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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF UTAH, CENTRAL DIVISION

UNITED STATES OF AMERICA,)
)
 Plaintiff,)
)
 vs.)
)
 RAPOWER-3, LLC,)
 INTERNATIONAL AUTOMATED)
 SYSTEMS, INC., LTBI, LLC,)
 R. GREGORY SHEPARD, NELDON)
 JOHNSON and ROGER)
 FREEBORN,)
)
 Defendants,)

Case No: 2:15-CV-828DN

BEFORE THE HONORABLE DAVID NUFFER

MAY 3, 2019

MOTION HEARING

Reported by:
KELLY BROWN HICKEN, RPR, RMR
801-521-7238

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A P P E A R A N C E S

FOR THE U.S.:

U.S. DEPARTMENT OF JUSTICE
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1 SALT LAKE CITY, UTAH, FRIDAY, MAY 3, 2019

2 * * * * *

3 THE COURT: Good morning. Could I ask counsel and
4 pro se parties to make their appearances for our record in
08:30:21 5 United States vs. RaPower?

6 MS. HEALY-GALLAGHER: Good morning. Erin
7 Healy-Gallagher for the United States.

8 THE COURT: Thank you.

9 MR. BALLS: Good morning, Your Honor. Jeff Balls
08:30:31 10 on behalf of the receiver Wayne Klein.

11 THE COURT: Can you spell your last name for me?

12 MR. BALLS: Yes. B-A-L-L-S.

13 THE COURT: All right. Thank you.

14 MR. BALLS: You're welcome, Your Honor.

08:30:41 15 MR. KLEIN: Wayne Klein, Your Honor.

16 THE COURT: Thank you.

17 MR. PAUL: Steven Paul appearing on behalf of
18 LaGrand Johnson, Randale Johnson and Glenda Johnson.

19 THE COURT: Thank you.

08:30:52 20 MR. SHEPARD: Greg Shepard, pro se.

21 MR. JOHNSON: Neldon Johnson, pro se.

22 THE COURT: Thank you. We concluded at the end of
23 our hearing a week ago finishing the direct examination of
24 Mr. Klein. I had some followup that I wanted to do on several
08:31:08 25 items, and you may, also, as well.

1 First of all, I'd like to know if the depositions
2 occurred as scheduled.

3 MR. KLEIN: They did, Your Honor.

4 THE COURT: All right.

08:31:21 5 Were they adjourned or completed?

6 MR. KLEIN: They were completed.

7 THE COURT: Okay. And that was the depositions of
8 Mr. Neldon Johnson and Miss Glenda Johnson.

9 MR. KLEIN: Correct.

08:31:38 10 THE COURT: Okay. Declarations were filed on
11 April 29th, Docket Number 620, 621, 22, 23 and 25. Is there
12 any discussion we need to have about those at this time by any
13 party?

14 MS. HEALY-GALLAGHER: Well, Your Honor, yes. I did
08:31:56 15 last Friday complete Mr. Klein's direct examination, but there
16 are -- the week has been busy, so I was hoping to ask him some
17 additional questions about things like the declarations, what
18 deficiencies there are in those. And, yes, the depositions
19 were completed, but things that happened in the course of the
08:32:17 20 deposition that may bear on what needs to be discussed today.

21 THE COURT: Okay. I think that might be helpful.
22 Let me -- what other developments have there been besides the
23 depositions and declarations? Other documents you received,
24 Mr. Klein?

08:32:33 25 MR. KLEIN: Yes, Your Honor. There were four flash

1 drives that were received on Monday and Tuesday that contained
2 some documents.

3 THE COURT: Who did they come from?

08:32:52

4 MR. KLEIN: Those were provided by Steven Paul from
5 Nelson Snuffer.

6 THE COURT: Okay.

7 MR. KLEIN: So one of them was from Randale
8 Johnson, one from LaGrand Johnson, one from Glenda Johnson and
9 I believe the other one may have been from Neldon Johnson.

08:33:07

10 MR. PAUL: Greg Shepard, Your Honor.

11 THE COURT: Greg --

12 MR. PAUL: Yeah. I think the fourth was from
13 Greg Shepard.

14 MR. KLEIN: That seems accurate.

08:33:15

15 THE COURT: All right. Have you been able to get
16 through those?

17 MR. KLEIN: I have briefly looked at what's in
18 those. I have selected from those some documents that I
19 thought were relevant, which I reviewed in advance of the
20 depositions.

08:33:28

21 THE COURT: Okay. All right. Thank you. So --

22 MR. PAUL: Your Honor, if I may add?

23 THE COURT: Yeah.

08:33:40

24 MR. PAUL: We also received at our office boxes of
25 documents. I believe there's approximately 10 boxes of

1 documents. We communicated that to the receiver. And during
2 the course of the depositions that were held on Wednesday I
3 had a conversation with Mr. Klein. We initially communicated
4 that he could come and look at those documents and take what
08:33:59 5 he felt was relevant because they're kind of all of the last
6 of the boxes that Johnsons said that they had. He's indicated
7 during the depositions that he just wants the boxes. So I
8 spoke to him on Wednesday, and we're going to deliver those
9 boxes on Monday.

08:34:19 10 THE COURT: And were those banker boxes?

11 MR. PAUL: Yes. Well, that size.

12 THE COURT: Yeah, that size. And who are they
13 from?

14 MR. SNUFFER: The Johnsons brought them. I don't
08:34:29 15 know exactly what entities they relate to. But I understand
16 that they're RaPower and IAS and at least those boxes that
17 were in the most part required under that Paragraph 26 of the
18 receivership order or in response to the subpoenas for the
19 depositions.

08:34:57 20 THE COURT: All right.

21 Have you had a chance to look at those, Mr. Klein?

22 MR. KLEIN: I have not. Mr. Paul indicated that
23 they will deliver those records, those boxes to me next week,
24 and his description of our discussion is accurate.

08:35:14 25 THE COURT: Was there any kind of inventory or

1 listing delivered with those boxes?

2 MR. PAUL: No. Since the issue was raised
3 essentially at this hearing last Friday, the boxes were
4 delivered I think Tuesday or -- I believe Tuesday they were
08:35:30 5 delivered, and we have recently been fairly busy in the
6 interim period of time with depositions.

7 THE COURT: Okay. Forgive me for being so
8 deliberate. But depositions, declarations, thumb drives and
9 boxes. Not yet delivered, at least the boxes, but the others
08:35:53 10 have been delivered and available, but you haven't had time to
11 review the thumb drives or the boxes, of course.

12 MR. KLEIN: That's correct, Your Honor. I have
13 previewed the thumb drives and selected some documents out of
14 them.

08:36:10 15 THE COURT: Okay.

16 MR. KLEIN: And some of the documents were the
17 subject of the deposition.

18 THE COURT: Can you give me an idea of the bulk of
19 the data that's on the thumb drives? Is it megabytes or
08:36:22 20 gigabytes?

21 MR. KLEIN: It's gigabytes.

22 THE COURT: Okay.

23 MR. KLEIN: And what my initial review is to
24 differentiate information that related to the solar, efforts
08:36:40 25 to develop the solar business and matters relating to trial

1 which I expect is not going to concern me and to extract from
2 the thumb drives financial records and records about assets.

3 THE COURT: Okay. Does that bring me up to date on
4 the events of the last week?

08:36:59 5 MS. HEALY-GALLAGHER: Generally, yes.

6 THE COURT: Okay. Well, I think we will want to
7 reopen direct so that we can have an update. But it occurs to
8 me that we're probably going to need another proceeding at
9 sometime. It's clear that the order wasn't complied with in
08:37:15 10 the time required, but now we've got to see what we've got and
11 what we understand. I was very troubled by testimony last
12 week about the gaps of information, the apparent large
13 transfers of money, some of them, most of the ones we talked
14 about last week were not before the freeze order, but at least
08:37:40 15 one or more appeared to be after the freeze order.

16 So in terms of contempt I'm concerned more after
17 the freeze order. But in terms of the fluidity and the
18 informality and the lack of documentation I'm concerned about
19 the whole timeframe, because that illustrates the problem that
08:38:02 20 the receiver is going to have.

21 Any responses to those comments that I made?

22 MS. HEALY-GALLAGHER: Well, I think you have it
23 exactly right. And what we're going to talk about, yes, there
24 were many documents produced and depositions were held.
08:38:18 25 Mr. Klein is being modest. He's made an incredible effort

1 this week to digest this information to prepare for this
2 hearing. But what you'll see is that there are still key gaps
3 where the defendants continue to defy the receivership order
4 that they've been on notice of since at least January of last
08:38:39 5 year. So I think your concerns are very well placed.

6 THE COURT: Thank you.

7 Let me ask a couple of other housekeeping issues.
8 Did we get a corrected 943 and 942?

9 MS. HEALY-GALLAGHER: I did e-mail those last week.

08:38:56 10 THE COURT: Okay. So we have them. Did you get
11 them, Mr. Paul? They're the summaries, I think.

12 MR. SNUFFER: Oh, with the -- I don't recall so. I
13 don't have them with me if I did.

14 MS. HEALY-GALLAGHER: I have copies if Mr. Paul --
08:39:10 15 Mr. Paul was on the e-mail, but I understand it was a busy
16 week so I have copies today, as well.

17 THE COURT: And, Mr. Shepard, do you know if you
18 got them?

19 MR. SHEPARD: Got what now?

08:39:21 20 THE COURT: Copies of two exhibits that were
21 summaries. They had some minor errors last week, and I
22 received the correct versions, but not the --

23 MR. SHEPARD: I did not.

24 THE COURT: Okay. Well, if you've got copies,
08:39:33 25 distribute them.

1 Mr. Johnson, do you know if you got them?

2 MR. JOHNSON: No, I didn't.

3 MS. HEALY-GALLAGHER: Your Honor, I put those in
4 the mail. They may not have arrived in time for today.

08:39:42 5 THE COURT: Okay.

6 MS. HEALY-GALLAGHER: But I can hand those out now.

7 THE COURT: Go ahead. And I will receive the
8 corrected versions.

9 We have those in our electronic files, Miss Bowers?

08:39:54 10 THE CLERK: Yes, we do.

11 THE COURT: Thank you.

12 Mr. Shepard, did you want to speak?

13 MR. SHEPARD: Yeah, just for a second. My concern
14 is I'm being lumped in with the Johnsons, and I have given
08:40:15 15 Mr. Klein all kinds of information on a regular basis since
16 December. And my family and I, we're struggling mightily, and
17 we need to have living allowances. I can't live on \$2700 a
18 month.

19 So I'm hoping I'm in complete compliance. I've
08:40:35 20 tried to do everything I can and hoping that you'll be able to
21 see your way to instruct Wayne Klein and Erin Healy-Gallagher
22 to help me out on my living allowances.

23 THE COURT: Well, that is an issue that I know you
24 are very concerned about now that you've talked about it. If
08:40:59 25 you would file a motion about that then we can hear that. I

1 don't know that I can act on that today. But I think it makes
2 sense what you're saying, but I have to have both sides weigh
3 in on it. So if you'll file a motion about that, I will be
4 glad to address it.

08:41:17

5 MR. SHEPARD: Okay. Thank you. Right now I'm
6 doing without air conditioning. I have -- on my food, I pay
7 for it with credit cards. That's about run out. I'm going to
8 be on church assistance, so I am struggling mightily.

9 THE COURT: Well, if you will --

08:41:38

10 MR. SHEPARD: I'll do a motion.

11 THE COURT: -- put it in a motion I think it merits
12 consideration.

08:41:51

13 MR. SHEPARD: Yeah. And none of those big checks
14 have nothing to do with me. I've never -- I was a 1099 person
15 and got paid for a job. So, anyway. That's -- I'll file a
16 motion.

17 THE COURT: Thank you.

08:42:15

18 Another issue on exhibits, we only received
19 Pages 11 and 12 of Exhibit 834. That's the big compilation as
20 I remember. But other papers were referred to. I couldn't in
21 reading my rough copy of the transcript find that we received
22 the balance of 834. Did we or did we not? And did we receive
23 945, the big compilation for the hearing?

08:42:37

24 MS. HEALY-GALLAGHER: So in the same e-mail that I
25 sent the corrected 942 and 943, I believe 945 was also

1 attached.

2 THE COURT: Okay.

08:42:50

3 MS. HEALY-GALLAGHER: With respect to 834 you did
4 only receive certain pages from that, and in the rush of the
5 week I just forgot. But I can provide business records
6 declarations to support all of the pages in 834, if that would
7 be helpful.

8 THE COURT: Do we need to do that, Mr. Paul, or can
9 I receive them?

08:43:02

10 834 was the bank signature cards; right?

11 MS. HEALY-GALLAGHER: Yes.

08:43:25

12 MR. PAUL: I think I stand on my previous
13 objections. I think if the documents aren't going to be used
14 and they're not relevant to the purpose of the hearing that
15 they shouldn't come in as a lumped combined exhibit. Just
16 general documents.

17 THE COURT: So you don't object to authenticity;
18 it's just relevance.

19 MR. PAUL: Yes, correct.

08:43:39

20 THE COURT: Okay. Mr. Shepard, any concern about
21 834, the compilation of bank signature pages?

22 MR. SHEPARD: No. None of them have anything to do
23 with me.

24 THE COURT: Okay. Mr. Johnson, any objection?

08:43:53

25 MR. JOHNSON: No.

1 THE COURT: All right. I'm receiving 834. But for
2 the record, if you will provide the business records
3 declaration, I think that will suffice.

4 (Whereupon, Exhibit 834 was received.)

08:44:04 5 MS. HEALY-GALLAGHER: We'll do.

6 THE COURT: But we don't have an objection on
7 authenticity.

8 Mr. Johnson, in the last hearing early on I asked
9 about a response to the motion to order to show cause. You
08:44:19 10 said you thought you filed one, and then later in the
11 transcript I read that you said you thought you maybe filed it
12 in the wrong case. You said that it was 100 miles away, but
13 you had it. And if you had a chance to go you could get it.
14 Did you bring it today?

08:44:38 15 MR. JOHNSON: I -- no, I didn't.

16 THE COURT: All right. Other followup issues. I
17 don't think I received from the receiver yet a form of the
18 order against Pacific Stock Transfer Company; am I right?

19 MR. BALLS: You're correct on that, Your Honor.
08:45:03 20 We'll get that to you early next week.

21 THE COURT: Okay. I think that does my
22 preliminaries. Anyone else have preliminaries before we
23 reopen direct of Mr. Klein?

24 All right. Then, Mr. Klein, take the familiar
08:45:22 25 seat. You're still under oath.

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WAYNE KLEIN,

called as a witness at the request of Plaintiff,
having been previously duly sworn, was examined
further and testified as follows:

DIRECT EXAMINATION (CONTINUED)

BY MS. HEALY-GALLAGHER:

Q. Good morning, Mr. Klein.

A. Good morning.

Q. As I mentioned a few moments ago, what I'd like to
do first is just get a bit of a summary from you of the events
of the past week and various ways that in your observation the
respondents have complied or not complied with their
requirements under the corrected receivership order.

Let's start off with Mr. Shepard. Did you have the
chance to take a look as you said briefly at the documents
that Mr. Shepard provided?

A. Yes.

Q. What was your observation about the documents that
he provided?

A. Those -- the documents that were on the flash drive
I didn't see -- I didn't note that the documents on the flash
drive were relevant to my inquiries on money transfers and
assets. And so I skimmed what was appeared to be the
documents and did not spend more time looking through those
documents.

1 Q. And, Mr. Klein, did you have -- in terms of your
2 observation of the document production, was it generally
3 responsive and give you information that you need?

4 A. It did not give me information that was helpful to
08:48:18 5 my inquiry on finding assets or identifying what I believe are
6 all of the transfers that he's made.

7 Q. What, if any, significant gaps did you note?

8 A. Well, my recollection from the first contempt
9 hearing proceeding against Mr. Shepard was that there had, in
08:48:37 10 fact, been some transfers from Mr. Shepard to his son. None
11 of those were identified. And also at that hearing there had
12 been information about a mortgage on his home where the home
13 had been released from his wife's trust back to he and his
14 wife. They obtained a mortgage. He then turned around and
08:49:03 15 reassigned the real estate to his wife's trust, and there
16 wasn't information about those transfers in his declaration or
17 the flash drive.

18 Q. You mentioned Mr. Shepard's declaration that he
19 filed last week. I'm calling it up. Do you see this document
08:50:02 20 that's on the screen right now, ECF Number 620?

21 A. I do.

22 Q. Do you recognize this as Mr. Shepard's declaration?

23 A. Yes.

24 Q. And you mentioned a couple of gaps in this
08:50:19 25 declaration in terms of what Mr. Shepard was required to

1 provide. Specifically were you talking about the sworn
2 statement with respect to Paragraph 26 --

3 A. Yeah.

4 Q. -- of the corrected receivership order?

08:50:36

5 A. Yes.

6 Q. Mr. Klein, in either Mr. Shepard's document
7 production or Mr. Shepard's declaration, did you happen to see
8 any mention of the \$27,000 payment that Mr. Shepard made to
9 purge his contempt in the first contempt proceeding in this
10 matter?

08:51:13

11 A. I did not.

12 Q. So you still have no information about who paid
13 that or what kind of transfer that may have resulted from?

14 A. I don't other than I think representations made by
15 counsel during that earlier hearing.

08:51:23

16 Q. Are there any other substantial compliance failures
17 by Mr. Shepard that you would like to discuss today?

18 A. Frankly that wasn't my focus this week, so no.

19 Q. Thank you. Let's turn to LaGrand Johnson. What
20 did you see in the production of documents from

08:52:09

21 LaGrand Johnson?

22 A. From LaGrand Johnson I selected two documents two
23 types of documents, one showed payments that he had made
24 towards a property, payments for the purchase of a property in
25 Texas that was owned by the NP Johnson Family Limited

08:52:38

1 Partnership and also copies of checks that he had written out
2 to either Neldon Johnson or to IAS.

3 Q. What, if any, checks did Mr. LaGrand Johnson
4 provide showing payments to him from any of the receivership
08:53:07 5 entities or defendants in this case?

6 A. None. The production showed monies that he had
7 paid to, checks that were written out to Neldon Johnson or
8 IAS, but no information about amounts he had received from any
9 of the companies.

08:53:24 10 Q. And LaGrand Johnson, Mr. Klein, is a or was a
11 director of IAS; correct?

12 A. I believe he was an officer but not a director.

13 Q. Excuse me, an officer. What, if any, IAS documents
14 did Mr. LaGrand Johnson provide?

08:53:42 15 A. None. His declaration did indicate that records
16 were at -- he believed records were at an accountant's office
17 and also at the offices of IAS and said that he didn't have
18 any records, but he believed they were at the accountant's
19 office or at the IAS office.

08:54:05 20 Q. What, if any, efforts did Mr. LaGrand Johnson
21 describe in attempting to obtain those documents for you?

22 A. He did not identify any efforts he had undertaken
23 to obtain those documents. He simply identified where they
24 were and either stated or implied that they were outside of
08:54:28 25 his ability to deliver.

1 Q. And to your understanding does that comply with his
2 obligations under the receivership order?

3 A. In my opinion it does not, because the order
4 requires them to produce documents under their control. And
08:54:47 5 if the documents had been delivered by them to an accountant
6 working for the company then they should still be able to
7 retrieve those. And if they're at an IAS office he should
8 have been able to retrieve those and produce those to me.

9 Q. And you mentioned the accountant. Do you happen to
08:55:06 10 remember his name?

11 A. I believe it was Rasmussen. Gary Rasmussen,
12 perhaps.

13 Q. Does Gary Peterson ring a bell?

14 A. Oh, Gary Peterson, that does ring a bell.

08:55:23 15 Q. Have you, Mr. Klein, tried to get documents from
16 Mr. Peterson?

