

Jonathan O. Hafen (6096) (jhafen@parrbrown.com)

Jeffery A. Balls (12437) (jballs@parrbrown.com)

Cynthia D. Love (14703) (clove@parrbrown.com)

PARR BROWN GEE & LOVELESS, P.C.

101 South 200 East, Suite 700

Salt Lake City, Utah 84111

Telephone: (801) 532-7840

Facsimile: (801) 532-7750

Attorneys for Court-Appointed Receiver Wayne Klein

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

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 FOURTEENTH
QUARTERLY STATUS REPORT**

*For the period January 1, 2022 to March 31,
2022*

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

District Judge David Nuffer

R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") in this matter, hereby submits this Fourteenth Quarterly Status Report ("Report") for the period from January 1, 2022 to March 31, 2022 ("Reporting Period").

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I. INTRODUCTION AND BACKGROUND

The Receivership Estate was created on October 31, 2018 with entry of the Court's *Receivership Order* ("Order"),¹ which, among other things, appointed the Receiver and continued a previously entered asset freeze.² A May 3, 2019 order expanded the Receivership Estate to include 13 additional affiliated entities ("Affiliated Entities").³

Significant developments during the Reporting Period involved disposition of real estate, litigation and appeal rulings, and recoveries. Regarding real estate, one property sale closed, an offer was received on another property, the cyanide on the Topaz property has been removed, and option payments are being received. In the litigation matters, an appeals court ruling affirmed the trial court ruling, oral argument is set on remaining appeals, summary judgment rulings have narrowed issues to be tried, and trial dates are set for others. Aiding the Receiver's recovery efforts, several significant settlements were reached and funds were recovered on judgments, including successful garnishments.

II. ASSET RECOVERY, SETTLEMENTS

A. Settlements. The Receiver's thirteenth and fourteenth motions to approve settlements were approved by the Court.⁴ The settlement approved in the thirteenth motion brought in \$50,000 (and is fully paid) and the two settlements approved in the fourteenth motion brought in \$25,390.64 (and are fully paid). During the quarter, the Receiver received

¹ [Docket no. 490](#). A *Corrected Receivership Order* ("CRO"), which corrected formatting errors, was entered the following day. [Docket no. 491](#), filed November 1, 2018.

² *Memorandum Decision and Order Freezing Assets and to Appoint a Receiver*, [Docket no. 444](#), filed August 22, 2018.

³ [Docket no. 636](#), filed May 3, 2019. The Court overruled objections to this order. [Docket no. 718](#), filed July 8, 2019. Defendants appealed this order, which appeal was dismissed.

⁴ Docket no's. 1187, filed January 28, 2022 and 1198, filed March 24, 2022.

\$208,038.82 on this and previous settlement agreements. An additional significant settlement was reached on March 29, 2022 involving Heideman & Associates. A motion to approve that settlement will be filed.⁵

B. Recovery Subject to Appeal. After the Receiver initiated garnishment proceedings, Trudy (Shepherd) Sajec, who has appealed the judgment against her, paid the Receiver \$92,375.12—the amount of the judgment against her—to avoid the Receiver garnishing her accounts. If she wins her appeal, the Receiver expects to return that amount to her.

C. Garnishments. The Receiver obtained writs of garnishment from the Court and served them on the banks of approximately eight judgment defendants. Near the end of the Reporting Period, the Receiver received garnishment payments from two banks, totaling approximately \$1,100. More garnishment recoveries are expected in the near future. Three garnishees have filed objections to the garnishments; these will be the subject of future hearings.

D. Assignment of Judgments. The United States has agreed to have the Receiver assign to it certain judgments he has obtained. Shortly after the end of the Reporting Period, the Receiver filed a motion seeking Court approval to assign certain judgments to the United States for collection.⁶ If the Court approves, the Receiver will file a notice of assignment in each case where the judgment is being assigned. This will be discussed in the next quarterly report.

E. Royalties. The United States relayed information to the Receiver about royalties owed to Greg Shepard by a book publisher. The Receiver contacted the publisher and recovered \$3,197.13 in royalties that were being held for Greg Shepard.

⁵ The Receiver notes that the Heideman & Associates settlement concludes the final matter being handled by Manning Curtis Bradshaw and Bednar, as conflicts counsel for the Receiver.

