what my address is? 18 MR. SNUFFER: If you don't know, you 19 don't know. 20 THE WITNESS: I don't know the address. 21 Q. BY MS. HEALY-GALLAGHER: Do you know what 22 county you live in? 23 A. What is it? Millard County? Yeah, 24 Millard County. 25 Q. Utah, yes?</p>
<p style="text-align: right;">7</p> <p>1 and I know that there is one, and I think it's 2 applicable. 3 MS. HEALY-GALLAGHER: Well, there are 4 provisions in the protective order for invoking it, so 5 that's up to you at your discretion. 6 Mr. Don Reay is not present today. He 7 represents R. Gregory Shepard and Roger Freeborn. 8 And, Mr. Snuffer, am I correct you also 9 represent International Automated Systems, RaPower-3, 10 LLC, and LTB1, LLC? 11 MR. SNUFFER: Right. All of -- all of 12 those parties. But today's deposition is, as I 13 understand it, of Neldon Johnson individually. 14 MS. HEALY-GALLAGHER: That's correct. 15 MS. HINES: Erin R. Hines, also appearing 16 on behalf of the United States. 17 MS. HEALY-GALLAGHER: And we have 18 Christopher Moran on the phone. 19 Also present with us in the room are 20 Dr. Tom Mancini and Mrs. Glenda Johnson. 21 All right. This deposition will be 22 governed by the Federal Rules of Civil Procedure and 23 the rules of the District of Utah. 24 The exhibits will be marked and kept here 25 for the course of this week of depositions, after</p>	<p style="text-align: right;">9</p> <p>1 A. Millard County, Utah. 2 Q. Yes? 3 A. Yes, uh-huh. 4 Q. As I just said, my name is Erin 5 Healy-Gallagher, and I'll be taking your deposition 6 today. 7 A. Okay. 8 Q. Have you ever been deposed before? 9 A. Yes. 10 Q. We'll talk about those depositions in a 11 bit. For right now, I'd like to cover the ground 12 rules for this deposition. You may have discussed 13 this with Mr. Snuffer, but I find it's helpful that we 14 get on the same page right at the front end. 15 In this deposition I will ask you 16 questions. My questions and your answers will be 17 recorded by the court reporter that we have here next 18 to us. So you need to speak loudly enough for her to 19 hear you and answer my questions verbally. 20 Do you understand? 21 A. Uh-huh. Yes, I do. 22 Q. For example, the court reporter cannot 23 record a nod or a shake of the head, and words like 24 uh-huh or huh-uh are not -- do not create a good 25 transcript.</p>

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1 names are on the white paper themselves, but I don't
2 -- I don't remember the names.
3 Q. When did you receive the white paper from
4 the thermodynamic specialist?
5 A. Seems like in the early 2000s, but I'm
6 not sure the dates on this.
7 Q. Mr. Johnson, when did you receive the
8 white paper from the rocket scientist?
9 A. It was in the -- it was between the dates
10 of 2002 and 2005, I think. But I'm not sure the date.
11 Q. And what was that person's name?
12 A. I don't know.
13 Q. And what about the mechanical engineer
14 specialist? What's that person's name?
15 A. I don't know who they are. I don't know
16 the names.
17 Q. And approximately when did you receive
18 the white paper from the mechanical engineer
19 specialist?
20 A. Between 2002 and 2007 -- or '5. I'm not
21 sure.
22 Q. All right. Mr. Johnson, we're going to
23 run through some questions about some entities.
24 And with respect to these entities, I'll
25 ask it in each question, but -- we'll just carry on.

35

1 Mr. Johnson, you're familiar with a
2 company called International Automated Systems, Inc.;
3 correct?
4 A. Yes, I am.
5 Q. Okay. And I understand that people call
6 it both IAUS and IAS.
7 Is that your understanding?
8 A. It's -- it's -- excuse me -- it is -- can
9 I have just a little drink of water there. Yeah, I
10 apologize.
11 IAUS is the acronym that's used to
12 identify, you know, the company, International
13 Automated Systems.
14 IAUS is the stock symbol of the company.
15 And some people refer to it as IAUS because of the
16 stock symbol. But that's not something that we do,
17 actually.
18 Q. Oh, okay. So your preferred acronym is
19 IAS?
20 A. Right.
21 Q. We may see both of those today.
22 A. Right, exactly. But you understand why
23 they -- why they identified it that way.
24 Q. Sure.
25 A. Okay.

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1 Q. And you mentioned the IAUS is what's on a
2 stock ticker. So IAS is owned by shareholders;
3 correct?
4 A. That's correct. It's a public
5 corporation.
6 Q. What's your percentage of ownership in
7 IAS?
8 A. Probably 80 percent, or something in that
9 neighborhood.
10 Q. And that's of the preferred stock or
11 generally?
12 A. It's just the general ownership. It's
13 the voting -- voting rights.
14 Q. What, if any, percentage of IAS is owned
15 by the NPJ Family Partnership?
16 A. Well, actually, that's -- I apologize. I
17 don't -- I don't own it. It's -- it's actually owned
18 by the -- it's actually owned by -- by the partner.
19 It's a family trust of some sort.
20 It's a -- I think -- but I think that
21 it's been -- I think that's been transferred now to --
22 the ownership's been transferred to two other
23 companies. One is called Starlight, and the other
24 one's Blacknight, and they each own half.
25 So I don't own -- I don't own anything,

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1 actually. I don't -- I personally don't own any of
2 IAS's stock at all.
3 Q. So just to make sure I understand
4 correctly.
5 A. Right.
6 Q. Previously the NPJ Family Partnership had
7 owned about 80 percent of the IAS stock?
8 A. That's correct, yes.
9 Q. But your understanding is that now --
10 A. It's been --
11 Q. -- two different companies --
12 A. -- split, yes.
13 Q. -- have split that 80 percent ownership;
14 correct?
15 A. Right, yes.
16 Q. And one company is called Starlight and
17 one company is called Blacknight?
18 A. I think -- I believe that is correct.
19 Q. Do you know if the split is even between
20 them?
21 A. I believe that it is.
22 Q. And do you know where Starlight is
23 incorporated?
24 A. I think they're in new -- Nevis.
25 Q. Nevis? N-E-V-I-S?