17 A. I have. I've written letters to Mr. Peterson
18 asking for information, and he has not responded.

19 Q. What, if any, bank account statements did
08:55:39 20 LaGrand Johnson provide you?

21 A. No bank accounts, no bank statements, just copies
22 of checks that I was able to identify in my perusal of the,
23 there were probably 60 to 80 file folders in the flash drive.

24 Q. If you'll take a look up at the screen, right now
08:56:37 25 I'm calling up ECF Number 622. This is the declaration of

1 LaGrand Johnson; correct?

2 A. Correct.

3 Q. And some of the information you just talked about
4 came from this declaration; right?

08:56:49 5 A. Yes.

6 Q. Is there anything else you would like to tell the
7 Court about LaGrand Johnson's compliance based on your review
8 in the past week?

9 A. Based on the discussion we had at the hearing last
08:57:24 10 week and information that I received from the flash drive for
11 Glenda Johnson and the depositions, I found numerous
12 transactions to LaGrand Johnson. And those were not described
13 in the declaration, and I did not find evidence of those in
14 the flash drive he produced.

08:57:59 15 Q. Let's move on to Randale Johnson. Did you have the
16 opportunity to review Mr. Randale Johnson's document
17 production?

18 A. Yes.

19 Q. What did you see?

08:58:14 20 A. The production was smaller than that from LaGrand,
21 but it appeared that most of the production related to the
22 development of the solar energy project. And the financial
23 records I was able to identify included some checks from
24 Randale Johnson to IAS, and there may have been some to
08:58:45 25 Neldon Johnson.

1 Q. Were there any documents produced reflecting
2 payments from any of the interested people or entities to
3 Randale Johnson?

4 A. Not that I was able to identify in my quick review
08:59:07 5 of the folders on the flash drive.

6 Q. What, if any, efforts are you aware of that --
7 excuse me. To your understanding what was Randale Johnson's
8 relationship to International Automated Systems?

9 A. According to the annual report for IAS he was an
08:59:35 10 officer of IAS.

11 Q. And what, if any, efforts did Randale Johnson
12 describe in terms of trying to get documents responsive to the
13 receivership order to provide you?

14 A. The declaration did not include any description of
08:59:50 15 any efforts, and I did not see in my perusal of the folders on
16 the flash drive any IAS corporate documents.

17 Q. Did Randale Johnson attempt to let you know where
18 such documents might be?

19 A. I don't believe that he -- I don't recall.

09:00:24 20 Q. I'm going to call up Mr. Randale Johnson's
21 declaration, ECF Number 621. It's brief, so if you want to
22 take a look at this and see if that refreshes your
23 recollection. Just let me know when you're ready to page
24 down.

09:00:57 25 A. Go ahead and show me the next page, please.

1 That does refresh my recollection.

2 Q. What if anywhere if at all does Mr. Randale Johnson
3 tell you to find the documents that are responsive to the
4 receivership order?

09:01:12 5 A. He does not. He simply states that he does not
6 have them.

7 Q. And do you recall, Mr. Klein, having received an
8 e-mail from Steven Paul before the last hearing with
9 information about Randale and LaGrand's document production?

09:01:47 10 A. I'm not recalling it.

11 Q. Understood if you may not.

12 I'm calling up Plaintiff's Exhibit 941, which I
13 believe was received in the last setting for this hearing.

14 THE COURT: It was.

09:02:14 15 THE CLERK: Yes.

16 Q. BY MS. HEALY-GALLAGHER: And I'm showing you the
17 cover e-mail from Steven Paul dated April 15, 2019. Do you
18 see that?

19 A. I do.

09:02:30 20 Q. Does that refresh your recollection about
21 Mr. Paul's the e-mail?

22 A. Yes, it does.

23 Q. So how would you compare, Mr. Klein, Randale and
24 LaGrand's production of documents and information after the
09:02:41 25 hearing last week versus before the hearing last week?

1 A. Well, in the April 15th e-mail Mr. Paul says that
2 Randale has no documents to provide, and indeed in the flash
3 drive documents were provided including checks that he had
4 written. The April 15th e-mail indicates that LaGrand Johnson
09:03:14 5 has no documents to provide other than copies of bank
6 documents showing he made payments on the Texas property. And
7 he says other than those LaGrand Johnson has no documents in
8 his possession or control. And yet, substantial documents
9 were included on the flash drive relating to the declaration
09:03:36 10 of LaGrand Johnson.

11 Q. Have you received any explanation for why LaGrand
12 and Randale Johnson didn't produce these documents before last
13 week's hearing?

14 A. No.

09:03:49 15 Q. Have you received any explanation for why Randale
16 and LaGrand Johnson didn't produce these documents promptly as
17 required by the receivership order?

18 A. No.

19 Q. All right, Mr. Klein, let's turn to compliance by
09:04:44 20 Neldon and Glenda Johnson. First let's talk about the
21 production of documents. Understanding that the week has been
22 busy have you had a chance to take a look at the documents
23 produced by Neldon and Glenda Johnson?

24 A. The flash drive was delivered with documents from
09:05:10 25 Glenda Johnson. I don't believe I received any documents from

1 Neldon Johnson, although there was an attachment to his
2 compliance declaration that I've not reviewed.

3 Q. And earlier Mr. Paul identified 10 banker's boxes
4 at Nelson Snuffer that I believe you also said that you had
09:05:35 5 not had the opportunity to review.

6 A. Correct. And I learned about those boxes of
7 documents only on Wednesday during the deposition of
8 Glenda Johnson.

9 Q. And no one has provided you an index of the
09:06:03 10 documents of Nelson Snuffer's possession.

11 A. Correct.

12 Q. So let's talk about some of the information about
13 the documents in particular that you learned in the course of
14 the depositions of Neldon and Glenda Johnson. What additional
09:06:24 15 information did you learn about documents that, in fact, had
16 not yet been produced?

17 A. Let me I guess start with identifying some
18 categories, and then we can come back and discuss each of the
19 categories. One of the categories related to corporate
09:06:52 20 documents for the entities. A second category would be
21 financial records, in particular the QuickBooks records.
22 Third, records regarding real estate. Fourth, records of
23 Mrs. Johnson's personal bank accounts, which were delivered,
24 many of which were on the flash drive that was delivered on
09:07:25 25 Monday. There were some gaps, but there were records for bank

1 accounts owned by Mrs. Johnson. And those are the categories
2 I can think of.

3 Q. Let's start with the corporate documents for the
4 entities. What, if anything, did you learn about documents
09:07:50 5 that were not produced in that category?

6 A. According to deposition testimony for many, many of
7 the -- or virtually all of transactions that we discussed in
8 the deposition I was told there are no documents. There are
9 no invoices representing payments to people for consulting
09:08:13 10 fees or payments to insiders. In fact, Mr. Johnson indicated
11 that it was all his money and he paid whoever he wants and
12 doesn't need to have any documentation and does not need
13 approval from the board of directors or any minutes.

14 He did deliver yesterday a document that reflected,
09:08:39 15 two documents, one that reflected minutes of the board of
16 directors meeting pursuant to which he'd transferred some
17 assets; and a copy of a handwritten one-page letter in which
18 he had given his wife half of all of his ownership of IAS.

19 Q. And actually let me back up for a second. With
09:09:05 20 respect to Neldon and Glenda Johnson, we're not just talking
21 about the obligations imposed by the corrected receivership
22 order; correct?

23 A. Correct.

24 Q. And that's because you issued document subpoenas to
09:09:17 25 them, as well; right?

1 A. I did.

2 Q. So when we -- and let me ask you. So when we talk
3 this morning going forward about failures to produce, you're
4 talking about both under the receivership order and with
09:09:31 5 respect to the subpoenas you issued under that order; correct?

6 A. I am.

7 Q. Okay. So you were talking just now about financial
8 records of the entities. Did you want to touch base on
9 corporate documents for the entities?

09:09:50 10 A. Well, and on the corporate documents I was
11 expecting to find copies of or hoping to find copies of
12 corporate minutes that would reflect approvals for financial
13 transactions. And I don't believe I've received any of those
14 in any of the flash drives, and in the deposition testimony
09:10:17 15 learned that I should not expect to find many of those. There
16 may be some in the boxes at Nelson Snuffer's law firm, but I
17 don't know yet.

18 Q. And what, if anything, did Mr. Johnson tell you
19 about boxes of documents in or around Oasis, Utah, for IAS?

09:10:41 20 A. He said that the records were stored in an office
21 in Oasis and that he had been in that office a number of
22 times. He had access to those records, but he had not
23 delivered those and he had not reviewed them to ensure
24 compliance with the subpoena.

09:11:08 25 In his deposition I asked -- used the deposition

1 subpoena as an exhibit and asked him what efforts he had
2 undertaken to produce the documents required by the subpoena,
3 and his response was that the records were there and that he
4 said he had not delivered any records for two reasons. The
09:11:42 5 first was because the courts already had them; and second,
6 because he believed that I already had all of them. And when
7 I pressed him for information, he said the records that the
8 court already had were, had been delivered to the court in
9 connection with I guess his bankruptcy or RaPower bankruptcy
09:12:06 10 filing and because they were in a court docket he assumed I
11 had it. And then the records had been produced or delivered
12 to the Department of Justice or taken by the Department of
13 Justice, he assumed I had all of those, and so he did not even
14 undertake an effort to identify documents requested in the
09:12:31 15 subpoena that were listed there.

16 Q. Nonetheless, he had walked by these boxes numerous
17 times.

18 A. Correct.

19 Q. Before we talk about the QuickBooks file, were
09:12:52 20 there any other notable gaps in the financial records from
21 Neldon and Glenda Johnson?

22 A. Yes. I asked what documentation there would be for
23 withdrawals by Mr. Johnson, and he -- we asked in particular
24 about -- I asked in particular about a \$623,000 cash
09:13:19 25 withdrawal several years ago, and he said there is no

1 documentation for that and there would be no board of
2 directors minutes or resolution authorizing that because he
3 had authority to take the money to do with whatever he wanted
4 because he was owed so much money by IAS. In particular I
09:13:38 5 also asked him about funds that IAS was the holder of a
6 promissory note from Mr. Johnson and his former wife in the
7 amount of \$650,000. And in connection with the settlement of
8 the divorce between Mr. Johnson and his former wife he had IAS
9 release that promissory note and a trust deed on the property
09:14:05 10 and in addition pay an additional \$50,000 to his former wife.

11 I asked what documentation exists for that, and he
12 said there is none other than the divorce settlement
13 agreement. But there was no authorization by the board of
14 directors because such permission was not needed by him
09:14:25 15 because he was president of the company and he could do with
16 the company's money whatever he wanted.

17 Q. Let's talk about the QuickBooks file. Do you
18 remember which entity that had the QuickBooks file?

19 A. I believe the QuickBooks files were mostly for
09:14:51 20 RaPower.

21 Q. And do you understand what happened to the
22 QuickBooks file?

23 A. I inquired of Mrs. Johnson about the QuickBooks
24 files. The QuickBooks has two versions. One is an online
09:15:07 25 version where the data is stored in the cloud and can be

1 accessed by computer; they also have a desktop version. She
2 indicated that they had a desktop version and that the
3 computer on which the QuickBooks records were located had
4 ceased to function and that she had tried to restore that data
09:15:31 5 and had talked to someone on the phone to help her trying and
6 restore the data and had been unsuccessful. So I asked her if
7 she would deliver that computer to me so that we could see
8 whether or not we would be able to restore that data.

9 Q. And when did that failure ostensibly occur?

09:15:54 10 A. I don't recall. I believe it was after the
11 conclusion of trial.

12 THE COURT: Can I just ask a question at this
13 point? And it's really for counsel. I thought I remembered
14 that somebody went out and imaged or copied a QuickBooks file.
09:16:15 15 I remember some tech person going to data -- or Delta. Is
16 that right?

17 MS. HEALY-GALLAGHER: Well, you're right we went
18 down and imaged. We captured the database. It was not the
19 QuickBooks database. It was the database of customer order
09:16:34 20 from RaPower3 in Plaintiff's Exhibit 49, but we did not have
21 authorization and capture the QuickBooks file.

22 THE COURT: Is that right, Mr. Paul?

23 MR. PAUL: Yes. The motion only related to the
24 customer database. They didn't file a motion to compel a
09:16:51 25 production of QuickBooks file.

1 THE COURT: Okay. I was mistaken about QuickBooks.
2 Thank you. Go ahead.

3 Q. BY MS. HEALY-GALLAGHER: Let's talk about the real
4 estate records.

09:17:01 5 THE COURT: I'm sorry. I have one more question.
6 What was the response to the idea of delivering the computer
7 to you?

8 THE WITNESS: She indicated that she would.

9 THE COURT: Okay.

09:17:11 10 Q. BY MS. HEALY-GALLAGHER: Let's talk about the real
11 estate records. What, if any, gaps were there in production
12 of documents with respect to real estate?

13 A. I did not see the production of any records
14 relating to real estate.

09:17:24 15 Q. And those records were responsive specifically to
16 what?

17 A. Well, the subpoena had asked for records about real
18 estate transactions, and the receivership order required
19 disclosure of all transfers made since 2005.

09:17:50 20 Q. Anything else on specifically any gaps in the real
21 estate records? We'll talk a little bit more about those
22 transactions later on. But specifically with respect to the
23 records?

24 A. Well, there was no disclosure about the source of
09:18:06 25 funds that were used to purchase the real estate.

1 Q. All right. You identified the fourth category as
2 Mrs. Johnson's personal bank account records. What were some
3 of the gaps you saw there?

4 A. She provided copies of bank statements for bank
09:18:22 5 accounts for I believe since 2016, and there were in some
6 cases missing pages, but she produced records for I believe
7 seven or eight bank accounts at three different financial
8 institutions that was on the flash drive. And then on Friday,
9 the deposition of Mr. Neldon Johnson, she delivered to me the
09:18:55 10 actual copies of the check registers for those accounts.

11 THE COURT: For what time period?

12 THE WITNESS: I believe those were for the time
13 period -- they may have -- the check registers may have gone
14 back, as far back as 2009.

09:19:15 15 THE COURT: And those were delivered at the
16 deposition of Mr. Neldon Johnson on Thursday?

17 THE WITNESS: Deposition of Neldon Johnson, I'm
18 sorry, on Thursday, correct.

19 THE COURT: Thanks.

09:19:28 20 THE WITNESS: I forgot which day it is.

21 Q. BY MS. HEALY-GALLAGHER: What, if any, bank account
22 records did Neldon Johnson produce?

23 A. None, although he in his deposition did say he
24 doesn't like to have money in his name.

09:19:53 25 Q. Did he explain why?

1 A. He said he doesn't like it, and he didn't really
2 explain what the cause was of not liking it. But he said he
3 doesn't like to have assets in his name or bank accounts in
4 his name.

09:20:21 5 Q. So like Mr. Shepard, Mr. Johnson's also obligated
6 to file a sworn statement of financial accounting under
7 Paragraph 26 of the receivership order; correct?

8 A. Correct.

9 Q. Has he done that?

09:20:38 10 A. He filed a declaration, but it did not address all
11 the items required by Paragraph 26 of the order.

12 Q. Did he explain why he hadn't done that?

13 A. He said that -- he gave two explanations. One, he
14 thought that I already had everything; and number two, that he
09:21:03 15 didn't really understand that that was what he was supposed to
16 do. When I asked him if he read the order, he said that he
17 had browsed through it.

18 Q. I'm showing you on the screen what's on the docket
19 as ECF Number 625. The declaration of Neldon P. Johnson. Do
09:21:45 20 you see that?

21 A. I do.

22 Q. This is the declaration that you're talking about?

23 A. Yes.

24 Q. All right. Now, Mr. Klein, unless there's anything
09:22:14 25 else you would like to talk about specifically with respect to

1 compliance or failures to comply with the receivership order.

2 A. Not that I can think of.

3 Q. Now I'd like to talk about in the incredibly short
4 time that you've had to digest this information, what, if
09:22:37 5 anything, have you -- more have you been able to learn about
6 transfers that are cause for concern for you?

7 A. A week ago at this hearing we had just barely
8 learned about approximately \$5 1/2 million worth of funds were
9 transferred out of RaPower, Cobblestone, XSun and Solco, and
09:23:15 10 so we're looking for more information about where those monies
11 had gone. And I was also hoping to find information in the
12 production about sources of funds used for real estate
13 transfers.

14 With the financial documents from Glenda Johnson we
09:23:36 15 were able to get a much better picture of where many of those
16 funds had gone. And in the deposition of Neldon Johnson, we
17 found, he provided more information about where \$2.3 million
18 had been transferred.

19 Q. And before we get to the specific transfers, what
09:23:58 20 did -- am I correct in that the transfers often were signed or
21 initiated by Glenda Johnson?

22 A. A majority, and I'd probably say a significant
23 majority of the checks, were signed by Glenda Johnson. And so
24 the deposition was an opportunity to ask her about the reasons
09:24:28 25 that those documents had been or those payments had been made

1 and what documentation would have existed to show the reasons
2 for the payments.

3 Q. What did she say about the reasons she made
4 payments to anyone?

09:24:43 5 A. In almost all cases she disclaimed any knowledge
6 about the reasons for the payments and said that she made
7 payments because Neldon Johnson told her to make the payments.

8 Q. And in Neldon Johnson's deposition what did he say
9 about his relationship to initiating the payments?

09:25:17 10 A. Mr. Neldon Johnson had been present through the
11 deposition of Glenda Johnson, and so at Neldon Johnson's
12 deposition I asked him whether or not her description was
13 accurate that transactions, financial payments that were made
14 would have been made at his direction, and he said yes.

09:25:39 15 Q. What, if anything, did he say about his level of
16 control over the entities?

17 A. A number of times he said that he had control over
18 the entities and he could make payments to anyone he wanted in
19 any amount he wanted. He stated because he had put in
09:26:02 20 \$19 million into the company and they owed him something like
21 \$15 million and they were obligated to pay him \$1 million
22 salary a year that the amounts that he had the companies pay
23 to him or to others for him were simply reducing the company's
24 obligation to him, and so he was entitled to do that.

09:26:25 25 Q. Let's talk briefly about the 18 properties that are

1 in the corrected receivership order. What, if anything, did
2 you find out -- first off, who's name were they titled in?

3 A. Receivership order I believe identifies at least 31
4 or 32 properties. 18 of those are titled in the name of
09:27:07 5 Glenda Johnson.

6 Q. And what did you find out about the source of funds
7 for those properties?

8 A. Three of the properties were transferred from
9 Neldon Johnson to Glenda Johnson, and there was no
09:27:26 10 consideration for those transfers. The other 15 were
11 purchased from third parties, and Glenda Johnson indicated
12 that for -- well, for three of them she didn't even believe
13 that she owned those properties, but said out of those 15 that
14 were not transferred to her by Neldon Johnson her money was
09:27:55 15 used for part of one of the purchases, but the funding for the
16 purchases of all of the other properties came from one of the
17 receivership entities or the affiliated entities.

18 Q. Did she explain why that was the setup?

19 A. We had a perplexing discussion about whether she
09:28:33 20 owned the properties, and she stated they were titled in her
21 name, but she's not necessarily the owner of the property.
22 And when I pressed her, she acknowledged that the funds were
23 provided by Cobblestone or other entities, but that she might
24 not be the owner even though it was titled in her name.

09:29:01 25 Q. Is there anything else you would like to share with

1 the Court with respect to the transfer -- the 18 properties?

2 A. No.

3 THE COURT: Can I just ask a question then if we're
4 switching? You said that three of the properties were
09:29:20 5 transferred to Neldon Johnson from Glenda -- from Neldon
6 Johnson to Glenda Johnson, no consideration for those. The
7 other 15 of the 18 properties, some of the money, some of her
8 money was used in those purchases?

9 THE WITNESS: For one of those 18 properties.

09:29:38 10 THE COURT: For one of them. Okay.