⁶ Docket no. 1200, filed April 5, 2022.

III. INVESTIGATION

The Receiver discovered that both LaGrand Johnson and Randale Johnson transferred ownership of their homes via quitclaim deeds during 2021. The transferees are affiliated with the Johnson brothers. The Receiver believes those transfers were fraudulent and can be avoided in the event the Receiver prevails in obtaining judgments against the Johnson brothers.

IV. REAL PROPERTY SALES

A. Status of Receivership Properties. Seven real properties were held by the Receivership Estate at the beginning of the Reporting Period. The sale of one property closed during the quarter; an offer was received on a second property and the Receiver filed a motion seeking approval to sell the property at auction. Option payments have begun on the three properties subject to a purchase option. The two unsold properties are being actively marketed. The status of each property is discussed below:

1. **Sold: Ten-Acre Parcel, Delta, Utah.** This property, recovered from Glenda Johnson, appraised at \$17,000 and sold for \$20,000.⁷ The sale closed on February 14, 2022 and the Receiver filed a Notice of Sale Results.⁸
2. **Offer Received: Five Acres with Abandoned Home.** This five-acre property with an abandoned home on a corner of the property appraised for \$55,000. On February 2, 2022, the Receiver succeeded in getting water rights for this property recorded in the name of the Receiver. With that water right, the Receiver offered the property for sale for \$80,000. On February 12, 2022, a buyer offered \$80,000 for the

⁷ Another bidder prequalified to bid and bid at the December 17, 2021 action. However, the Receiver later determined that bid was invalid and required that bidder to forfeit his \$2,000 bid deposit.

⁸ Docket no. 1191, filed March 8, 2022.

property, which the Receiver preliminarily accepted. The Receiver filed a motion requesting approval to sell the property at auction,⁹ which was granted on April 6, 2022, shortly after the end of the Reporting Period.¹⁰ The Receiver set an auction date of May 13, 2022 and has ordered publication of notice of the auction.

3. **Purchase Option: 1,000 Acres.** The Court previously approved an agreement to grant a purchase option for three parcels, containing 1,000 acres, to 8minute Energy for photovoltaic solar development.¹¹ 8minute made its 2022 option payment of \$40,477.53.

4. **For Sale: Oasis Warehouse.** This property has been the subject of two failed offers. The listing broker reports continuing interest in the property, but relates that upon inspection of the property, potential buyers conclude that needed repairs would be too expensive. The Receiver has lowered the asking price from \$325,000 to \$275,000, in the hope buyers will find the lower price attractive.

5. **For Sale: Well Site Next to Original Tower Site.** Neldon Johnson had previously divided the original 80-acre tower site into a 75.6-acre site containing the original towers (which was titled in the name of IAS and sold previously) and a 4.6-acre site with a well and ten acre-feet of water (which was titled in the name of Glenda Johnson). The appraiser valued the 4.6-acre site at \$37,000. However, in light of the value of the water, the Receiver has concurred with the broker's recommendation to list the property and associated water rights for sale at \$100,000. The water is severable from

⁹ Docket no. 1192, filed March 8, 2022.

¹⁰ Docket no. 1201, filed April 6, 2022.

¹¹ Docket no. 1117, filed April 20, 2021.

the property and it is possible the water will be sold separately from the land. There have been no serious offers for the property.

B. Disposal of Hazardous Materials. The nine drums of sodium cyanide and one drum of sodium hydroxide located on one of the Topaz parcels of property¹² were finally removed in February. The hazardous waste disposal company packed the ten drums (that were leaking) into larger drums. The repacked drums were transported to a waste disposal company in Idaho, where they were incinerated on February 16, 2022. The trailer in which the chemicals were stored was cleaned and all trace amounts in the area were removed. This problem has now been fully remediated.

C. List of Properties in the Receivership Estate. Attached as Exhibit 1 is a table showing the status of all real properties in the Receivership Estate.

V. LITIGATION

A. Special Report on Status of Litigation. The Receiver filed a fifth special report on the status of litigation,¹³ summarizing the status of settlements, summary judgment motions, default judgments, and ongoing litigation. The Receiver will continue filing similar reports every three months so long as significant litigation remains.