11 THE WITNESS: She says her funds, which she'd
12 receive from an inheritance, was used for some portion of the
13 purchase. She wasn't sure how much, but she indicated only
14 one of the properties had been purchased with money that was
09:30:00 15 her personal funds.

16 THE COURT: And only part of the funding for that
17 property was her money?

18 THE WITNESS: Yes. She indicated it was, may have
19 been somewhere between 100 and \$150,000. But she did not know
09:30:14 20 the purchase price of the property, so I was not able to
21 determine what percentage of the property purchase had been
22 with her funds.

23 THE COURT: Did you identify that piece of
24 property?

09:30:24 25 THE WITNESS: Yes.

1 THE COURT: Is there a common name or can you tell
2 me something else?

3 THE WITNESS: Yes. It's what they call the Oasis
4 property, the warehouse in Oasis.

09:30:35 5 THE COURT: Okay. Have you since discovered any
6 documentation of the total purchase price of that land?

7 THE WITNESS: I do not. I have been able to obtain
8 from county records the assessed evaluation and their estimate
9 of the valuation, but I do not have the purchase records. One
09:30:55 10 of the items requested in the subpoena were copies of the real
11 estate closing documents for the purchase hoping to identify
12 what the purchase price would have been.

13 THE COURT: And you didn't receive any of those
14 real estate purchase records for any of the 31 properties?

09:31:12 15 THE WITNESS: Before Monday I have not received any
16 of those. And in my quick perusal of my flash drive records I
17 did not see any of those in those records.

18 THE COURT: Okay. Thank you.

19 Q. BY MS. HEALY-GALLAGHER: Let's transition to money
09:31:28 20 transfers that you were able to flesh out a little bit with
21 what you learned this week. What was one of the primary
22 sources of funds transferred to Glenda Johnson?

23 A. Substantial money came from receivership entities
24 into the accounts of Glenda Johnson. The largest amounts were
09:32:06 25 from Cobblestone Center.

1 Q. Where did Cobblestone Center get its money?

2 A. Substantial amounts were transferred from RaPower
3 to Cobblestone, and we identified I believe about 8 or
4 \$9 million in transfers from RaPower to Cobblestone. Lone
09:32:31 5 Peak has not finished its analysis, so I don't yet know what
6 sources of funds Cobblestone had other than the 8 or
7 \$9 million transferred from RaPower.

8 THE COURT: Was that Lone Peak has not finished its
9 analysis?

09:32:45 10 THE WITNESS: Correct.

11 Q. BY MS. HEALY-GALLAGHER: Nonetheless, RaPower
12 transferred at least 8 or \$9 million to Cobblestone Center.

13 A. Correct.

14 Q. And Cobblestone Center transferred large amounts of
09:32:57 15 money which we'll talk about in a second to Glenda Johnson.

16 A. Correct.

17 Q. And did Mrs. Johnson then transfer that money on to
18 others?

19 A. She did.

09:33:11 20 Q. What were some of the transfers from Mrs. Johnson
21 that caught your eye?

22 A. There were two transfers of \$200,000 each from her
23 to LaGrand and to Randale. We had a transfer of I believe
24 \$200,000 from Glenda Johnson's account to an account in the
09:33:36 25 name of Folks, F-O-L-K-S. And in her deposition she

1 identified that's a bank account for her deceased parents that
2 she still controls. And we identified a number of cash
3 withdrawals that seemed to increase in frequency after the
4 receiver was appointed.

09:34:03

5 THE COURT: When were the transfers to LaGrand and
6 Randale and Folks?

7 MR. HEALY-GALLAGHER: Your Honor, we have a chart
8 that we'll walk through --

9 THE COURT: Oh, okay.

09:34:13

10 MS. HEALY-GALLAGHER: -- that will give specifics.
11 But I just wanted to circle back before we get there on the
12 Folks bank account.

13 Q. BY MS. HEALY-GALLAGHER: What did -- what did --
14 withdraw that. What did Glenda Johnson say about her parents?
15 When did they pass?

09:34:30

16 A. I believe it had been at least six or eight years
17 ago when they had died. And she received an inheritance.

18 Q. But nonetheless, you said she transferred money to
19 an account earmarked for those now deceased parents.

09:34:59

20 A. Well, we saw transfer in the amount of \$200,000
21 into an account in the name of Folks. And I asked her who
22 Folks was, and she indicated that was the bank account for her
23 parents.

24 Q. What, if any, inference do you make as a result of
25 that particular transfer?

09:35:12

1 A. Well, as a result of that transfer -- well, the
2 inferences based on the timing of these transfers is that
3 towards the conclusion of the United States trial substantial
4 monies were transferred out of RaPower so it not be in the
09:35:36 5 accounts of one of the defendants in the action. After the
6 asset freeze was entered substantial amounts of money were
7 transferred out of Cobblestone bank account into Glenda's bank
8 account. And after the receiver was appointed substantial
9 amounts of money were transferred from Glenda's account to the
09:35:57 10 accounts of LaGrand, Randale, Folks and cash withdrawals. And
11 when I asked her about the cash withdrawals she indicated that
12 many of those are being held in cash by her.

13 Q. Okay. Let's take a look at some documents that
14 will show that.

09:36:17 15 May I have a moment, Your Honor?

16 THE COURT: Yes.

17 MS. HEALY-GALLAGHER: I will just tell the Court
18 what I'm about to hand out are two stacks of exhibits. They
19 are exhibits from Mrs. Johnson's deposition and Neldon
09:36:31 20 Johnson's deposition. We're going to talk about some of the
21 documents here today, but it's just easier to get out stacks.
22 And we can, of course, provide those electronically. The
23 exhibits that we use we'll provide those electronically to the
24 Court after today.

09:36:48 25 THE COURT: Okay. Thank you.

1 MS. HEALY-GALLAGHER: And for everyone's reference
2 we'll be using the exhibit numbers on the documents, but there
3 are Sticky Notes on the front of each stack, Copy 1, please
4 correct me if I'm wrong, Mr. Klein, Copy 1 is the set from
09:37:43 5 Glenda Johnson's deposition, and Copy 2 is the set from
6 Neldon Johnson's deposition.

7 THE WITNESS: Correct. And I will make the
8 observation that the numbers are not always sequential.

9 MS. HEALY-GALLAGHER: And I do not have these
09:38:25 10 electronically on my laptop, so we'll all just look on -- we
11 need a copy for the witness, don't we?

12 THE COURT: What's that? Oh, the witness needs a
13 copy.

14 MS. HEALY-GALLAGHER: I failed to provide a copy to
09:38:40 15 Mr. Klein.

16 THE COURT: Yes. If his memory is that good I
17 congratulate him.

18 THE WITNESS: It is not.

19 Q. BY MS. HEALY-GALLAGHER: All right, Mr. Klein. If
09:38:52 20 you would, please, take a look at the stack marked Copy 1 at
21 Exhibit 2007.

22 A. I'm there.

23 Q. Tell us about Exhibit 2007.

24 A. 2007 is a compilation by Lone Peak Valuation of all
09:39:29 25 transfers from the RaPower3 bank accounts to the bank accounts

1 of Cobblestone Center between 2013 and 2018.

2 Q. What are the supporting documents for this exhibit?

3 A. Supporting -- this exhibit was compiled from bank
4 statements and copies of checks and withdrawal slips.

09:39:54 5 Q. So let's just walk through the columns to let us
6 know what information we're looking at here. Can you take us
7 across and describe what we're seeing?

8 A. Yes. So the first column identifies the bank
9 account number. And this 4501 is the RaPower bank account at
09:40:31 10 Wells Fargo. And then down on the second page we have account
11 1198, which is the account number for the RaPower account at
12 Bank of American Fork. Second column shows the bank upon
13 which the monies were withdrawn. The third column is the name
14 of the -- name on the bank account. The fourth column
09:40:59 15 indicates the date that the financial transfer cleared the
16 bank. So these dates will differ from the date of a check if
17 the transfer was made by check.

18 The fourth column -- fifth column show a
19 subscription of the transfer. And this is dated, this is
09:41:24 20 taken from the bank records or the bank statements or the bank
21 records, so this will be a word-for-word reflection of what we
22 will see if we look at the actual bank statement. The next to
23 the last column shows the check number or the deposit number
24 if it was reflected as a deposit, and the final column
09:41:52 25 represents the amount of the check or transfer.

1 Q. If we look at Page 2, and let's just real quick.
2 So these transactions start in November of 2013; correct?

3 A. Yes.

4 Q. And go through June 22nd of 2018, yes?

09:42:13 5 A. Yes.

6 Q. What's the total amount that was transferred from
7 RaPower3 to Cobblestone Center during that time period?

8 A. \$7,750,000.

9 Q. Do you know when the complaint was filed in this
09:42:29 10 case?

11 A. I believe it was the end of November in 2015. I
12 believe November 25th.

13 Q. If it was November 23rd would that ring a bell?

14 A. That's likely.

09:42:43 15 Q. Understanding that you don't have the specific time
16 period broken out, can you tell us what this chart shows about
17 the amount of money transferred from RaPower3 to Cobblestone
18 Center since the complaint was filed?

19 A. Yes. And it's relatively easy to do because if I
09:43:03 20 look at the totals for 2016, '17 and '18, and I add the
21 million 850, 200,000, a million 340, together that's about
22 3, -- 3 million 4, and another 100,000 from December 16th of
23 2015, which makes it about 3.5 million.

24 Q. Was there anything else you would like to share
09:43:50 25 with the Court about Exhibit 2007?

1 A. Well, this shows an item we talked about last week
2 which was the date of the final transfer on here which was on
3 June 22nd, 2018, that the date the Court issued its bench
4 ruling \$140,000 was transferred out of RaPower and put into
09:44:17 5 Cobblestone.

6 Q. What, if any, explanation did you receive from
7 Neldon or Glenda Johnson about the reason for that transfer?

8 A. Glenda Johnson described generally that Cobblestone
9 did all types of work for RaPower and RaPower is the way
09:44:46 10 Cobblestone got its funding, so it was expected that money
11 would be transferred from RaPower to Cobblestone.

12 MS. HEALY-GALLAGHER: I move to admit Exhibit 2007.

13 THE COURT: Any objection?

14 MR. PAUL: Simply 2007 by itself or --

09:45:11 15 THE COURT: Just 2007. Two pages; correct?

16 MS. HEALY-GALLAGHER: Correct.

17 THE COURT: Yes.

18 MR. PAUL: No. No objection.

19 THE COURT: Thank you.

09:45:25 20 Mr. Shepard, any objection?

21 MR. SHEPARD: Nothing to do with me. No objection.

22 THE COURT: Mr. Johnson, any objection?

23 MR. JOHNSON: I don't have.

24 THE COURT: You don't have the exhibit?

09:45:35 25 MR. JOHNSON: I don't have any objections. Sorry.

1 THE COURT: Okay. It's received.

2 (Whereupon, Exhibit 2007 was received.)

3 MS. HEALY-GALLAGHER: May I have a moment, Your
4 Honor?

09:46:01 5 THE COURT: Yes.

6 (Time lapse.)

7 MS. HEALY-GALLAGHER: Thank you.

8 Q. BY MS. HEALY-GALLAGHER: Mr. Klein, I'd like to
9 turn your attention to Exhibit 2009. 2009 is a multiple-page
09:47:32 10 exhibit. So if you want to take a look through that.

11 Are you ready?

12 A. I am.

13 Q. Okay. What can you tell us about Exhibit 2009?

14 A. Exhibit 2009 is a document created by Lone Peak
09:47:57 15 Valuation showing checks payable to Glenda Johnson between
16 2005 and 2018.

17 Q. Again, would you walk us through the headings so we
18 can understand the different information on the chart?

19 A. Sure. The first column index number has
09:48:21 20 information that Lone Peak Valuation uses to identify the
21 location of the documents. The second column identified as
22 payor account number shows the account number of the financial
23 institution upon which the funds were drawn. The payor bank
24 column indicates what bank was the source of the funds. And
09:48:49 25 the reference there to Millard County means Millard County

1 Credit Union. The column that says date indicates the date
2 that the transfer shows up on the bank records, and in the
3 case of checks it would be different from the date of the
4 check. The column identified as check number shows the number
09:49:12 5 on the check. Next column shows the amount. The signer
6 column indicates who signed the check. The next column Bates
7 number identifies the document number on the bank statement or
8 the check, it would be the check. And then the last four
9 columns include a X indicating which account the funds were
09:49:41 10 drawn from that were paid to Glenda Johnson.

11 Q. And then we see columns for International Automated
12 Systems, RaPower3, XSun Energy and Cobblestone Center, yes?

13 A. Yes.

14 Q. Where do the documents supporting Exhibit 2009 --
09:50:03 15 excuse me. Where does the information come from on
16 Exhibit 2009?

17 A. This information comes from records that the
18 receiver has received from banks and from the United States.
19 I requested information -- copies of bank statements from
09:50:26 20 banks and received many of the bank records. I also received
21 some bank records from the United States, but this is still
22 incomplete in that we are still awaiting bank records from
23 Wells Fargo Bank.

24 Q. And these as the title of Exhibit 2009 states
09:50:46 25 aren't just checks.

1 A. Correct. There were also other transfers to her
2 that were not by check.

3 Q. Okay. We'll talk about those in a second. What's
4 the total amount of money transferred to Glenda Johnson by
09:50:59 5 check from these entities?

6 A. \$751,074.41.

7 MS. HEALY-GALLAGHER: Move to admit Exhibit 2009.

8 THE COURT: Any objection?

9 MR. JOHNSON: No.

09:51:15 10 MR. SHEPARD: No objection.

11 MR. PAUL: Again, I'm a little bit concerned as to
12 the foundation. I understand the representations that have
13 been made. And so given that this is a summary prepared by
14 Lone Peak and is not represented to be the entire universe of
09:51:48 15 money related to Glenda Johnson, I don't have a problem with
16 it. But I think it should be understood that it's not
17 complete.

18 THE COURT: Well, you'll be able to cross-examine
19 on that.

09:52:00 20 It is the Lone Peak summary of checks payable to
21 Glenda Johnson; right, Mr. Klein?

22 THE WITNESS: Correct.

23 THE COURT: Okay.

24 MR. PAUL: So for that purpose only we don't
09:52:09 25 object.

1 THE COURT: All right. And I think I heard
2 Mr. Neldon Johnson say he doesn't object. Mr. Shepard?

3 MR. SHEPARD: No objection.

4 THE COURT: Okay. 2009 is received.

09:52:22 5 (Whereupon, Exhibit 2009 was received.)

6 Q. BY MS. HEALY-GALLAGHER: I'd like you to turn your
7 attention to Exhibit 2010, Mr. Klein. What can you tell us
8 about Exhibit 2010?

9 A. 2010 reflects the financial transactions that
09:52:50 10 were -- went to Glenda Johnson that were not by check. These
11 were either by transfers or -- electronic transfers or cash
12 withdrawals, and in some cases those cash withdrawals likely
13 were used to purchase cashier's checks that were used for the
14 transfers.

09:53:20 15 Q. Let's walk across the columns so we can understand
16 what's on the chart. Go ahead and start with index, please.

17 A. Index again is the location of the documents that
18 Lone Peak Valuation uses to identify the location of source
19 documents. The payor account number indicates the account
09:53:41 20 number from which the money was withdrawn. The payor bank
21 indicates the bank account from which the money was withdrawn.
22 The payor indicates which company owned the account from which
23 the money was taken.

24 The next column indicates the date of the transfer.
09:54:02 25 The transaction number indicates whether or not the last four

1 digits of the transaction number that would be identified by
2 the bank and the bank statement. And then the amount shows
3 the amount of the transfer. And then the last column shows
4 the document number for the underlying record.

09:54:32 5 Q. What's the total amount -- excuse me. Let's just
6 take a quick look through at the payors. RaPower is one of
7 the payors?

8 A. Yes.

9 Q. XSun Energy?

09:54:46 10 A. Yes.

11 Q. International Automated Systems?

12 A. Yes.

13 Q. Cobblestone Center?

14 A. Yes.

09:54:58 15 Q. How much came out from these entities as
16 withdrawals or cashed checks signed by Glenda Johnson?

17 A. \$8,872,663.27.

18 Q. And that's for the date range August 2010 through
19 July 5th, 2018; correct?

09:55:19 20 A. Correct. Now note that some of these withdrawals
21 may well have been deposited into other accounts. So not all
22 of this would have gone into her personal account.

23 THE COURT: Can I tell from 2010 if it went into
24 her account or into another entity?

09:55:41 25 THE WITNESS: Not from this document.

1 THE COURT: Okay. And that's in part because you
2 barely received her bank records; right?

3 THE WITNESS: Correct.

4 THE COURT: Okay.

09:55:52 5 Q. BY MS. HEALY-GALLAGHER: And, Mr. Klein, also if
6 Neldon Johnson, for example, had provided you with a list of
7 all the transfers of money within his control might that help
8 you identify where these things went?

9 A. Yes, it would. And if we had the bank records,
09:56:12 10 that would have helped us and we would have had six months to
11 have digested that.

12 Q. Let's take a look, please, at the transfers that
13 occurred in 2018 on the last page of the exhibit, specifically
14 the last two. They were made in July of 2018?

09:56:53 15 A. Correct.

16 Q. Trial in this case was complete; correct?

17 A. Yes.

18 Q. And the Judge had issued his bench ruling that
19 disgorgement would be issued; correct?

09:57:04 20 A. Yes.

21 Q. Is there anything else you would like to identify
22 for the Court about Exhibit 2010?

23 A. Well, these two transactions you just identified
24 were cash withdrawals.

09:57:26 25 MS. HEALY-GALLAGHER: Move to admit Exhibit 2010.

1 MR. PAUL: I do have an objection on 2010 as to
2 relevance, simply because there's no indication of the payee
3 on any of these transactions but they're making the assumption
4 that the payee is Glenda Johnson working on some nefarious
09:57:54 5 scheme under her control that simply isn't supported by I
6 think the underlying bank statements without knowing who -- my
7 understanding is these are simply electronic withdrawals or
8 cash withdrawals. I don't see an indication of which are
9 electronic and which are cash. So the two that Mr. Klein just
09:58:18 10 talked about, the 17,000 and 15,000 in July of 2018, I don't
11 see anything on this document that shows those are cash
12 withdrawals.

13 So I think the relevance of this document is
14 negligible. And to be able to use it or understand it in any
09:58:39 15 meaningful way for us is absent because there's no indication
16 here about where the money went or what it was used for or who
17 used it or who took it. But the implication again is that
18 it's something nefarious that our clients are responsible for.
19 And I think that implication is disingenuous, and I think the
09:59:06 20 relevance of this document doesn't get us anywhere.

21 THE COURT: So, Miss Healy-Gallagher, can you
22 clarify what is included or not included personally or have
23 the witness do it?

24 MS. HEALY-GALLAGHER: Sure.

09:59:17 25 Q. BY MS. HEALY-GALLAGHER: Mr. Klein, what, if

1 anything, indicates to you that a cash withdrawal versus an
2 electronic transfer on Exhibit 2010?

3 A. I believe these were all cash withdrawals or they
4 were checks made payable to cash.

09:59:33 5 Q. And how do you know that?

6 A. Well, that was the -- that's the universe that was
7 selected for inclusion in this document.

8 THE COURT: And where are the underlying documents
9 referred to the Bates documents in the far right column? Does
09:59:49 10 Mr. Paul, for example, have possession of those, or are those
11 just in possession of Lone Peak?

12 THE WITNESS: Those are documents that Lone Peak
13 received from the financial institution, and I have assumed
14 that since these are records of RaPower that the defendants
10:00:06 15 would have their copies of them.

16 MS. HEALY-GALLAGHER: Right. Mr. Klein had to go
17 to the banks because none of these records were produced by
18 any of the respondents.

19 THE COURT: Mr. Paul?

10:00:19 20 MR. PAUL: That's an interesting assumption. I
21 mean, we're here today because our clients made a similar
22 assumption that these documents were all in the possession of
23 the government and Mr. Klein, therefore, they didn't have to
24 produce it. And I'll withdraw it. Never mind.

10:00:39 25 THE COURT: I'm receiving 2010.

1 (Whereupon, Exhibit 2010 was received.)

2 MS. HEALY-GALLAGHER: May I have one moment, Your
3 Honor?

4 THE COURT: Yes.

10:01:11 5 (Time lapse.)

6 MS. HEALY-GALLAGHER: All right. Thank you, Your
7 Honor.

8 Q. BY MS. HEALY-GALLAGHER: Mr. Klein, I'm pulling up
9 Plaintiff's Exhibit 945, which was received in the last
10:02:47 10 setting for this hearing. And I'm drawing your attention to
11 Page 43. Again, I believe we talked about this last Friday.
12 But what do we see here at the top of Page 43?

13 A. The June 29th, 2018, account for Cobblestone Center
14 at Bank of American Fork.

10:03:14 15 MR. PAUL: What page are you on again, please?

16 MR. HEALY-GALLAGHER: 43. The Bates number if you
17 need it is Bank of American Fork 002943.

18 MR. PAUL: Got it. Thank you.

19 Q. BY MS. HEALY-GALLAGHER: This is the first page of
10:03:36 20 this account statement; correct?

21 A. Correct.

22 Q. I'm going to take us down to Page 4 of the bank
23 account statement, which is Page 46 of Exhibit 945, and draw
24 your attention to the transfer from Cobblestone Center to
10:04:03 25 Glenda savings on June 22 of 2018. Do you see that?

1 A. I do.

2 Q. That was in the amount of \$1,945,500; correct?

3 A. Yes.

10:04:24

4 Q. When you talked to Mrs. Johnson in her deposition
5 what, if any, explanation did she have for making that
6 transfer from Cobblestone Center to her savings account?

10:04:46

7 A. She was concerned that if the Court were to freeze
8 the assets and the bank accounts of Cobblestone Center that
9 they would not have the ability to pay bills that were owed
10 for these -- owed by Cobblestone Center. And so she
11 transferred the money to her personal account so they would
12 have the ability to pay bills that were owed.

10:05:57

13 Q. Mr. Klein, have you had the opportunity to review
14 the balances in Glenda Johnson's bank accounts from the most
15 recent account statements?

16 A. Yes.

17 MS. HEALY-GALLAGHER: If I may, Your Honor?

18 THE COURT: Yes.

19 (Time lapse.)

10:06:17

20 MS. HEALY-GALLAGHER: We have not had the
21 opportunity to mark these exhibits. We just got them printed
22 out this morning. Could we take a moment and do that? These
23 two exhibits.

10:06:31

24 One is an account, a collection of an accounts
25 statements, Mr. Klein?

1 THE WITNESS: Correct.

2 MS. HEALY-GALLAGHER: And one is a summary chart.

3 THE COURT: Okay. Let's get them marked. And once
4 we have the originals marked, we'll indicate those numbers for
10:06:41 5 all the parties.

6 Do you know what number we're at, Miss Bowers?

7 MS. HEALY-GALLAGHER: We can make these in the 2000
8 range.

9 THE COURT: That's probably safest.

10:06:57 10 MR. PAUL: I'm sorry. But were these already
11 marked in the deposition or are these new?

12 MS. HEALY-GALLAGHER: No. These are new. I'll
13 hand them out in just a moment. It looks like we'll end -- or
14 we'll start with 2018, Exhibit 2018.

10:07:12 15 MR. PAUL: That's already been used in the
16 deposition.

17 MS. HEALY-GALLAGHER: Did we miss a doc?

18 THE WITNESS: The last deposition exhibit was
19 Number 2088.

10:07:25 20 MS. HEALY-GALLAGHER: I'm looking at something
21 different then. Let's make it 2100. And I will hand those
22 out.

23 THE COURT: Do you have descriptions of these?

24 THE CLERK: I've got another copy, and I'll get the
10:09:06 25 description on those.

1 THE COURT: Miss Healy-Gallagher, will you just
2 tell us how you would like the 2100 described.

10:09:23

3 MS. HEALY-GALLAGHER: Sure. 2100 is a composite
4 exhibit of account statements of Ms. Glenda Johnson, I believe
5 from March 2019.

6 THE WITNESS: And April.

7 MS. HEALY-GALLAGHER: And April were available.

8 THE COURT: Okay. March and April Millard County
9 Credit Union account statements.

10:09:38

10 And the other document?

11 MS. HEALY-GALLAGHER: The other document is a
12 summary of Glenda Johnson bank accounts. And for the record,
13 I believe that 2100 is the composite of the bank account
14 statements themselves. And 2100 -- 2101 is the summary.

10:10:04

15 THE COURT: Okay. Thank you.

16 Q. BY MS. HEALY-GALLAGHER: All right. First,
17 Mr. Klein, let's take a look through Exhibit 2100. What are
18 these?

10:10:24

19 A. These are copies of the most recent bank statements
20 for each bank account owned by Glenda Johnson from the records
21 that were delivered to me on the flash drive on Monday.

22 MS. HEALY-GALLAGHER: I move to admit Exhibit 2100.

23 MR. PAUL: No objection.

24 THE COURT: Received. I'm sorry. Mr. Shepard?

10:10:57

25 MR. SHEPARD: No objection.

1 THE COURT: Mr. Johnson?

2 It's received.

3 (Whereupon, Exhibit 2100 was received.)

4 Q. BY MS. HEALY-GALLAGHER: Let's take a look at
10:11:07 5 Exhibit 2101. What did you do, Mr. Klein, with the bank
6 account statements in 2100?

7 THE COURT: Miss Healy-Gallagher, my staff attorney
8 on this case is remote in St. George. Could I ask you to pull
9 out the drawer, the document camera, and put 2101 on the
10:11:23 10 document camera?

11 MR. PAUL: Your Honor, I would also note that these
12 are unredacted, so there are addresses and bank account
13 information.

14 THE COURT: On 2100?

10:11:31 15 MR. PAUL: On 2100. I would ask that they be
16 redacted as I assume these are going public after today's
17 hearing.

18 THE COURT: Right. So the electronic copies that
19 you submit, Miss Healy-Gallagher, if those could be redacted.

10:11:46 20 MS. HEALY-GALLAGHER: We will.

21 THE COURT: We'll receive those. Thanks, Mr. Paul.
22 Thanks very much. Now the law clerk can see them.

23 Q. BY MS. HEALY-GALLAGHER: We're going to focus on
24 the summary. So, Mr. Klein, walk us through Exhibit 2101.

10:12:15 25 A. On the flash drive that was delivered on

1 April 29th, there were copies of bank statements for
2 Glenda Johnson, and so I printed those out and went through
3 those to identify how many different bank accounts there were.
4 And then from those I selected the most recent bank statement
10:12:35 5 that would show me the last balance for each of those accounts
6 so that I would have a sense of how much money was currently
7 in the bank accounts that are in Glenda Johnson's name.

8 Q. And according to those statements that Mrs. Johnson
9 delivered to you, what was the total amount of money she had
10:12:56 10 in those accounts?

11 A. The total amount based on these statements is
12 \$1,278,072.14.

13 Q. And is that more or less than the \$1.9 million that
14 was transferred from Cobblestone to Glenda Johnson on the last
10:13:16 15 day of trial in this matter?

16 A. That is less.

17 MS. HEALY-GALLAGHER: Move to admit Exhibit 2101.

18 MR. PAUL: No objection.

19 MR. JOHNSON: No objection.

10:13:42 20 MR. SHEPARD: No objection.

21 THE COURT: 2101 is received.

22 (Whereupon, Exhibit 2101 was received.)

23 Q. BY MS. HEALY-GALLAGHER: You mentioned earlier,
24 Mr. Klein, a transfer to Neldon Johnson in April of 2017. Do
10:14:54 25 you remember that?

1 A. Yes.

2 Q. I'm going to direct your attention to Exhibit 2074.
3 This is in Copy 2.

10:15:11

4 And as with the other exhibits, Your Honor, when we
5 submit these to the Court we will redact account numbers.

6 THE COURT: Okay.

7 MR. PAUL: How far in the stack are we looking?
8 Almost to the bottom?

10:15:36

9 MS. HEALY-GALLAGHER: About three quarters of the
10 way through.

11 MR. PAUL: What number is it?

12 MS. HEALY-GALLAGHER: 2074. They should be in
13 order.

10:15:47

14 THE COURT: The problem is just figuring out where
15 one ends and the other begins.

16 This is another bank statement, and it's in front
17 of a trust deed, if that helps you, Mr. Paul, and behind --

18 MR. PAUL: I found it, Your Honor.

19 THE COURT: -- trust deed note. Okay.

10:16:21

20 Q. BY MS. HEALY-GALLAGHER: Mr. Klein, what are we
21 looking at with Exhibit 2074?

22 A. This is the bank statement for International
23 Automated Systems dated April 28th, 2017, from Bank of
24 American Fork.

10:16:48

25 Q. On the third page of the exhibit, the second entry

1 on the page, what do we see?

2 A. A checking withdrawal slip from Bank of American
3 Fork by Neldon Johnson dated April 13th, 2017, showing a
4 withdrawal of \$623,689.53.

10:17:18 5 Q. Do you know what that money went towards?

6 A. I do not. I inquired of Mr. Johnson, but did not
7 receive an answer as to where it went.

8 MS. HEALY-GALLAGHER: I move to admit Exhibit 2074.

9 MR. PAUL: No objection.

10:17:39 10 MR. SHEPARD: No objection.

11 MR. JOHNSON: No objection.

12 THE COURT: 2074 is received. It consists of three
13 pages.

14 MS. HEALY-GALLAGHER: Yes, Your Honor.

10:17:53 15 (Whereupon, Exhibit 2074 was received.)

16 MR. PAUL: I would make the same observation. I
17 think Mr. Healy-Gallagher already put that in the record, that
18 she'll redact any personal information or bank account
19 information when it's submitted to the Court.

10:18:11 20 THE COURT: You agree to that?

21 MS. HEALY-GALLAGHER: Yes, Your Honor.

22 THE COURT: Okay. Thank you.

23 Somewhere in here we need to take a break so I just
24 don't torture all the court reporters like I did last time.

10:18:23 25 And I'm not saying now, but when it works with your sequence

1 we can do it.

2 MS. HEALY-GALLAGHER: Now would be a good time.

3 THE COURT: Now would be a good time? Okay. We're
4 going to take a break of 15 minutes.

10:18:35 5 Miss Hicken, be sure to tell Miss Janke that we
6 took 15 minutes for you. She only got 10.

7 We'll be back here at 33 after. Thanks.

8 Miss Glenda Johnson?

9 MS. GLENDA JOHNSON: Could you turn the heat up in
10:19:00 10 here? I'm so cold I'm shaking. I'm going into hypothermia
11 it is so cold in here.

12 THE COURT: Okay. And I will do that. And I also
13 will try to find a blanket I have upstairs.

14 MS. JOHNSON: That would be great.

10:19:18 15 THE COURT: Thanks. We're in recess.

16 (Recess.)

17 THE COURT: All right. We're resuming the direct
18 examination of Mr. Klein.

19 MS. HEALY-GALLAGHER: Your Honor, I've asked
10:34:25 20 Ms. Sullivan-Bowers to mark Exhibit 2102. Everyone has, I've
21 handed it around to opposing counsel and pro se parties.
22 Everyone has a copy.

23 THE COURT: Thank you.

24 Q. BY MS. HEALY-GALLAGHER: Mr. Klein, would you,
10:34:44 25 please, take a look at what's been marked 2102?

1 THE COURT: There's a zoom on that camera at the
2 top.

3 Miss Bowers, I'm going to ask you to go out and
4 scan that to Mr. Milne.

10:35:13 5 Q. BY MS. HEALY-GALLAGHER: Mr. Klein, what is
6 Exhibit 2102?

7 A. This is a document I created showing transfers to
8 insiders since June 1st of 2018 that attempts to demonstrate
9 the flow of funds from receivership entities and affiliated
10:35:38 10 entities to Glenda Johnson, LaGrand Johnson, Randale Johnson,
11 Robert Johnson and Nelson Snuffer.

12 Q. Let's do the same thing we've done with the other
13 charts and exhibits and walk through the information we have
14 here. Let's start with the source information. Can you tell
10:36:01 15 us what we see?

16 A. Sure. The first column, of course, lists the date.
17 And under source I've identified six entities which were
18 sources of funds that we saw transferred to insiders.

19 Q. And those are International Automated Systems,
10:36:17 20 RaPower, Cobblestone, XSun, Solco and you have unknown, also.

21 A. Yes.

22 Q. We'll talk about that when we talk about those
23 transactions. But let's talk about the first set of dates. I
24 see June 1, 2018, through August 21, 2018. Why were those
10:36:39 25 dates important to you?

1 A. Well, the trial concluded on June 22nd of 2018, and
2 so we looked at what transfers had occurred around that date
3 and found that a number of significant transfers that started
4 on June 6th, 2018. So the first batch goes from June 6, 2018,
10:37:10 5 until the, we looked at the period from then until when the
6 asset freeze order was entered.

7 Q. Do you happen to know, Mr. Klein, when the United
8 States rested its case?

9 A. I believe it was June 22nd, 2018.

10:37:26 10 Q. So --

11 A. That was closing arguments.

12 Q. Right. So --

13 Your Honor, I would just ask for judicial notice
14 that we rested no later than April 26th, 2018.

10:37:39 15 THE COURT: Correct.

16 MR. HEALY-GALLAGHER: And then there was a gap, and
17 we were set to resume on June 21st, 2018.

18 THE COURT: Correct. And I didn't make any oral
19 findings until June 22nd; is that right?

10:37:55 20 MS. HEALY-GALLAGHER: That's correct.

21 THE COURT: Okay.

22 Q. BY MS. HEALY-GALLAGHER: So we talked about some of
23 these transfers in our last setting. But could you just walk
24 through, Mr. Klein, and summarize the transfers that you
10:38:10 25 saw -- first off, what are the source documents that provide

1 the information that we see in Exhibit 2102?

2 A. There are a variety of source documents. Most of
3 them are bank records with the exception of those listed in
4 the unknown column, and the corresponding amounts in the
10:38:44 5 recipient category.

6 Q. Do you happen to know, Mr. Klein, for the source
7 documents, are those all found in Plaintiff's Exhibit 945?

8 A. No.

9 Q. For the transfers from the entities.

10:39:04 10 A. For the -- transfers from IAS, RaPower,
11 Cobblestone, XSun and Solco, yes.

12 Q. Yes. So all of the documents supporting the
13 transactions under the heading "source" in Exhibit 2102 are in
14 Plaintiff's Exhibit 945; correct?

10:39:32 15 A. Except for the ones in unknown.

16 Q. In unknown, right. And then as far as the
17 recipient information on Exhibit 2102, where did you get that
18 information?

19 A. Some of those are in Exhibit 945. Some of those
10:39:53 20 are bank records that I obtained from Glenda Johnson on Monday
21 in the flash drive, and some of those are in legal invoices
22 that I received from the law firm Nelson Snuffer.

23 Q. So in summary how much money was transferred from
24 International Automated Systems during the first time period
10:40:41 25 that we see?

1 A. \$2,540,000.

2 Q. From RaPower?

3 A. \$140,000.

4 Q. From Cobblestone?

10:40:52 5 A. \$1,842,420.

6 Q. From XSun Energy?

7 A. \$1 million.

8 Q. And from Solco?

9 A. \$168,000.

10:41:13 10 Q. And can you summarize where that money went, what
11 we see under the recipient column under that time period?

12 A. Yes. And I've attempted to be able to show where
13 the money went. So to the extent that it is a withdrawal,
14 I've listed that as a negative amount and then a positive
10:41:33 15 amount when it was deposited. So, for example, the first
16 entry June 6 of 2018, we have \$120,000 check from IAS that was
17 made out to Glenda Johnson. And then we have the other checks
18 from June that we discussed last week, and it shows that they
19 were paid to LaGrand, Randale and Robert Johnson. And then we
10:42:02 20 have on June 22nd \$140,000 transferred from the account of
21 RaPower to Cobblestone, and then 1,945,500 from Cobblestone to
22 Glenda Johnson's personal account. And then the following
23 Monday we have \$1 million transferred from the XSun bank
24 account to Nelson Snuffer and \$168,000 transferred from the
10:42:31 25 Solco bank account to Nelson Snuffer, and then between

1 June 27th and July 5th some cash withdrawals from the
2 Cobblestone bank account or checks. There's a \$4,920 check on
3 June 27th from Cobblestone to Nelson Snuffer, and then we have
4 two cash withdrawals from the Cobblestone account that
10:42:56 5 correlate with cash deposits into Glenda Johnson's bank
6 account.

7 Q. What about the time -- what's the next time period
8 on Exhibit 2102?

9 A. That's the time period between when the Court
10:43:12 10 issued its bench ruling and when the asset freeze was entered,
11 which I believe was August 22nd -- I'm sorry. That's the time
12 between -- I apologize. The second group is for the time
13 period between when the asset freeze was entered on
14 August 22nd, 2018, and when the Court appointed receiver on
10:43:40 15 October 31st, 2018.

16 Q. And what transactions do we see during that time?

17 A. I've only identified three transactions to insiders
18 and Nelson Snuffer from -- invoice records from Nelson Snuffer
19 identified three payments to them of \$38,872, \$58,283.50 and
10:44:21 20 \$34,000. So I listed them in the first grouping as an unknown
21 source because I know that Nelson Snuffer received those
22 funds, but I do not know the source of those funds.

23 And then under the recipient category we see that
24 under the monies that were in Glenda Johnson's account 60,000
10:44:43 25 was withdrawn on September 4th, 5,000 was withdrawn in cash on

1 October 5th, and also on October 5th \$400,000 was withdrawn
2 which were checks made payable to LaGrand and Randale Johnson.

3 Q. And there was another withdrawal for Glenda Johnson
4 in the amount of \$7,000; correct?

10:45:12 5 A. Correct. And that began a pattern of cash
6 withdrawals.

7 Q. And actually let's go back up quickly. How much
8 did Glenda Johnson receive between June 1st, 2018, and
9 August 21st, 2018?

10:45:34 10 A. \$2,097,500.

11 Q. LaGrand Johnson?

12 A. \$60,000.

13 Q. Randale Johnson?

14 A. \$60,000.

10:45:45 15 Q. Robert Johnson?

16 A. 2.3 million.

17 Q. And Nelson Snuffer?

18 A. \$1,172,920.

19 Q. So then from August 22nd to October 30th, how much
10:45:59 20 did Glenda Johnson take out?

21 A. \$472,000.

22 Q. LaGrand Johnson?

23 A. Well, out of that 472,000, 200 was then given to
24 LaGrand Johnson and 200,000 to Randale Johnson.

10:46:16 25 Q. And how much did Nelson Snuffer law firm receive

1 during that time?

2 A. An additional \$131,155.50.

3 Q. So your next set of dates --

10:46:32

4 THE COURT: Before we leave here, could I just ask
5 why you show the \$60,000 reduction on September 20th and the
6 \$7,000 reduction on October 30th? You don't know where they
7 went? You just know that they came out of Glenda Johnson's
8 account?

10:46:48

9 THE WITNESS: Correct. There were withdrawal slips
10 provided as part of her bank records showing a withdrawal, and
11 I don't know where the money went.

12 THE COURT: Okay. Thank you. Sorry to intrude.

13 Q. BY MS. HEALY-GALLAGHER: So why did you choose the
14 next time period, October 31st, 2018, through April 30th?

10:47:07

15 A. That was to identify what transfers occurred after
16 the date that the receiver was appointed.

17 Q. And I do note a typo, Mr. Klein. Did you mean
18 April 30th, 2019, in that subhead?

10:47:26

19 A. Yes, I did mean that. Yes. That's correctly
20 listed on the date, but not in the heading, subheading.

21 Q. You mentioned a series of cash withdrawals. Is
22 that what we see in the Glenda Johnson category in recipient
23 for this time period?