B. Active Recovery Litigation. There are eleven lawsuits filed by the Receiver still pending. Two of these are on hold based on bankruptcy filings (Jeron Johnson) or awaiting proceedings in other courts (Richard Jameson). The Receiver has filed summary judgment

¹² This is one of the three parcels subject to the purchase option with 8minute Energy.

¹³ Docket no. 1190, filed March 8, 2022.

motions in four cases (LaGrand Johnson, Randale Johnson, Matthew Shepard, and Plaskolite¹⁴). Summary judgment motions for Stacy Curtis Snow and Christopher J. Taylor were denied, albeit with findings that have narrowed the issues to be tried. Their combined trial is set for June 27, 2022. After cross motions for summary judgment relating to the litigation against Heideman & Associates were denied and triable issues were clarified, the Receiver and Heideman & Associates reached settlement.¹⁵ The remaining two cases, against Nelson Snuffer and Glenda Johnson, have trial dates set in 2023.

C. Criminal Contempt Charges. At the request of Neldon Johnson and Glenda Johnson, trial on their charges of criminal contempt has been reset for July 18, 2022.¹⁶

D. Appeals. Nine appeals were pending at the beginning of the Reporting Period. Two were resolved during the quarter, leaving seven still pending—all of which are the responsibility of the Receiver.

1. Glenda Johnson: On March 2, 2022, the Tenth Circuit affirmed the district court order awarding attorneys' fees and costs for Glenda Johnson's third contempt finding, relating to her improper filings of property liens. (#21-4080).

2. Commission Recipient Appeals. Eight commission recipients have appealed summary judgment orders entered against them. The appeal filed by Trudy (Shepherd) Sajec (#21-4064) is being pursued pro se.¹⁷ The Tenth Circuit has determined

¹⁴ In the Plaskolite matter, the Court has affirmed the magistrate's ruling requiring Plaskolite to produce documents showing the extent to which Plaskolite relied on investigation of RaPower and IAS that was conducted by Plaskolite's counsel. A second deposition of Plaskolite is scheduled for April.

¹⁵ The Receiver will file a motion seeking approval of this settlement.

¹⁶ 2:21-cr-513 (D. Utah).

¹⁷ Trudy (Shepherd) Sajec is Glenda Johnson's daughter.

to consider this appeal solely on the briefing, which has been completed. Ms. Sajec paid the judgment amount during the quarter, to avoid the Receiver's garnishment efforts.

For the other seven appeals, Nelson Snuffer represents the appellants. These appellants are Janet Roe (#21-4065), Reinhold Finkes (#21-4090), Jean Armand (#21-4071), Amber Bennett (#21-4072), Roger Hamblin/Digital Wave Energy (#21-4075), John Howell/Rocking H (#21-4076), and Carey Hadderton (#21-4077). In March, Amber Bennett paid the amount of her judgment dismissed her appeal. Nelson Snuffer notified the Tenth Circuit that Roger Hamblin died in January. The Tenth Circuit has issued several orders relating to proceedings in Hamblin's appeal, in light of his death. Nelson Snuffer has indicated it intends to proceed with the appeal for Hamblin's company, Digital Wave Energy. Oral argument on the consolidated appeals will be May 19, 2022.

VI. INTERVENTION MOTION

In February, the Court denied Preston Olsen's motion, styled as a class action, to intervene in the Receivership case.¹⁸

VII. FINANCIAL OPERATIONS OF THE RECEIVERSHIP ESTATE

A. Receipts and Disbursements. The tables below show the amounts and sources of funds brought into the Receivership Estate during the quarter and categories of expenditures:

Revenue into the Receivership Estate	
Source of Revenue	Amount In
Real estate: sale proceeds	\$18,213.86
Real estate: option payment	\$40,477.53
Asset sale	\$3,500.00
Settlement payments ¹⁹	\$208,038.82
Royalties	\$3,197.13

¹⁸ Docket no. 1188, filed February 2, 2022.

¹⁹ This includes a judgment payment, pending results of an appeal.