10:47:47

24 A. Yes. Beginning on October 30th going through
25 January 30th of 2019, frequent cash withdrawals in the range

1 of 7,000 to \$9500.

2 Q. Including a \$200,000 withdrawal?

3 A. And that \$200,000 withdrawal was a transfer to the
4 Folks bank account. We talked about it earlier that
10:48:12 5 Glenda Johnson indicated was a bank account for her deceased
6 parents.

7 Q. So how much total did Glenda Johnson withdraw or
8 transfer out of her bank accounts during this time period?

9 A. Let me identify the one final transaction.

10:48:29 10 Q. Thank you.

11 A. The 1,952.50 was a check drawn on Glenda Johnson's
12 account made payable to Denver Snuffer of the Nelson Snuffer
13 law firm.

14 Q. For all of the withdrawals except the one to Nelson
10:48:48 15 Snuffer, do you know what that money, where it went or what it
16 went to pay for?

17 A. I know that \$200,000 was transferred into another
18 account in the name of Folks. The rest of those I do not
19 know. When I inquired of Glenda Johnson she indicated that
10:49:03 20 some of it was just being held in cash. She promised to tell
21 me the amount.

22 MS. HEALY-GALLAGHER: Move to admit 2102.

23 MR. PAUL: No objection, Your Honor.

24 MR. JOHNSON: No objection.

10:49:36 25 MR. SHEPARD: Am I to understand that there's

1 nothing on here that involves me here; right?

2 THE COURT: Your name doesn't appear on here.

3 MR. SHEPARD: Okay. I have no objection.

4 THE COURT: It's received, 2102.

10:49:47 5 (Whereupon, Exhibit 2102 was received.)

6 Q. BY MS. HEALY-GALLAGHER: Is there any other
7 information you would like to share with the Court about
8 Exhibit 2102?

9 A. No.

10:50:08 10 Q. Mr. Klein, we heard from you earlier about both
11 Neldon and Glenda Johnson's testimony about the level of
12 control he had over transactions coming out of the entities
13 and to the various recipients including his family. When
14 Mr. Johnson was asked whether he would tell Mrs. Johnson or
10:50:37 15 anyone else to turn over funds to you that they had received
16 from those entities, what did he say?

17 A. He said that he would not tell anyone to return
18 funds that they had. Monies were -- if monies were
19 transferred to them, it was their money and he would not
10:50:59 20 instruct them to return those funds to the companies from
21 which they had been received.

22 Q. Is there anything else you would like to let the
23 Court know about these transfers or anything else you learned
24 in the last week?

10:51:21 25 A. No.

1 MS. HEALY-GALLAGHER: Then at this time I have no
2 further questions of Mr. Klein.

3 THE COURT: All right. Thank you.

10:51:31

4 Mr. Paul, do you want to go first on
5 cross-examination?

6 MR. PAUL: I would. Thank you. I just need a
7 couple minutes to organize.

8 THE COURT: Sure. Thank you.

9 (Time lapse.)

10:51:38

10 CROSS-EXAMINATION

11 BY MR. PAUL:

12 Q. Mr. Klein, you're familiar with the corrected
13 receivership order Document 491?

14 A. Yes.

10:53:13

15 Q. In one of the paragraphs, and it's Paragraph 9, it
16 says that the directors, officers, managers, employees,
17 trustees, investment advisers, accountants, attorneys and
18 other agents of RaPower3, IAS, LTBl, LLC, collectively the
19 receivership, defendants are hereby dismissed and the powers
20 of any general partners, directors or managers are hereby
21 suspended.

22 Do you remember that language?

23 A. I do.

10:53:37

24 Q. It says: Such persons shall have no authority with
25 respect to the entity, receivership, defendants, operations,

10:53:45

1 or assets except to the extent as may hereafter be expressly
2 granted by the receiver.

3 Do you remember that?

4 A. Yes.

10:53:56

5 Q. I believe you stated that Randale Johnson and
6 LaGrand Johnson were at one point officers of IAS. Do you
7 remember that testimony?

8 A. Yes.

10:54:11

9 Q. Did the receivership order terminate that
10 authority?

11 A. Yes.

12 Q. So as of November 1st of 2018, neither LaGrand
13 Johnson or Randale Johnson had control over or ability to
14 obtain IAS documents that were not in their physical position
15 at that time; right?

10:54:27

16 A. That's not how I would read the requirements of the
17 order.

18 Q. Okay. In what manner would they have had control
19 over any aspect of IAS after November 1st of 2018?

10:54:44

20 A. To the extent that they had possession of any
21 records that belonged to IAS then they could deliver those to
22 me. To the extent they had any possession of any assets they
23 could be delivered to me. To the extent that records of the
24 company were in the possession of someone else they could
10:55:02 25 instruct the holder of those records to deliver those records

1 to me.

2 Q. But they had no authority under the receivership
3 order to act on behalf of IAS, did they?

4 A. Correct.

10:55:16 5 Q. Have you had any correspondence or communication
6 with Randale Johnson or LaGrand Johnson requesting documents
7 or records from them?

8 A. No.

9 Q. You were shown Exhibit 2007. Do you still have
10:56:12 10 that in front of you?

11 A. Yes.

12 Q. And Exhibit 2007 is entitled, Transfers From
13 RaPower to Cobblestone Center, 2013 to 2018; correct?

14 A. Yes.

10:56:37 15 Q. And did you have this information before the
16 hearing that was held here last Friday, April 26th, 2019,
17 hearing?

18 A. I believe so.

19 Q. And Exhibit 2009 is entitled, Checks Payable to
10:57:11 20 Glenda Johnson. Do you have that in front of you?

21 A. I do.

22 Q. And is this exhibit one that was prepared prior to
23 the hearing that was held on April 26, 2018?

24 A. I believe it was.

10:57:22 25 Q. So you already had that information; correct?

1 A. Yes.

2 Q. And Exhibit 2010, that document is entitled,
3 Withdrawal or Cash Checks Signed by Glenda Johnson. Do you
4 see that?

10:57:43 5 A. I do.

6 Q. Was this document prepared before April 26, 2019?

7 A. I believe so.

8 Q. And you had this information before that hearing
9 last week; correct?

10:57:53 10 A. Yes.

11 Q. And Exhibit 945, Government's Exhibit 945, you had
12 that information prior to April 26, 2019?

13 A. Prior to what date?

14 Q. Prior to April 26th, 2019?

10:58:10 15 A. Yes.

16 Q. You indicated that you've requested documents from
17 Gary Peterson?

18 A. Yes.

19 Q. What sorts of communication or responses have you
10:58:39 20 had from Mr. Peterson?

21 A. I sent a letter to him to an address that I believe
22 was his. The letter came back. It was returned. I searched
23 on the Internet to find another address, and I re-sent the
24 letter to the new address, and I received no response.

10:58:59 25 Q. What other efforts have you made to reach out to

1 Mr. Peterson?

2 A. None. I will note that that letter also included a
3 copy of the receivership order so he would be aware of the
4 provisions of the order that would apply to him.

10:59:28 5 Q. You're not sure if he even received it at this
6 point.

7 A. I mailed it to an address the second time, and it
8 has -- the letter has not been returned.

9 Q. Have you had any telephone conversations with
10:59:40 10 Mr. Peterson?

11 A. No.

12 Q. Have you been out to the office address to see if
13 he was present at that address?

14 A. No.

11:00:16 15 Q. Other than the compliance with Paragraph 24 of the
16 receivership order, do you believe that Mr. Randale Johnson
17 had an obligation to respond to any other production related
18 to the corrected receivership order?

19 A. I don't have the order in front of me. I believe
11:00:37 20 there were a number of different provisions that applied to
21 anyone who was an officer or director of any of the
22 receivership entities.

23 Q. Okay. Other than corporate records related to AIS,
24 are there any other documents that you believe that
11:00:56 25 Mr. Randale Johnson was required to produce to you under the

1 receivership order?

2 A. I believe that if Randale Johnson received funds
3 from any of the receivership entities that he would be
4 required to give me records showing the funds he received and
11:01:18 5 the reasons for them.

6 Q. And where is that request in the receivership
7 order?

8 A. I don't have a copy in front of me. But my
9 recollection is that for officers of receivership defendants
11:01:30 10 they would be required to produce all records relating to the
11 receivership defendant.

12 Q. Okay.

13 A. And I would interpret that to include records
14 showing payments they had received from the receivership
11:01:43 15 entities and any invoices or billings they had given to those
16 entities that would show the reasons for payments to them.

17 Q. Okay. And if Mr. Randale Johnson represented that
18 he's provided all books and records in his possession do you
19 have any reason to believe that he's being untruthful?

11:02:05 20 A. I have no reason -- I have no way of knowing what's
21 in his possession. The order requires production of documents
22 in his possession or control.

23 Q. And regarding Mr. LaGrand Johnson, is it your
24 understanding that he had any role other than as an officer of
11:02:31 25 IAS and as I guess a family member under which he would have

1 to produce documents under the corrected receivership order?

2 A. I know that he was an officer of IAS. I also saw
3 numerous payments to him, so I don't know what the payments --
4 the reasons for the payments, whether or not they were as --
11:02:56 5 so to the extent he was an employee or a consultant, then
6 provisions of the order would require persons who were
7 employees to also produce records called for by the order.

8 Q. And other than Paragraph 24 of the corrected
9 receivership order are you aware of any other specific
11:03:14 10 paragraphs which would require Mr. LaGrand Johnson to respond?

11 A. I believe there are other paragraphs in the order
12 that apply to officers, directors and employees of the
13 receivership entities.

14 Q. Okay. Do you know what position Mr. LaGrand
11:03:29 15 Johnson had at IAS?

16 A. I believe he may have -- I believe he was the CFO,
17 but I'm not sure.

18 Q. And that would have been terminated under the
19 receivership order Document 491.

11:03:49 20 A. Correct.

21 Q. And if Mr. LaGrand Johnson represented in his
22 declaration that he has provided all books, records,
23 documents, accounts, stock certificates, intellectual property
24 records, evidence of any intellectual rights, computer and
11:04:04 25 electronic records or other instruments in his possession or

1 control, do you have any reason to believe that was an untrue
2 statement?

3 A. I have no knowledge it would be untrue. It would
4 surprise me if he does not have a computer and there was
11:04:19 5 nothing on his computer involving e-mails involving the
6 company. And I'd be surprised if he didn't have bank records
7 that would have shown funds that he received from receivership
8 entities.

9 Q. And you've had no separate conversations with
11:04:37 10 Mr. LaGrand Johnson.

11 A. Correct.

12 Q. You haven't sent him an e-mail?

13 A. No.

14 Q. And you haven't tried to call him or reach out to
11:04:46 15 him and ask for those documents.

16 A. No.

17 Q. I believe -- well, did Glenda Johnson have an
18 obligation under the corrected receivership order other than
19 Paragraph 24 to produce documents?

11:05:23 20 A. Yes. I believe there were other provisions of the
21 order that said, anyone in possession of records of the
22 receivership entities were required to produce those. Anyone
23 who was an employee had obligations to produce records. And I
24 saw substantial payments to her, and without knowing whether
11:05:44 25 she was, the payments to her were for employment services I

1 would guess that she was -- if she wasn't an employee, she was
2 certainly a recipient of funds and a person who did work for
3 the receivership entities.

4 Q. Do you know which provisions under the corrected
11:06:08 5 receivership order would require her to provide a written
6 statement of any of those documents or records that are in her
7 possession?

8 A. Is your question whether she was required to
9 produce a written statement summarizing the written documents
11:06:27 10 as opposed to just producing documents?

11 Q. Yes. Any other provision that required a written
12 statement?

13 A. Not to my knowledge.

14 MR. PAUL: Thank you. No further questions.

11:06:38 15 THE COURT: Mr. Shepard, do you have any questions
16 you want to ask Mr. Klein?

17 MR. SHEPARD: I do.

18 I apologize for being kind of informal, Judge. I'm
19 very sensitive to heat because of my congestive heart failure
11:07:05 20 and muscular dystrophy, so that's why I'm dressed the way I
21 am.

22 THE COURT: So Ms. Johnson wants it --

23 MR. SHEPARD: So she wants to warmer, and I've got
24 to have it cold.

11:07:18 25 THE COURT: And you want it colder. Okay. We'll

1 do our best.

2 MR. SHEPARD: I got to tell you, my head is
3 swimming with all these huge numbers. And contrary to
4 Neldon I want some money in my account. I don't have an
11:07:32 5 account. My wife has an account. It's \$83 in her account
6 now, and her birthday is in two days, and I have no money to
7 get her -- I'm going to make a card for her by hand, and I'll
8 give her a five-minute massage.

9 CROSS-EXAMINATION

11:07:48 10 BY MR. SHEPARD:

11 Q. Mr. Klein, about what percentage of time do you
12 spend on Neldon and the Johnsons versus me?

13 A. In terms of what I'm doing with the receivership or
14 in terms of the order to show cause?

11:08:07 15 Q. Yeah. Just time spent and time thinking about it
16 and just time.

17 A. Well --

18 Q. Is it 50-50? 50 percent for me and 50 percent for
19 them?

11:08:21 20 A. Over the past two weeks it has been probably 90 or
21 85 to 90 percent of the time relating to Mr. and Mrs. Johnson
22 and Randale and LaGrand, and less than 1 percent for you.

23 Q. Okay. Is it possible that because of that that I'm
24 kind of getting lost in the shuffle, and I'm kind of being
11:08:49 25 lumped with the Johnsons?

1 A. I am endeavoring not to do that because there are
2 different requirements for each person, and we review each
3 production of documents and each compliance declaration
4 against what the obligations are for that person.

11:09:08 5 Q. Well, the question was, is it possible that you're
6 misconstruing some of my facts with -- because of the time
7 that you're spending with the Johnsons?

8 A. I am spending -- I'm spending less time with the
9 information I got from you than I would if I had expected you
11:09:36 10 to have more documents about the receivership entities. Does
11 that answer your question?

12 Q. I think so. But just please understand I'm
13 fighting for my survival.

14 The question of the \$27,000 that I paid on
11:09:52 15 contempt, don't you recall that that was, came out of a bank
16 loan to me?

17 A. I recall that at a hearing Mr. Paul, I believe he
18 indicated that someone was, a friend was loaning you the
19 money. So if, in fact, it was borrowed from a financial
11:10:18 20 institution that could be accurate. I don't have a
21 recollection of it, of the details.

22 Q. So you don't recall the statement that was made
23 that it was a bank loan?

24 A. That could well be true. And I don't have any
11:10:32 25 reason to say that that's, that that's not accurate.

1 Q. And so if it's a bank loan I would still be paying
2 interest on that; is that correct?

3 A. I would expect so.

11:10:45

4 Q. And then on the question of the legal fees which
5 are around \$3300, do you not recall that that, too, was a bank
6 loan?

11:11:08

7 A. That may well have been. But the order still would
8 require an explanation of all transfers. And so the extent
9 that you are making payments on the bank loan or payments to
10 attorneys, those are transfers that I would expect to be
11 recorded under the requirements of the order.

12 Q. And you don't recall any report that was given to
13 you?

11:11:28

14 A. I don't recall a report of the loan payments on the
15 bank loan or --

16 Q. Okay. And on the bank loan --

17 THE COURT: Mr. Shepard, please let him finish his
18 answer.

19 MR. SHEPARD: I'm sorry.

11:11:35

20 THE WITNESS: -- or a report of all payments to
21 attorneys.

22 Q. BY MR. SHEPARD: And then on that bank loan you
23 would expect that I would be paying interest on that.

24 A. Correct.

11:11:46

25 Q. Okay. What is your understanding of my business

1 relationship with RaPower3?

2 A. My understanding is that you, your primary role was
3 in marketing helping RaPower and IAS market the solar program,
4 that you did a lot of the website work, and that you also had
11:12:23 5 connections with others to bring in lens purchasers.

6 Q. Okay. And what about IAUS?

7 A. I do not know what your role was with IAUS.

8 Q. Solstice and XSun Energy?

9 A. I have not seen anything indicating that you have
11:12:48 10 any roles with those entities.

11 Q. Any other businesses and LLCs associated with
12 Neldon Johnson, LaGrand Johnson, Randale Johnson or Glenda
13 Johnson?

14 A. The receivership order mentions Global, Shepard
11:13:03 15 Global and another company that I believe was controlled by
16 you as affiliated entities.

17 Q. Would that be Shepard Energy?

18 A. Yes.

19 Q. So did Shepard Energy or Shepard Global have any
11:13:26 20 business relationship with the above, RaPower3?

21 A. I do not know.

22 Q. IAUS?

23 A. I do not know.

24 Q. Solstice or any of the other entities controlled by
11:13:37 25 the Johnsons?

1 A. I've not seen anything to indicate that Shepard
2 Global, Shepard Energy had association with Solstice, XSun,
3 Solco or those affiliated entities.

11:13:55

4 Q. So it would be fair to say right now that there is
5 no business relationship between the entities.

6 MS. HEALY-GALLAGHER: Objection, Your Honor;
7 relevance.

8 THE COURT: Sorry. I've got to look at the
9 question again.

11:14:04

10 Q. BY MR. SHEPARD: It would be fair to say --

11 THE COURT: Mr. Shepard, I'm just reading for a
12 minute.

13 MR. SHEPARD: Okay. Sorry.

11:14:13

14 THE COURT: Overruled. Ask the question again. I
15 want the witness to hear it.

16 Q. BY MR. SHEPARD: Would it be fair to say that as of
17 right now there is no business relationship between Shepard
18 Global, Shepard Energy and any of the Johnson enterprises?

19 A. I don't know that.

11:14:29

20 Q. Okay.

21 A. I can state that I haven't seen a connection with
22 Solco, XSun, Solstice, but I don't know that there is not a
23 relationship between Shepard Energy and Shepard Global and
24 RaPower and IAS.

11:14:42

25 Q. Okay. Fair enough. In your analysis of forensic

1 evidence or otherwise have you uncovered anything that would
2 indicate that I, Greg Shepard, was on the board of directors
3 of RaPower3?

4 A. I have not seen that.

11:14:58 5 Q. In any of the entities of IAUS, Solstice, XSun
6 Energy, et cetera?

7 A. I have not seen anything indicating that.

8 Q. How about an officer of any of those corporations?

9 A. I haven't seen anything to indicate that.

11:15:12 10 Q. Anything that would indicate that I, Greg Shepard,
11 would be a bank signee on any of the checks or bank accounts
12 as we've talked about today and in the history?

13 A. Not for the Shepard -- not for the Johnson-related
14 entities.

11:15:31 15 Q. Is there anything that would indicate on any of
16 those entities that I've been a decisionmaker?

17 A. Not for most -- not for IAUS, Solco, Solstice and
18 XSun. My impression is that you -- that you did have a role
19 with RaPower in terms of what was portrayed on in
11:16:08 20 self-solicitations on Internet, postings and on website.

21 Q. But decisions as far as RaPower3 company policy.

22 A. I do not know.

23 Q. Okay. Is there anything that was paid to me other
24 than the work I provided for RaPower3 in relation to I was an
11:16:39 25 independent contractor with a 1099 status? Was there any

1 checks written over and beyond that that you are aware of and
2 that you've uncovered?

3 A. I don't know.

11:16:57

4 Q. Well, you've uncovered thousands of checks. Has my
5 name appeared on any of them?

6 A. Yes.

7 Q. And what were those?

11:17:24

8 A. I believe there are checks to you as commissions,
9 and I haven't asked them to do, give me a summary of all
10 checks made payable to you.

11 Q. But you have received my 1099 forms, have you not?

12 A. From the company?

13 Q. From me.

11:17:40

14 A. Oh, the 1099 forms that the company sent you that
15 you provided to me?

16 Q. Yes.

17 A. Yes.

18 Q. Okay. All right. I'm going to move on.

11:18:00

19 You testified or indicated that you really haven't
20 received anything from me over the last four months. Is there
21 any clarification that you'd like to make on that point?

22 A. If that's what I said, that's not what I meant,
23 because in connection with the hearing last week I believe you
24 indicated that you were providing copies of some vehicle
11:18:23 25 leases, and you also provided, I received a flash drive with

1 the documents from you on Monday as well as your compliance
2 verification.

3 Q. Mr. Klein, I have an e-mail here from December 3rd,
4 2018, stating that I sent you Shepard Global taxes. Do you
11:18:43 5 recall that?

6 A. Yes.

7 Q. Okay.

8 A. And I recall also you provided, you've responded to
9 information inquiries that I've made regarding charitable
11:18:55 10 donations.

11 Q. Right. So wasn't I attempting to be cooperative?

12 A. Those were instances of cooperation, yes.

13 Q. Okay. Well, that's contrary to what you testified
14 to.

11:19:07 15 Okay. So did you not receive on January 21
16 declarations by Diana Shepard and myself?

17 A. I may well have. Can you remind me what the
18 declarations related to?

19 Q. Well, I think you alluded to that. But church
11:19:43 20 donations?

21 A. Yes, I did.

22 Q. Okay. And so I was trying to be cooperative in
23 that narrow sense with the church donations.

24 A. The information that you provided me on that seemed
11:19:56 25 very complete.

1 Q. Thank you. Did you receive anything on my mortgage
2 payments?

3 A. I did.

11:20:10

4 Q. Okay. Well, then it seems like I was trying to be
5 cooperative.

6 Did you receive bank statements from Mountain
7 America from me?

8 A. I may have. I don't recall.

9 Q. Cyprus Credit Union?

11:20:25

10 A. Yes.

11 Q. Did I not send you an e-mail stating that I thought
12 you were having trouble finding Cyprus documents? Do you
13 recall that e-mail?

14 A. I do recall that.

11:20:37

15 Q. Okay. And then did I provide you a password and a
16 statement?

17 A. And you offered to contact them if they continued
18 to be uncooperative in giving me the information.

11:20:55

19 Q. Then wouldn't it seem with all that that I have
20 tried to be cooperative?

21 A. To the extent that I made specific requests and to
22 the extent you provided the information, that has been
23 cooperative. The question that I've been asked here is
24 whether or not -- not whether or not the information you
11:21:16 25 provided me appears to be cooperative, but whether all of the

1 information that is required to be has been provided.

2 Q. What is Bigger Faster Stronger?

3 A. I understand that's a company that you previously
4 owned and it was sold and you are receiving monthly payments
11:21:39 5 for the -- on the sale of the business.

6 Q. So where do those monthly payments go now?

7 A. Those monthly payments are being deposited into a
8 receivership bank account.

9 Q. Were those Bigger Faster Stronger gains, legitimate
11:22:00 10 gains having nothing to do with RaPower3 or any solar energy?

11 A. I do not know.

12 Q. Really? Okay. What is AXA?

13 A. Axis?

14 Q. A-X-A.

11:22:20 15 A. AXA is an insurance company. Are you referring to
16 Allianz?

17 Q. That's a different --

18 A. Okay.

19 Q. How many pensions plans are you aware of that I
11:22:31 20 had?

21 A. Pension plan?

22 Q. Uh-huh (affirmative).

23 A. My recollection is that you indicated you had no
24 investments and no pension plan.

11:22:40 25 Q. Then what is Allianz?

1 A. I was told that the Allianz is an annuity that is
2 being paid.

3 Q. To who?

4 A. It was being paid to you.

11:22:52 5 Q. And where is it now?

6 A. Those payments are now coming to the receivership,
7 and they're deposited into the receivership bank account.

8 Q. So how would you classify Allianz, as a pension
9 plan or what is that?

11:23:06 10 A. I don't know. I was told -- my recollection is I
11 was told by Steven Paul that it was payments from Allianz were
12 an annuity that was being paid to you.

13 Q. Isn't that sort of a pension plan or a retirement
14 account?

11:23:27 15 A. It's common to have an annuity in a retirement
16 account or pension plan, but annuities or stocks or other
17 investments are things that are not only in retirement
18 accounts.

19 Q. Nonetheless, that's going to you now.

11:23:43 20 A. Correct.

21 Q. And AXA, do you not recall that's a pension plan of
22 mine?

23 A. I don't have --

24 Q. You don't recall that?

11:23:52 25 A. No.

1 Q. Who gets that?

2 A. Monies from AXA?

3 Q. Yes.

4 A. I don't know. I'm not receiving any money from

11:24:02 5 AXA.

6 Q. Really? You don't recall that you took it out of
7 my Cyprus Credit -- Cyprus Credit Union account?

8 A. I'm not receiving ongoing payments from AXA. If
9 there was money from a bank account that came from AXA --

11:24:18 10 Q. You don't recall that you took it out?

11 A. I recall taking money out of the bank account that
12 was taking the funds that were in the bank accounts in your
13 name.

14 Q. And so you don't recall AXA at all, the \$480 that
11:24:32 15 you took out of that account.

16 A. I don't think that I know what the source was of
17 the money in the account.

18 Q. Are you getting any of that \$480 now from that AXA
19 account that goes into the receivership?

11:24:46 20 A. On a regular basis?

21 Q. Yes.

22 A. I'm getting a \$431 payment monthly that comes from
23 Allianz, A-L-L-I-A-N-Z. If that's what you're talking about I
24 do get that on a monthly payment.

11:25:01 25 Q. So you're not getting anything from AXA?

1 A. I am not.

2 Q. Have you had any indication that I'm getting
3 anything from AXA?

4 A. Not that I know of.

11:25:13 5 Q. Are you aware that I have a massive credit card
6 debt?

7 A. Yes.

8 Q. Are you aware of how much money that goes into my
9 and my wife's, not my account but my wife's account every
11:25:35 10 month?

11 A. It's my understanding that she has Social Security
12 payments that are deposited into that account from you and her
13 and -- from you and her.

14 Q. Do you know how much that is?

11:25:49 15 A. I believe it's a combined amount of around 2300, is
16 my recollection. And I could be off.

17 Q. It's 2700.

18 Do I have any other monthly income besides that?

19 A. Not that has been -- the other income that has been
11:26:16 20 disclosed to me is episodic income you receive from being a
21 substitute teacher.

22 Q. Do you recall how much I make a day?

23 A. I don't recall. I believe it may be, it's under
24 \$100.

11:26:33 25 Q. Yes, it is.

1 So you've received my bank accounts from Cyprus
2 Credit Union?

3 A. The proceeds, the balance, the money in the
4 account, yes.

11:26:51 5 Q. Has that account been frozen?

6 A. The account was frozen, yes.

7 Q. Do you know how much is in that account presently?

8 A. Maybe I'm confused. Cyprus Credit Union has
9 delivered to me the balance of that account, and I believe it
11:27:15 10 was around \$600.

11 Q. So what would be the balance?

12 A. The balance would be zero.

13 Q. Yes. Okay. Thank you. Let's go to the tithing
14 thing.

11:27:27 15 MS. HEALY-GALLAGHER: Your Honor?

16 THE COURT: Miss Healy-Gallagher?

17 MS. HEALY-GALLAGHER: I object to this line. We're
18 here regarding whether Mr. Shepard has complied with the
19 receivership order and his obligations under it. The
11:27:38 20 amounts -- Mr. Klein has already said that Mr. Shepard has
21 provided information about tithing. The amounts in
22 Mr. Shepard's bank accounts are not relevant to what we're
23 here on today.

24 THE COURT: Well, ask your first question about
11:27:54 25 these tithing records. I think your point and what you should

1 be concerned about, Mr. Shepard, is you've made disclosures
2 that are required. But as far as the details of all of that,
3 I'm not sure that's pertinent to your compliance, like asking
4 about balances of accounts. So ask your next question.

11:28:17 5 MR. SHEPARD: Okay. I think I understand your
6 point, Your Honor. My point is I'm trying to establish that I
7 was compliant and I gave detailed information.

8 Q. BY MR. SHEPARD: So, Mr. Klein, did I give detailed
9 information on my tithing contributions and the sources?

11:28:41 10 MS. HEALY-GALLAGHER: Objection, Your Honor.
11 That's not what we're here about.

12 THE COURT: Well, I think it is pertinent. I think
13 Mr. Shepard is trying to establish that he provided
14 information. How is it not pertinent?

11:28:55 15 MS. HEALY-GALLAGHER: Well, the tithing information
16 has been provided to Mr. Klein. Really at issue for
17 Mr. Shepard is the failure to identify transfers. And he did
18 make a production of documents to Mr. Klein on Monday, and
19 Mr. Klein understandably hasn't been able to go through all of
11:29:15 20 those things. So it will be after we're able, Mr. Klein is
21 able to digest those documents that we'll be able to see what
22 else might be needed with respect to documents.

23 But nonetheless, what is clear is that Mr. Shepard
24 has made transfers, has made payments on behalf of family
11:29:34 25 members during the time he's required to report those

1 transfers to the receiver, and he has not done that.

2 THE COURT: You haven't received a report, but
3 maybe now you have documents but we don't know.

4 MS. HEALY-GALLAGHER: We don't know.

11:29:46 5 THE COURT: Okay.

6 MS. HEALY-GALLAGHER: And the reason that the
7 report is needed is that Mr. Shepard knows exactly where the
8 transfers are. Mr. Klein would have to waste all kinds of
9 time going through all the records to identify them when
10 Mr. Shepard knows where they are.

11 MR. SHEPARD: I think we've gone astray here
12 because we're talking about tithing. That tithing
13 information, Judge, was given in March. So he's had plenty of
14 time to do that. And he kept asking pertinent, specific
15 questions on where those funds, like if I paid \$10,000 in
16 tithing, where, from what bank account, what was the source of
17 those tithing.

18 THE COURT: And you're saying that that is all in
19 the records you provided?

11:30:31 20 MR. SHEPARD: In March.

21 THE COURT: Is that correct, Mr. Klein?

22 THE WITNESS: Yes, it is.

23 THE COURT: Okay. So that's satisfied.

24 Now, I think Ms. Healy-Gallagher raises a good
11:30:42 25 point, that you are asking for a report for all transfers;

1 right, Miss Healy-Gallagher?

2 MS. HEALY-GALLAGHER: All the information in
3 Paragraph 26, yes.

11:30:54

4 THE COURT: Yeah. And that hasn't been given.
5 It's one thing to provide a big stack of documents, but it's
6 another thing to provide a summary report.

7 And am I grasping the nature of the dispute
8 correctly, Miss Healy-Gallagher?

9 MS. HEALY-GALLAGHER: Yes, Your Honor.

11:31:08

10 THE COURT: Okay.

11 MS. HEALY-GALLAGHER: And Mr. Shepard did provide
12 in his compliance declaration, you know, information saying
13 that he didn't have information, for example, for some
14 matters, but we know that there was a transfer of
11:31:22 15 Mr. Shepard's interest in his house to his wife's trust that
16 he did not identify. There were cash transfers to his son
17 Matthew Shepard even ones we talked about in the last contempt
18 hearing that Mr. Shepard has not identified. And we can only
19 imagine based on the testimony from that hearing that there
11:31:44 20 were prior cash transfers to other members of his family, as
21 well. That's what we mean.

22 MR. SHEPARD: That's incorrect, Judge. I have. I
23 have been in full compliance. She's 100-percent wrong.

11:31:58

24 THE COURT: Well, are you going to call Mr. Shepard
25 as a witness? Or how are we going to get to the bottom of

1 this? What's the best way?

2 MS. HEALY-GALLAGHER: Well, as far as I'm concerned
3 Mr. Klein has provided the testimony that Mr. Shepard has not
4 provided that specific reporting, and that satisfies our
11:32:11 5 burden. So if Mr. Shepard believes that he has provided that
6 specific list required in Paragraph 26 he is welcome to let
7 the Court know when and where he produced it.

8 MR. SHEPARD: I produced the documents on the house
9 three different times. That's what's frustrating, Judge. I
11:32:31 10 keep supplying information, and it's not recognized. Here's a
11 prime example right here.

12 THE COURT: Mr. Klein, you say you don't have
13 records of the purchase of house.

14 THE WITNESS: I do have records of the purchase of
11:32:42 15 the house. And I did not get those as part of a report from
16 him pursuant to Paragraph 26, and I don't remember whether I
17 obtained those from county records or from Nelson Snuffer.

18 THE COURT: I don't know how to get this refined.

19 MR. SHEPARD: The bottom line, Judge, is he has all
11:33:08 20 the records and he's had them for months, at least six weeks.
21 And he's trying to take my wife's home. He said, I want to
22 take your home or my wife's home. That's what he stated.

23 MS. HEALY-GALLAGHER: Your Honor, this is an
24 illustration of exactly the problem. Mr. Shepard does not
11:33:27 25 recognize that his transfer of his interest in his home to his

1 wife is a transfer that requires reporting. Just as in the
2 last contempt hearing I may have my details wrong, but there
3 was a cash withdrawal after the asset freeze was entered into
4 this case that Mr. Shepard gave his son for his son to go
11:33:50 5 start day trading. That transfer was not identified. So
6 there is a disconnect here.

7 THE COURT: Well, as I sit here I'm confused, and
8 maybe it's because I'm not looking at the records.
9 Mr. Shepard claims he did provide documentation of the
11:34:08 10 transfer of the house to his wife. You say you don't have it.

11 MS. HEALY-GALLAGHER: We have records. We have the
12 paper supporting it.

13 THE COURT: Okay.

14 MS. HEALY-GALLAGHER: What we do not have is the
11:34:19 15 sworn declaration from Mr. Shepard that's required by
16 Paragraph 26 of the receivership order wherein he identifies
17 all transfers of funds, assets from him at his direction.
18 Assets that are beneficially owned by him even if not in his
19 name, he is required to provide that list of transfers because
11:34:43 20 he is the one with knowledge of those transfers, when they
21 happened, who they were to and how much they were for.

22 THE COURT: So Mr. Shepard, Paragraph 26(h) of the
23 order entered November 1st, the corrected order, requires that
24 you provide a sworn statement of all transfers of assets with
11:35:02 25 quite a bit of detail. That will be something you would write

1 out and you would sign under oath. Have you done that?

2 MR. SHEPARD: Yes.

3 THE COURT: When? And have you got a copy with
4 you?

11:35:19 5 MR. SHEPARD: I could probably find it. But for
6 the record, they did not come from assets that I have.

7 THE COURT: What's --

8 MR. SHEPARD: I have no assets.

9 THE COURT: What is "they"? You say they did not
11:35:32 10 come from assets. I don't know what "they" is.

11 MR. SHEPARD: Any assets that Erin Healy-Gallagher
12 is talking about that transferred into my son's account, they
13 were not assets of mine. So if you would like, I think I have
14 in one form or another, but I can do that again. I could say
11:35:52 15 that no assets of mine were transferred to my son
16 Matt Shepard.

17 THE COURT: You did not -- you say you did not
18 transfer any assets to Matt Shepard?

19 MR. SHEPARD: That is correct.

11:36:06 20 THE COURT: Was he a transferee in the prior
21 proceedings, Miss Healy-Gallagher?

22 MS. HEALY-GALLAGHER: That was my understanding,
23 that Mr. Shepard felt badly that Matthew Shepard didn't have
24 enough money so he literally gave cash to Matthew Shepard.

11:36:23 25 THE COURT: We adjudicated that, Mr. Shepard.

1 That's what I remember, too.

2 MR. SHEPARD: No, that's not true. I did not give
3 my son cash.

11:36:35

4 THE COURT: Well, give me a minute I'm going to
5 have to go back to that order.

6 (Time lapse.)

7 MS. HEALY-GALLAGHER: I have some testimony if
8 you're interested, Your Honor.

9 THE COURT: From a prior proceeding?

11:37:24

10 MS. HEALY-GALLAGHER: Yes.

11 THE COURT: What is it?

12 MS. HEALY-GALLAGHER: From the prior proceeding
13 adjudicating or getting evidence on Mr. Shepard's prior
14 contempt.

11:37:32

15 THE COURT: Uh-huh (affirmative). Who's
16 testifying?

17 MS. HEALY-GALLAGHER: Mr. Shepard.

18 THE COURT: Do you have it available?

11:37:46

19 MS. HEALY-GALLAGHER: I see it at, and I have the
20 page numbers, 86 starting at Line 9.

21 THE COURT: And this is what date?

22 MS. HEALY-GALLAGHER: 11-15-2018.

23 THE COURT: Okay.

11:38:20

24 MS. HEALY-GALLAGHER: And that goes through Page 87
25 Line 14. It is under Mr. Klein's questioning.

1 THE COURT: You're questioning Mr. Klein?

2 MS. HEALY-GALLAGHER: No. Mr. Klein was
3 questioning Mr. Shepard.

4 THE COURT: Okay. Is this a proceeding before me?

11:38:32 5 MS. HEALY-GALLAGHER: Yes.

6 THE COURT: Do you have a docket number on the
7 transcript?

8 MS. HEALY-GALLAGHER: I have it in my system. Let
9 me see here.

11:38:44 10 THE COURT: It's a transcript of what date?

11 MS. HEALY-GALLAGHER: I have it as November 11,
12 2018.

13 THE COURT: I show a hearing on November 8th, but I
14 don't show a November 7th -- or 11th, sorry.

11:39:01 15 MS. HEALY-GALLAGHER: Let's look.

16 THE COURT: And I don't see -- let me see if I can
17 find the transcript.

18 I'm looking at the order that resulted from that
19 hearing, and I found that you, Mr. Shepard, liquidated \$27,126
11:39:35 20 from an annuity contract with AXA and that you admitted, and I
21 don't think I would say this without an evidentiary
22 foundation, that you knowingly liquidated and spent those
23 funds. Now you're saying that's not true?

24 MR. SHEPARD: No. I did.

11:39:54 25 THE COURT: Okay.

1 MR. SHEPARD: But I thought we were talking about
2 transfer to my son Matt.

3 THE COURT: Okay.

11:40:05

4 MR. SHEPARD: So I got those funds because I was
5 desperate to pay all my bills, and that's a sworn statement by
6 me. And then you said, you got to pay that back, which I did.
7 I got a bank loan, and I paid that back.

8 THE COURT: Okay.

11:40:17

9 MR. SHEPARD: And I'm paying interesting on it now.
10 Same thing with the legal fees. I got a bank loan, a credit
11 card. That's why I have massive credit card debt because I
12 keep borrowing money. I borrow money to eat on a credit card.
13 That's what I buy groceries with is with a credit card.

11:40:33

14 THE COURT: So, Miss Healy-Gallagher, what's the
15 money that he supposedly gave his son? Have I adjudicated
16 that or not?

11:40:54

17 MS. HEALY-GALLAGHER: That came up in the hearing.
18 I can summarize the testimony. Mr. Shepard looks like he got
19 a \$6,000 cash advance I believe from one of his credit cards,
20 and we talked about that for a little bit. And then there was
21 a \$1200 withdrawal of cash on October 15th. Mr. Shepard said
22 yes, that was correct. Mr. Klein said -- and if I'm
23 remembering correctly that \$1200 was directly from Mr.
24 Shepard's bank account.

11:41:14

Mr. Klein asked: And I think you indicated you

1 gave some of that to your son Matt and his wife. How much of
2 that?

3 Answer from Mr. Shepard. No. I gave it all.

11:41:29

4 Question. So that whole 1200, was that given to
5 them in cash or check?

6 Answer. Yes.

7 Question. In cash?

8 Answer. Yes.

9 Question. And it was given to Matt or his wife?

11:41:40

10 Answer. I think it was given to both of them. I
11 can't remember. I just know that they were desperate.

12 THE COURT: Is that the money we're talking about,
13 Mr. Shepard?

11:41:57

14 MR. SHEPARD: \$1200? I guess. I mean, I don't
15 know.

16 THE COURT: So now -- I thought you were telling me
17 about 10 minutes ago you didn't give any money to your son.

11:42:10

18 MR. SHEPARD: No. She brought up the idea that I
19 gave it for -- that money for a different purpose. Now she's
20 brought up a whole different thing. So I'm confused because
21 she just, she's all over the place.