Garnishments	\$1,367.75
Bank interest	\$6.33
Total	\$274,801.42

Expenditures	
Type of Expenditure	Amount
Real estate: utilities, insurance	\$3,771.16
Hazardous chemical disposal	\$11,644.89
Legal: mediation fee	\$915.00
Tax preparation	\$408.36
Administrative expenses	\$153.74
Total	\$16,893.15

The Receiver's fee application for work performed during the third quarter of 2021 was approved in February.²⁰ Payments totaling \$174,449.92 were paid to the Receiver, his counsel, and the forensic accountants on February 8, 2022. The Receiver's fee application for work performed in the fourth quarter was filed on March 23, 2022.²¹ These payments, if approved, will be reflected in the next quarterly report.

B. Bank Account Balances. The following table shows the balances of funds in the Receivership bank accounts at Wells Fargo Bank as of March 31, 2022:

Bank Account Balances	
Account	Amount
Checking account	\$288,000.67
High yield savings ²²	\$256,985.73
Total	\$544,986.40

²⁰ Docket no. 1189, filed February 7, 2022.

²¹ Docket no. 1197, filed March 23, 2022.

²² This amount includes \$100,000 that the Turnover Order directed be preserved pending resolution of the Receiver's separate lawsuit against Glenda Johnson.

VIII. NEXT STEPS

The significant next steps in the Receivership will be:

A. Sell Real Properties. The Receiver is marketing the two unsold properties still in the Receivership Estate.

B. Ongoing Litigation. Litigation will continue in the cases actively being litigated. The Receiver also may be asked to provide information or documents relating to the criminal charges filed against Neldon and Glenda Johnson.

C. Appeals. The Receiver's counsel is preparing for oral argument in May for the seven consolidated appeals. The Receiver is awaiting a ruling on the separate appeal by Trudy (Shepherd) Sajec.

D. Collection on, Assignment of, Judgments. The Receiver obtained asset search reports on defendants against whom judgments have already been obtained. The Receiver filed garnishment actions against a number of those defendants and is receiving amounts from those garnishments. The Receiver has proposed assigning certain judgments to the United States.

IX. CONCLUSION

Notable progress, described above, continues to be made in accomplishing the objectives of the Receivership.

The Receiver certifies that the information in this Fourteenth Quarterly Status Report is accurate to the best of his knowledge.

/s/ Wayne Klein
Wayne Klein
Receiver
Electronically signed with permission

DATED this 11th day of April 2022.

PARR BROWN GEE & LOVELESS

By: /s/ Jeffery A. Balls
Jonathan O. Hafen
Jeffery A. Balls
Cynthia Love
Attorneys for Receiver

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above **RECEIVER'S FOURTEENTH QUARTERLY STATUS REPORT** was electronically filed with the Clerk of the Court through the CM/ECF system on April 11th, 2022, which sent notice of the electronic filing to all counsel of record. Copies were also mailed to the following:

R. Gregory Shepard
10672 Winter Haven Court
South Jordan, Utah 84095

Neldon Johnson
PO Box 95332
South Jordan, UT 84095

Pro se Defendants

/s/ Lori J. Stumpf

EXHIBIT 1

EXHIBIT 1

EXHIBIT 1

REAL PROPERTIES--STATUS

As of 3/31/22. Investigation Ongoing. All Information Subject to Change.

Property Name	Location	Size (Acres)	Appraised Value	Initial Offer Price	Final Auction Bid	Net Sale Proceeds	Status
PROPERTIES CURRENTLY IN RECEIVERSHIP ESTATE							
Glenda Johnson: DO-4568-1	Millard County, UT	3.46	325,280				Auction buyer failed to close; property being marketed
Glenda Johnson: HD-3511	Millard County, UT	600	210,000	1,500,000 (after option exercise)	1,500,000 (after option exercise)		Sale approved [Docket No. 1117]. Buyer accepted purchase option, is making option payments.
Glenda Johnson: HD-3511-1	Millard County, UT	40	17,000				
Glenda Johnson: MA-2662-B	Millard County, UT	360	103,680				Sale approved [Docket No. 1178]. Sale closed 2/14/22
Glenda Johnson: DO-3151	Millard County, UT	10.04	17,000	20,000	20,000	18,190.35	
Glenda Johnson: DO-3276-1-1	Millard County, UT	5	55,000	80,000			Auction sale approved [Docket No. 1201]. Auction set for 5/13/22
Glenda Johnson: HD-4658	Millard County, UT	4.6	37,000				Property turned over by Glenda Johnson. Being marketed.