22 THE COURT: I think we're all over the place.
23 You've got to provide a statement of all your transfers.

24 MR. SHEPARD: I did. That was way, way back.

11:42:25

25 THE COURT: Show it to me.

1 MR. SHEPARD: Okay. I'll provide that. I'll go
2 back and get that. But that was from the -- I mean, that was,
3 that \$27,000 I got from AXA. My son was desperate. He needs
4 money to buy groceries. I gave him \$1200 out of that, and
11:42:47 5 then I paid that back with a bank loan.

6 THE COURT: And that's why, this knowledge is in
7 your head. It's not on our paper.

8 MR. SHEPARD: Well, I stated it. I thought I did.
9 It was pretty clear.

11:43:00 10 THE COURT: Have you seen this statement or account
11 listing, Miss Healy-Gallagher?

12 MS. HEALY-GALLAGHER: A listing of the transfers?

13 THE COURT: Yeah.

14 MS. HEALY-GALLAGHER: No.

11:43:11 15 THE COURT: Have you seen it, Mr. Paul?

16 MR. PAUL: Not as being talked about right now. I
17 don't think there's an accounting, which is what it sounds
18 like is being asked for.

19 THE COURT: Right.

11:43:23 20 MR. PAUL: In the declaration that was filed by
21 Mr. Shepard on Monday in Subparagraph G he explains because
22 Subparagraph G asks for all expense of \$1,000 or more, so he
23 summarizes those expenses, mortgage payments, tax payments,
24 credit card payments. And so I think perhaps there's a
11:43:51 25 confusion as to what level of accounting is required, because

1 going back to 2005, again, I raised that and we raised it at
2 the time, but raised it last week as to the availability of
3 information. And you said, just provide what you can.

4 So, I mean, he may have the ability to pull his
11:44:17 5 bank statements for the last three years and look at those
6 charges. But I don't know if Mr. Shepard understands that he
7 has to do that level of an accounting as opposed to a
8 declaration that, you know, these are the payments over 1,000.
9 And I think in Paragraph H he represents any transfers of
11:44:41 10 assets. And he doesn't think that there are any transfers of
11 assets over \$1,000 except as in Paragraph G. Then he explains
12 a couple of IAS transfers. And then he talks about the lease,
13 the car leases because that's come up in the proceedings
14 before.

11:45:02 15 So I think Mr. Shepard needs to understand what
16 level of accounting and out of whole cloth. One of the issues
17 is I think Mr. Shepard is frustrated because he has given bank
18 statements and he has explained the \$27,000 which included
19 \$1200 to Matt. Does he now have to go back in whole cloth and
11:45:24 20 start over and include that in a new accounting? I think
21 there's some confusion for him, as well.

22 THE COURT: I've never heard about the \$1200 given
23 to Matt Shepard before to my recollection. But what
24 Paragraph 26(h) requires is a description of all transfers of
11:45:43 25 assets including a description or identification of the asset,

1 the transferee, the date of the transfer, the amount or value
2 of transfer, a description of any good or services received in
3 exchange, and the current location of that asset to the extent
4 known.

11:45:59 5 Now, I agree 2005 is very hard. But I don't even
6 think -- I don't think that Paragraph 26 -- Paragraph G -- I'm
7 sorry. I've got to get to your declaration -- G of your
8 declaration is even a good faith attempt. It's just a general
9 cursory statement. I can't work from that. I don't think the
11:46:25 10 receiver should be required to work from that. So what you've
11 got to do is what the order requires. And --

12 MR. SHEPARD: I'm not sure what else I can do
13 because I provided, on that \$27,000 I outlined where
14 everything went. They know where everything went. It went,
11:46:42 15 there was some mortgage payments that were paid, and I
16 divulged that. When I got that \$27,000 from my life insurance
17 I paid like three to four months of mortgage payments in
18 advance. I made that very clear. I also made payments to
19 three car leases in advance because I knew I didn't have any
11:47:13 20 monthly income, and I was trying to get by.

21 So I made that very clear, Judge. I gave that,
22 here's where it went. Here's the car lease it went to. It
23 went to Toyota and GM Financial and US Bank. I made it very
24 clear and the amounts.

11:47:34 25 THE COURT: Where is --

1 MR. SHEPARD: I don't know -- I mean, I can give it
2 again. That's the frustrating thing. I give it, give it, and
3 then now we come here and it looks like I haven't given
4 anything and I'm not in compliance. I've tried to be in
11:47:47 5 compliance at every step. I'm motivated, Judge. I'm trying
6 to figure out how I can eat next week. I have -- I want to be
7 compliant, and I think I have. I keep giving documents after
8 documents. I keep doing everything I can.

9 THE COURT: If you can show me where you have given
11:48:03 10 a complete response to that, then that will suffice.

11 MR. SHEPARD: Okay.

12 THE COURT: But saying you've done it is not
13 showing you've done it.

14 MR. SHEPARD: Okay.

11:48:12 15 THE COURT: I don't think I've ever seen such a
16 thing.

17 MR. SHEPARD: That's easy to do. Just pull it up.
18 I've got the records.

19 THE COURT: Okay. Well, that's what needs to be
11:48:20 20 done.

21 MR. SHEPARD: Okay.

22 MR. PAUL: Your Honor, I think there might be some
23 clarification that Mr. Shepard I think is entitled to, and
24 that is so he accounted for the \$27,000 in a declaration --

11:48:31 25 THE COURT: Right.

1 MR. PAUL: -- as part of the contempt proceedings.

2 THE COURT: And that is that much of the picture.

3 MR. PAUL: So what I understand. And that's I'm
4 getting at. Now if he's being instructed to expand that level
11:48:43 5 of explanation for that \$27,000 and do that same thing from
6 2005 to the present, he needs to understand that, and I don't
7 think he does.

8 THE COURT: That's what the order requires, but I'm
9 going to tell you right now, I'm most concerned about 2015 to
11:49:02 10 the present.

11 MR. SHEPARD: Well, yeah. I will say this, that on
12 the dates that we're talking about on paying the mortgage
13 payments in advance that was done at the end of 2018. That
14 was only six months ago.

11:49:18 15 THE COURT: You mean "that" being a statement you
16 filed?

17 MR. SHEPARD: Okay.

18 MR. PAUL: Related to the contempt I think is what
19 he's talking about. That \$27,000, that was very detailed.

11:49:29 20 MR. SHEPARD: I received \$27,000 from my insurance,
21 and out of that \$27,000 in I think it was about December of
22 2018, not very long ago, that I made the mortgage payments. I
23 made the lease payments.

24 THE COURT: What I need --

11:49:50 25 MR. SHEPARD: I thought I made that really clear,

1 but apparently I need to do it again. I'm happy to give it to
2 you.

3 THE COURT: I'm not just talking about the \$27,000.
4 I know you accounted for that. I'm talking about every
11:50:03 5 transfer that happened from at least 2015 to the present.

6 MR. SHEPARD: There are no transfers.

7 THE COURT: You did --

8 MR. SHEPARD: The only thing, Judge, I received
9 approximately \$8500 a month for doing work for taking people
11:50:19 10 on a tour, for sending out a newsletter and developing a
11 website. I received \$8500, and it went into Shepard Global.
12 Out of my Shepard Global I paid for my car leases, and I paid
13 for my son. He worked. I gave him a 1099 form. Mr. Klein
14 has got that. I'm just baffled about how -- I mean how many
11:50:46 15 times I have to or how many ways I have to explain that.

16 THE COURT: I don't know --

17 MR. SHEPARD: And I've given that, I've given them
18 everything I have.

19 THE COURT: But I want a written report. I don't
11:50:57 20 want you to just dump documents and make Mr. Klein figure them
21 out. I want you to explain it.

22 MR. SHEPARD: Okay. Well, that's easy to do. I
23 thought I did, but I'll really clarify that clearly that
24 that's where these funds went.

11:51:13 25 THE COURT: That's what I need.

1 Now all this is a sidestep from what you were
2 doing. Do you have other questions you want to ask Mr. Klein?
3 I'm sure he's got a lot of documents that relate to you that
4 you've delivered. And I'm sure that it's not nearly as many
11:51:28 5 as the Johnson documents. But --

6 MR. SHEPARD: I can guarantee that.

7 THE COURT: But piecemealing him on what you've
8 delivered doesn't answer the question of what you haven't
9 delivered. That's what we're concerned about.

11:51:44 10 MR. SHEPARD: There's nothing that I haven't
11 delivered in some form.

12 THE COURT: Well, it needs to be in a form required
13 by 26(h). That's what we need.

14 MR. SHEPARD: Well, I thought I did. My apologies
11:51:54 15 to the Court. I did my very, very best, and apparently that
16 wasn't good enough. So I'll go back and look at that again.

17 THE COURT: Miss Healy-Gallagher, you're on your
18 feet.

19 MS. HEALY-GALLAGHER: I just want to be clear that
11:52:07 20 it's the entirety of Paragraph 26, not just the subparagraph
21 that we've been particularly focused on. But Mr. Shepard
22 needs to comply with all of Paragraph 26.

23 THE COURT: Do you have an objection to sitting
24 down with him after this hearing and going through that with
11:52:25 25 him to explain, either you or the receiver, explain to him

1 what is lacking at the current time?

2 MS. HEALY-GALLAGHER: That will be fine.

3 THE COURT: Okay.

4 MR. SHEPARD: And, Judge, just so it's clear, on
11:52:41 5 last Friday we were instructed to submit comments and
6 verifications on Paragraph 26, which we did. That was sent in
7 on Monday, last Monday.

8 THE COURT: And I'm looking at that right now, and
9 it's not adequate.

11:52:57 10 MR. SHEPARD: Okay. Then I need to know what I
11 need to do.

12 THE COURT: Okay.

13 MR. SHEPARD: And so thank you.

14 THE COURT: It's all moving very quickly. And I
11:53:06 15 hope that that can be clarified so that you can provide the
16 proper response.

17 MR. SHEPARD: Okay.

18 THE COURT: I'm not interested in anything other
19 than compliance.

11:53:14 20 MR. SHEPARD: Neither -- well, I am. You know why
21 I am, right?

22 THE COURT: I know why. I know.

23 MR. SHEPARD: Because I want to eat next week.

24 THE COURT: I understand.

11:53:24 25 MR. SHEPARD: So I am motivated. Tell me what I

1 need to do, and then I'll do it.

2 THE COURT: Okay. If you'll sit down with the
3 receiver and Miss Healy-Gallagher I think that will help.

11:53:39

4 MR. SHEPARD: Both of them. That will be great
5 because there won't be any confusion.

6 THE COURT: Right.

7 MR. SHEPARD: Is that okay?

8 MR. KLEIN: Yes.

9 MR. SHEPARD: Okay. Thank you very much, Judge.

11:53:45

10 THE COURT: Thank you.

11 Mr. Johnson, do you have questions for Mr. Klein?

12 MR. JOHNSON: I do. But can we take a break before
13 this?

14 THE COURT: Yeah. We can do a lunch break until
15 1 o'clock. Does that work for everyone?

11:53:55

16 MR. JOHNSON: That would be great.

17 THE COURT: Okay. Then we're in recess until
18 1 o'clock, and we'll continue the ordeal with Mr. Klein after
19 that. We're in recess.

11:54:15

20 (Recess.)

21 THE COURT: Mr. Johnson, are you ready to proceed
22 with your cross-examination?

23 MR. JOHNSON: I am, sir.

24 THE COURT: Okay.

13:00:43

25 MR. JOHNSON: Thank you. I'm shorter than

1 everybody.

2 THE COURT: If you would like to drop that podium
3 by your left hand underneath the podium there's a little and
4 pullout and you can drop it.

13:01:03 5 MR. JOHNSON: There now. You can see me.

6 CROSS-EXAMINATION

7 BY MR. JOHNSON:

8 Q. Mr. Klein, is that correct?

9 A. Yes.

13:01:09 10 Q. How would you like me to address you?

11 A. Mr. Klein is fine.

12 Q. Mr. Klein would be fine. Okay. Thank you. We
13 just had a deposition yesterday; is that correct?

14 A. Yes. Of you.

13:01:20 15 Q. And in that deposition you asked me several
16 questions about patents?

17 A. I did.

18 Q. And you asked me questions about the financials of
19 both RaPower, XSun, Solco and International Automated Systems;
13:01:38 20 is that correct?

21 A. Yes.

22 Q. Okay. And so now you are the CEO of International
23 Automated Systems; is this correct?

24 A. No.

13:01:46 25 Q. Are you acting CEO?

1 A. No.

2 Q. What is it that your position is, sir?

3 A. I'm receiver for the companies.

4 Q. And what is the difference? I'm not sure.

13:01:57 5 A. CEO is an officer of the company, and I am
6 appointed by the Court as a receiver so I have all the powers
7 of a CEO and all of the officers and directors combined, but I
8 am not an officer of the company.

9 Q. Okay. But you then are to operate the company the
13:02:19 10 way -- if you're going to be the receiver and the CEO you have
11 the same responsibilities as CEO or not?

12 A. I do not.

13 MS. HEALY-GALLAGHER: Objection, Your Honor;
14 relevance.

13:02:30 15 THE COURT: Where are you going with this line,
16 Mr. Johnson?

17 MR. JOHNSON: I'm just trying to get to where we
18 need to know about what's going on. And I think -- don't I
19 have the right to ask leading questions and find out what we
13:02:45 20 need to know?

21 THE COURT: As long as they're relevant to the
22 subject at hand, which is your compliance with the orders that
23 I've issued.

24 MR. JOHNSON: Right. And so the orders -- I
13:02:59 25 assumed, and maybe I'm wrong, I'm not very smart in this area,

1 of course, that the idea of -- part of the information this
2 man has provided has to do with my character, has to do with
3 my qualifications, has to do with my abilities, my right to
4 receive a certain wage, my right to access the capital that I
13:03:33 5 put into the company, how I got -- why I have that capital,
6 where I got the capital, why that capital is relevant. And
7 he's talked about all of this today, Your Honor, and I think I
8 have a right to understand what he's talking about.

9 THE COURT: Well, I think that you can inquire into
13:03:55 10 the reports that you have given about your assets and about
11 transfers of those assets and records, anything that's in the
12 requirements of the receivership order, but the rest of what
13 you talked about I don't think is relevant.

14 MR. JOHNSON: Well, Your Honor, there are
13:04:13 15 limitations placed upon the CEO that I don't have any longer.
16 And so I think this is relevant to who has the records, who
17 has access to the records or who has the rights to access
18 those records. And I think that's relevant to the questions
19 of my compliance. Not only that, they asked questions about
13:04:36 20 the patents and the transfer of the rights to my -- rights I
21 have to transfer those patents. Therefore, I need to -- and
22 the value of those patents.

23 And also, then, the quality of my education was
24 also asked about and also my character. And all of these are
13:04:57 25 relevant or they wouldn't have been brought up. I didn't

1 bring those up. They did.

2 THE COURT: I wasn't at the deposition, and so I
3 don't know what was brought up there. If you want to testify
4 about those things then maybe that somehow is relevant. But I
13:05:10 5 don't see where you're going with this witness. Ask your next
6 question.

7 MR. JOHNSON: Well, I'm just asking, Your Honor, if
8 it's relevant to know, they talked about transferring capital
9 for one and who owns that capital. I think that's relevant to
13:05:29 10 my position as CEO what the rights I have to move capital as a
11 CEO. And I need the Court to understand what that role is and
12 see how that is persuasive in how to understand the capital
13 and who it belongs to, how it's registered, how it's accounted
14 for and who the accounting, when they do the accounting how
13:05:54 15 that's going to be reflected if I move capital and they say
16 that -- they said that's my capital, I want to explain how
17 that works in a public company.

18 THE COURT: You want to explain?

19 MR. JOHNSON: No. I want him to explain why he
13:06:11 20 chose to use these disparaging words about me and my use of
21 the capital that belongs to the company or myself and what the
22 difference -- who belongs -- what the capital belongs to and
23 who it belongs to, Your Honor. And I think that's relevant.
24 They brought that up, Your Honor.

13:06:28 25 THE COURT: Ask a question of the witness and let's

1 see if it's relevant.

2 MR. JOHNSON: Okay. And I'm going back then to the
3 idea that my qualities of then of being worth certain values
4 other than -- it would be an arm's length value to my position
13:06:49 5 as a CEO and my right to the certain wages that I get. And
6 that was brought up, Your Honor. And it was brought up in a
7 disparaging way, and I have a right to correct that. And I
8 have a right to challenge this man's ability to determine that
9 in his qualifications whether he's an expert in determining
13:07:08 10 what kind of a person can operate a technical company and
11 whether or not -- and whether or not he has the right to judge
12 me on those areas. And he's already done that, Your Honor.
13 And I have the right then to reverse that.

14 THE COURT: Ask a question of the witness, and
13:07:25 15 let's see if it's relevant.

16 MR. JOHNSON: Okay.

17 Q. BY MR. JOHNSON: Okay. You understand, then, that
18 I invented an automatic front-end system; is that correct?

19 MS. HEALY-GALLAGHER: Objection; relevance.

13:07:39 20 THE COURT: Sustained.

21 MR. JOHNSON: How is that not relevant to my value?

22 THE COURT: Don't argue with me. Just take the
23 ruling. Ask your next witness.

24 MR. JOHNSON: Okay. Sorry.

13:07:48 25 Q. BY MR. JOHNSON: Are you aware of what is required

1 to invent such a product?

2 MS. HEALY-GALLAGHER: Objection; relevance.

3 THE COURT: Sustained.

13:08:00

4 Q. BY MR. JOHNSON: Are you aware that in order to
5 develop -- are you aware that this was developed in 1979?

6 MS. HEALY-GALLAGHER: Objection; relevance.

7 THE COURT: Sustained.

8 Q. BY MR. JOHNSON: Are you aware that the -- of the
9 quality of the programmers available during 1979?

13:08:18

10 MS. HEALY-GALLAGHER: Objection; relevance.

11 THE COURT: Sustained.

12 Q. BY MR. JOHNSON: Are you aware that what it
13 requires to develop a database for a grocery store lookup
14 system?

13:08:32

15 MS. HEALY-GALLAGHER: Objection; relevance.

16 THE COURT: Sustained.

17 Q. BY MR. JOHNSON: Are you aware of the -- what was
18 available to communicate from one computer to the -- for
19 computers to communicate with one another back in 1979?

13:08:49

20 MS. HEALY-GALLAGHER: Objection; relevance.

21 THE COURT: Sustained.

22 Q. BY MR. JOHNSON: Are you aware that there was no
23 communication systems developed for small computer systems
24 back in 1979?

13:09:01

25 MS. HEALY-GALLAGHER: Objection; relevance.

1 THE COURT: All right. It's sustained.

2 Mr. Johnson, you misperceive what's relevant here,
3 obviously. Going back to 1979 on grocery checkout systems has
4 nothing to do with what we're doing here today.

13:09:21 5 MR. JOHNSON: I believe it does, sir, because part
6 of the patent, part of the patents and part of the ability of
7 the person that invented them, the quality of the person that
8 invented them and the right to operate as CEO of a technical
9 company. And I believe those are relevant questions, Your
13:09:39 10 Honor.

11 THE COURT: They are not.

12 MR. JOHNSON: They were brought up.

13 THE COURT: They were not.

14 MR. JOHNSON: How come they're not relevant to me,
13:09:47 15 but they're relevant when they bring these up?

16 THE COURT: That's not the issue here. The issue
17 is transfer of assets and funds.

18 MR. JOHNSON: I know. This is the foundation, Your
19 Honor, to bring to that so they understand that these are my
13:09:59 20 funds, where I acquired those funds from and how I acquired
21 them.