PROPERTIES SOLD OR RELEASED

Property Name	Location	Appraised Value	Initial Offer Price	Final Auction Bid	Net Sale Proceeds	Status	
Johnson Trust: DO-3396-5	Millard County, UT	0.64			0.00	Not tied to N.P. Johnson, released 12/26/18 [Docket No. 548]	
Johnson Trust: DO-3396-6	Millard County, UT	0.22			0.00	Not tied to N.P. Johnson, released 12/26/18 [Docket No. 548]	
Johnson Trust: DO-3396	Millard County, UT	15.7			0.00	Not tied to N.P. Johnson, released 12/26/18 [Docket No. 548]	
Johnson Trust: DO-3396-10	Millard County, UT	0.53			0.00	Not tied to N.P. Johnson, released 12/26/18 [Docket No. 548]	
San Bernardino: Undeveloped Land	San Bernardino, CA	6.2	4,000	3,500	3,500	2,582.52	Auction sale approved [Docket No. 668]. Sale closed 8/7/19
IAS: HD-4658-1 (Tower Site)	Millard County, UT	75.4	3,800	3,800	21,000	19,456.00	Auction sale approved [Docket No. 689]. Sale closed 8/5/19
IAS: HD-4654	Millard County, UT	40	8,000	8,500	8,500	6,961.31	Auction sale approved [Docket No. 722]. Sale closed 8/28/19
IAS: HD-4657	Millard County, UT	80	24,000	24,000	24,000	21,166.29	Auction sale approved [Docket No. 723]. Sale closed 8/28/19
IAS: HD-4609	Millard County, UT	120	48,000	45,000	45,000	38,058.42	Auction sale approved [Docket No. 752]. Sale closed 9/26/19
IAS: HD-4612	Millard County, UT	320	128,000	90,000	90,000	77,741.68	Auction sale approved [Docket No. 751]. Sale closed 9/26/19
Texas Undeveloped Land	Howard County, TX	626	485,000	400,000	515,000	481,004.42	Auction sale approved [Docket No. 915] Sale closed 5/4/20.
Phillips: Elk Ridge, UT	Utah County, UT	0.22	405,000	429,000	446,000	416,195.77	Sale approved [Docket No. 1017], sale closed 10/7/20
Glenda Johnson: HD-4606-2	Millard County, UT	67.5	18,563	24,000	27,000	24,986.76	Sale approved [Docket No. 1028]; sale closed 3/23/21
Glenda Johnson: DO-SS-136&137	Millard County, UT	0.58	376,678	377,000	507,000	481,214.93	Sale Approved [Docket No. 1048], sale closed 2/8/21
Glenda Johnson: 4805	Millard County, UT	160					
Glenda Johnson: 4806-A	Millard County, UT	640	322,560	278,000	278,000	259,393.50	Sale approved [Docket No. 1052]; sale closed 3/4/21
Glenda Johnson: 4806-B	Millard County, UT	320					
Glenda Johnson: 55:718:0006	Utah County, UT	5.25	925,000	950,000	950,000	893,754.95	Sale approved [Docket no. 1085]; sale closed 2/12/21
Glenda Johnson: HD-4606-2-1	Millard County, UT	5	247,313	230,000	240,000	218,992.83	Sale approved [Docket No. 1076]; sale closed 3/18/21
Glenda Johnson: 51:468:0132	Utah County, UT	0.03	202,000	214,000	214,000	199,721.28	Sale approved [Docket No. 1086]; sale closed 2/16/21
Glenda Johnson: 02842-027-174	Los Angeles County, CA		375,000	381,000	381,000	354,921.44	Sale approved [Docket No. 1094]; sale closed 3/25/21
Glenda Johnson: HD-4648	Millard County, UT	80	24,000	26,000	35,000	32,843.57	Auction sale approved [Docket No. 1064]; sale closed 4/15/21
Diana C. Shepard Revocable Trust	Salt Lake County, UT	0.27	595,000	660,009	700,000.00	215,179.43	Sale approved [Docket No. 1140]; Sale closed 9/30/21
Glenda Johnson: HD-4497-1	Millard County, UT	0.82	186,000	205,000	205,000	185,555.57	Auction sale approved [Docket No. 1172]. Sale closed 12/6/21
Total			4,377,914.00	4,348,809.00	4,690,000.00	3,929,730.67	