22 THE COURT: But this is now a receivership, and
23 this receivership requires accounting and it restrains
24 actions. So that's all we're here about.

13:10:13 25 MR. JOHNSON: Well, in order to do that we have to

1 identify the funds, Your Honor, and where the funds came from
2 and how they were coming in.

3 THE COURT: Okay. Do that.

13:10:23

4 MR. JOHNSON: And where did they come from. Did
5 they come from RaPower? Did they come from Solco? Did they
6 come from International Automated Systems? Did they come from
7 Mr. Johnson? Did they come from my children? Did they come
8 from my wife?

13:10:38

9 THE COURT: Then bring up documents about the
10 transfer of funds.

11 MR. JOHNSON: First I have to establish who owns
12 the funds, Your Honor, and why.

13:10:49

13 THE COURT: Well, let's start with the actual
14 transactions. If you claim there are transactions that show
15 the sources of these funds let's get to them.

13:11:06

16 MR. JOHNSON: That's what I'm doing, Your Honor.
17 I'm showing how the value of the company became where it is
18 and how those funds became acquired so that they don't become
19 acquired through an indication that they came from RaPower
20 because they didn't.

21 THE COURT: That's not what we're here about.
22 We're here about actual transactions. So ask questions about
23 that.

13:11:14

24 MR. JOHNSON: Well, I'm asking questions about --
25 first of all, I want to establish the facts about where they

1 come from, Your Honor. I think that's a fair question.

2 THE COURT: I don't see any documents in your hand
3 about where the funds came from.

13:11:27

4 MR. JOHNSON: I have right here. I have the
5 documents right in here that tells where \$50 million,
6 \$40 million came from. Plus the fact that I received
7 \$1 million a year for compensation. And that's a fair
8 compensation for the work that I performed. For example --

13:11:46

9 THE COURT: That is your testimony. That is not a
10 question for Mr. Klein.

11 MR. JOHNSON: That's what I'm asking him. I said,
12 do you believe -- he said I'm not worth \$1 million, that it
13 was not an arm's length transaction. I have a right to
14 establish the fact that it is.

13:11:59

15 THE COURT: Well, that is not what we're here about
16 today. We're here about transfers of money.

13:12:14

17 MR. JOHNSON: I know, but in order to do that you
18 have to understand who's money it is and how it's related to
19 the transaction and where the transaction came from. And I
20 need proper foundation to establish that, Your Honor.

21 THE COURT: You misunderstand what foundation is.
22 Let's talk about transactions. Ask a question about that. Or
23 sources of funds.

13:12:26

24 MR. JOHNSON: I am. This is all I'm doing is
25 asking questions about transactions.

1 THE COURT: Try again with another question.

2 Q. BY MR. JOHNSON: Okay. Do you understand that I
3 have a contract for \$1 million a year in salary?

13:12:50

4 A. In reading the annual reports for IAS it discloses
5 a contract for \$100,000 a year and indicates in a 2016 report
6 that had not been paid. Yesterday during the deposition, you
7 provided a document indicating that the board had authorized
8 you to receive \$1 million annual salary.

13:13:15

9 Q. Okay. And you mentioned the fact that the board of
10 directors -- this was a board meeting by the board of
11 directors that authorized me to receive \$1 million a year plus
12 10 percent of the proceeds of the company; is that correct?

13:13:37

13 A. I don't recall the details. I remember the
14 document you showed that you provided which is an exhibit in
15 the deposition indicated it was minutes of the board of a
16 directors meeting.

17 Q. Okay. And so do you believe that I'm worth,
18 according to the people that are looking at my qualifications
19 that I am worth \$1 million a year in salary?

13:13:59

20 A. That's not a question that I asked or that is
21 important to me.

22 Q. Did you indicate that that was not an arm's length
23 transaction, that it was probably more than I should receive?

13:14:19

24 A. I don't -- I don't recall expressing any opinion
25 about the document relating to the \$1 million a year salary.

1 Q. So then it's your opinion that \$1 million would be
2 enough, it would be a fair compensation for a CEO of a
3 technical company; is that correct?

13:14:37

4 MS. HEALY-GALLAGHER: Objection, Your Honor;
5 relevance. And if I could explain.

6 THE COURT: No. It's sustained.

13:14:56

7 Q. BY MR. JOHNSON: Do you think, from your position
8 and your expertise, do you believe, then, from the patents
9 that I've acquired and the patents that I've done and the
10 operation of the company that I'm worth \$1 million a year?

11 MS. HEALY-GALLAGHER: Objection; relevance.

12 Q. BY MR. JOHNSON: Is there a reason why you feel
13 that I'm not qualified to receive \$1 million a year in salary?

14 MS. HEALY-GALLAGHER: Objection; relevance.

13:15:10

15 THE COURT: Sustained.

16 Q. BY MR. JOHNSON: Have you dealt with companies
17 before in technical companies that are public companies
18 before?

19 MR. BALLS: Objection; relevance.

13:15:23

20 THE COURT: The objection is overruled.

21 Q. BY MR. JOHNSON: Is the salary out of line from
22 other CEOs in a position where they have that many patents?

23 MS. HEALY-GALLAGHER: Objection; relevance.

24 THE COURT: Sustained.

13:15:35

25 Q. BY MR. JOHNSON: So there's a number of patents

1 that we have that would establish my abilities, then, to
2 operate a public company; is that correct?

3 MS. HEALY-GALLAGHER: Objection; relevance.

4 THE COURT: Sustained.

13:15:44 5 Q. BY MR. JOHNSON: So then my salary, then, is still
6 a legal salary because the board of directors authorized that
7 salary; is that correct?

8 MS. HEALY-GALLAGHER: Objection; relevance.

9 THE COURT: Sustained.

13:15:56 10 Q. BY MR. JOHNSON: So now where did most -- there's
11 the documents -- you've reviewed some of the 10Ks, 10Qs; is
12 that correct?

13 A. Yes. I read the 2016 10K.

14 Q. And you noticed in there that you have \$40 million
13:16:14 15 discrep-- a loss in the financials?

16 A. Yes.

17 Q. And is there money in the bank account at this
18 time -- at that time?

19 MS. HEALY-GALLAGHER: Objection; relevance.

13:16:26 20 THE COURT: Overruled.

21 THE WITNESS: I do not know what the bank account
22 balances were on July -- on June 30th, 2016.

23 Q. BY MR. JOHNSON: But there was a positive balance,
24 was there not?

13:16:40 25 A. It would not surprise me if there was. I do not

1 know what the balance was.

2 Q. Okay. So that means that there had to be infusion
3 of capital into the company; is this correct?

4 A. Money can be in a bank account from any number of
13:16:55 5 sources. It can come from equity with investors putting money
6 into the company buying stock. It can be a loan from
7 investors or financial institution. It can be an advanced by
8 the owner of the company. And those are the primary ways you
9 would get capital into the company.

13:17:16 10 Q. But you would agree that capital would have to come
11 into the company to have a positive bank account; is that
12 correct?

13 A. Well, it's not always capital.

14 Q. Some money had to come into the company from some
13:17:27 15 source; is that correct?

16 A. Yes. And money can also come in from sales of
17 products and sales of services.

18 Q. Okay. So did the companies show any money coming
19 in from sale of a product in the financials?

13:17:42 20 A. My recollection is that the 2016 annual report said
21 the companies earned no revenue from operations.

22 Q. So the money that would have come into the company
23 at that time would have had to come in from some capital
24 source, then; is that correct?

13:18:00 25 A. Not necessarily. I mean, it depends. If you mean

1 by capital you mean money, then yes. By capital you mean how
2 the accountants normally define ownership of a company,
3 capital comes from equity ownership, but funds can be provided
4 also by loans, which is not -- doesn't count as capital of the
13:18:26 5 company.

6 Q. Okay. So then the money that came into the company
7 was either derived from a capital source or from a loan
8 source; is that correct?

9 A. Yes.

13:18:36 10 Q. In this case, is there any documents that would
11 indicate just how this money was introduced to the company?

12 A. I do not know the answer to that.

13 Q. Would it surprise you to -- did you see a document
14 in the deposition that would indicate where some of the money
13:18:53 15 came from?

16 A. One of the documents you produced provided the
17 deposition was three pages of an excerpt from an attachment to
18 your declaration in which you stated that -- you read from it
19 and said it was a list of funds that you had provided to the
13:19:19 20 company.

21 Q. And that list came from, then, the documents of the
22 10Ks and the 10Qs; is that correct?

23 A. I do not know.

24 Q. Did it have an indication, a reference point that
13:19:32 25 these documents, that this document did have information from

1 the 10Ks or 10Qs?

2 A. I don't know.

3 Q. Did it reference any kind of a statement where
4 those things came from?

13:19:44 5 A. I do not know.

6 Q. Did it have -- did you read the document at all?

7 A. I did not.

8 Q. Okay. So in the document sometimes there was a
9 million to put in by Mr. Johnson into the company; is that
10 correct?
13:19:59

11 MS. HEALY-GALLAGHER: Objection.

12 THE COURT: Where's the document, Mr. Johnson?
13 Let's have it as an exhibit.

14 MR. JOHNSON: I don't have it here. It's one of
15 the documents that were in the depositions, Your Honor. And
16 it shows that there were -- there was millions of dollars put
17 in by me every year from way beyond 2005, Your Honor, even up
18 to 2010. So the document references are there, and I'm just
19 asking if he remembers those documents.
13:20:09

20 THE COURT: We operate on evidence, so let's have
21 the document.

22 MR. JOHNSON: Well, let me see if I've got the
23 document here with me.

24 Okay. There's a document in the 10K, 10Q indicated
13:21:03 25 there is \$40 million of accumulative deficits.

1 THE COURT: And you talked about that. Now you're
2 talking about infusions of capital. So where is that
3 document?

13:21:20

4 MR. JOHNSON: I don't have a document, but I'm just
5 asking if he saw the document.

6 THE COURT: Well, I'm the one that has to make a
7 decision here. I've got to see things. I can't operate on
8 what people say, you say or he say as much as I rely on
9 documents. So let's see the document.

13:21:36

10 Do you know where the document is,
11 Miss Healy-Gallagher?

13:21:49

12 MS. HEALY-GALLAGHER: Not off the top of my head.
13 And more to the point, Your Honor, the relevance issue here is
14 even if that money did come from Neldon Johnson, Neldon
15 Johnson's own money, even if in the hands of IAS are all
16 subject to the asset freeze and are all intermingled with all
17 of the transfers that we talked about earlier today.

18 THE COURT: And were all acquired to be accounted
19 in the sworn statements.

13:22:05

20 MS. HEALY-GALLAGHER: Exactly. So the relevance of
21 this particular document isn't particularly important to what
22 we're here about today.

23 THE COURT: But if you want to lay the proof,
24 Mr. Johnson, show me the document.

13:22:17

25 MR. JOHNSON: Well, Your Honor, we're talking --

1 they're talking about documents here, and they show that
2 there's money that's came from other sources. I have a board
3 of directors piece that shows that I have been authorized to
4 receive \$1 million a year --

13:22:46 5 THE COURT: Is there an exhibit?

6 MR. JOHNSON: -- in salary.

7 THE COURT: Is there an exhibit number on that?

8 MR. JOHNSON: I don't have an exhibit number, no.
9 But that's -- this is the document.

13:22:57 10 THE COURT: Okay. Do you want to have us mark it
11 as an exhibit?

12 MR. JOHNSON: I would, Your Honor, although I don't
13 know how to do that.

14 THE COURT: Bring it up to the clerk.

13:23:05 15 MR. JOHNSON: Okay.

16 THE COURT: Is that your only copy?

17 MR. JOHNSON: Yes, it is.

18 THE COURT: Okay.

19 Was this part of the deposition package,
13:23:14 20 Miss Healy-Gallagher, do you know?

21 MS. HEALY-GALLAGHER: I would defer to Mr. Klein on
22 that question.

23 THE COURT: What's the date on the document,
24 Ms. Bowers?

13:23:39 25 MR. PAUL: Does it have an exhibit sticker from the

1 deposition?

2 MR. JOHNSON: 2003.

3 THE COURT: What's that?

13:23:50

4 MR. PAUL: Does it have an exhibit sticker from the
5 deposition.

6 THE COURT: I don't know.

7 MR. JOHNSON: June 24th, 2003.

8 THE CLERK: June 24th, 2003.

13:23:59

9 THE WITNESS: Your Honor, there was an exhibit at
10 the deposition that is in this batch here that has that date
11 and is Exhibit Number 2085.

12 THE COURT: 2085 toward the back of Copy 2?

13 THE WITNESS: Correct.

13:24:17

14 MS. HEALY-GALLAGHER: So I guess that was marked.
15 I don't know if Mr. Johnson wants to have the new marker that
16 Miss Sullivan-Bowers just applied.

17 THE COURT: Let's use the one that's already
18 marked.

19 MS. HEALY-GALLAGHER: Okay.

13:24:27

20 THE COURT: 2085.

21 MR. JOHNSON: I found it. 2086. I've got this
22 document. I lucked out.

23 THE COURT: You think it's 2086.

13:24:40

24 MS. HEALY-GALLAGHER: Your Honor, Mr. Johnson just
25 found a separate document. So the 2085 is the minutes of

1 meeting of the board of directors of International Automated
2 Systems held on June 24th, 2003. Mr. Johnson appears just to
3 have found Exhibit 2086, which I believe is the document that
4 he was talking about reflecting contributions from him to
13:25:07 5 International Automated Systems.

6 THE COURT: Okay. All right. So I have both those
7 documents in mind.

8 Now, Mr. Johnson, and do you want to ask the
9 witness questions about either of these?

13:25:18 10 MR. JOHNSON: Yes, I would. But I would like to
11 finish this one here, if I could, and another document that's
12 attached to this document. Can I do that?

13 THE COURT: Which one are you using?

14 MR. JOHNSON: I'm using this one here as a gift --

13:25:33 15 MR. PAUL: 2085.

16 THE COURT: No. I'm sorry. What's the exhibit
17 number?

18 MR. JOHNSON: 2085? I don't have it on here. I
19 don't know. I have an exhibit, Defendant's Exhibit P.

13:25:51 20 THE COURT: Let's use -- it's already been marked
21 once, apparently.

22 MR. JOHNSON: This document is attached -- this
23 page is attached to this document, Your Honor.

24 THE COURT: I can't make any sense out of what
13:26:10 25 you're saying.

1 MR. JOHNSON: Okay. I have a document that shows
2 that I received \$1 million a year in compensation, Your Honor.

3 THE COURT: Okay. Now I'm seeing that in the big
4 package of deposition exhibits as 2085.

13:26:22 5 MR. JOHNSON: Okay. With that there's a gift to my
6 wife dated December 25th, 2003, to Glenda E. Johnson that
7 gives her one half of my annual salary. The employment
8 agreement as of June 24th, 2003, between Neldon Johnson,
9 International Automated Systems is now one-half belongs to my
13:26:51 10 wife Glenda Johnson.

11 THE COURT: And I'll received that in the record.
12 Any objection?

13 MS. HEALY-GALLAGHER: No objection.

14 THE COURT: Mr. Paul?

13:26:58 15 MR. PAUL: No, objection, Your Honor.

16 THE COURT: Received.

17 (Whereupon, Exhibit 2085 was received.)

18 MR. JOHNSON: Do I need a document on that, or is
19 it attached to this one?

13:27:08 20 THE COURT: It's already on 2085.

21 MR. JOHNSON: We're okay with this?

22 THE COURT: It's in the record now.

23 MR. JOHNSON: Okay.

24 THE COURT: Now the other document you're referring
13:27:13 25 to is I think 2086.

1 MR. JOHNSON: That's correct.

2 THE COURT: And do you want that received into the
3 record?

4 MR. JOHNSON: Yes, I do.

13:27:20 5 THE COURT: Any objection?

6 MS. HEALY-GALLAGHER: No objection.

7 MR. PAUL: No objection.

8 THE COURT: It's received.

9 (Whereupon, Exhibit 2086 was received.)

13:27:27 10 Q. BY MR. JOHNSON: Now you recollect this document,
11 Mr. Klein; is that correct?

12 A. Yes.

13 Q. Okay. Now, 2086 is the document that I referred to
14 where it shows that there's been some capital infusion into
13:27:41 15 the company or loans going into the company? I think it would
16 be a better, it's loans going into the company, I believe.

17 MS. HEALY-GALLAGHER: Objection, Your Honor;
18 relevance as far as the scope of this hearing and why we are
19 here.

13:27:54 20 THE COURT: Overruled at this stage.

21 MR. JOHNSON: Okay.

22 THE COURT: So he'll answer it now if you just
23 pause.

24 THE WITNESS: Exhibit 2086 is a three-page excerpt
13:28:08 25 that was introduced as an exhibit in the deposition yesterday

1 which is an excerpt of an attachment to your filing on
2 April 29th. And it appears to list funds that you loaned to
3 the company. I have not read it, and I have no independent
4 means of knowing the accuracy of any of the information.

13:28:36

5 Q. BY MR. JOHNSON: But you recognize this is a
6 document, right, that we talked about? And it indicates that
7 there's money coming into the companies; is that correct?

13:28:52

8 A. It's the same document that was used in a
9 deposition yesterday. I didn't create the document, and I'm
10 not in a position to testify about what it means.

11 Q. Okay. On Page -- on Item Number 13 of this
12 document the statement is: The company received \$498,000 cash
13 advance from its president during the yearend of 2010. Is
14 that -- I'm reading this document.

13:29:21

15 Can I get a copy so I can get this over? Is it
16 possible?

17 THE COURT: You want to do what?

18 MR. JOHNSON: Get a copy of this document so that
19 he might have this.

13:29:30

20 THE COURT: He has it.

21 MR. PAUL: He has it.

22 Q. BY MR. JOHNSON: Do you have it there?

23 A. I do.

13:29:42

24 Q. Okay. Great. So on Number 13, do you see that on
25 2010?

1 A. I do.

2 Q. Okay. Is that an accurate statement that I just
3 read according to the document?

4 A. You read it correctly.

13:29:48 5 Q. I read it correctly, okay. Then the cash advances
6 are unsecured, payable on demand and no interest.

7 Do you read that?

8 A. I see that.

9 Q. Okay. On June 30th, the company -- let's see.
13:30:08 10 Cash advances. On Number 12 now, okay? The company received
11 \$557,000 in cash advances from the president during the year
12 ending July -- or June 30th, 2009.

13 Did I read that correct; right?

14 A. Roughly. You said 557,000. It reads \$557,101.

13:30:48 15 Q. I'm sorry. Okay. You're correct.

16 So there's a lot of money coming in, would you say,
17 from Mr. Johnson through loans into the company; correct?

18 A. I do not know that.

19 Q. But you have the documents, you have the 10Ks and
13:31:00 20 you have the financials that show that; is that correct?

21 MR. BALLS: Objection; foundation.

22 THE COURT: Overruled.

23 Q. BY MR. JOHNSON: Do you have the documents, the
24 10Ks that would indicate that there was money owed to
13:31:12 25 Mr. Johnson?

1 A. I have read the 2016 annual report. I have not
2 looked at the financial records of the company to see whether
3 the capital infusions described here were actually made.

4 Q. Okay. In Number 2, during the yearend June 30th,
13:31:38 5 1998, Mr. Johnson advanced the company \$1,064,262 which was
6 accounted for and as contributed to capital; right?

7 A. That's what it says.

8 Q. So there's still a lot of money coming into the
9 company through Mr. Johnson long before 2005, 2006, 2007.
13:31:54 10 Would this document indicate that if it's true?

11 A. This document says that in 1998 you advanced the
12 company, \$1,064,262.

13 Q. Great. So there was some question then about where
14 some of this money may have come from, you asked in the
13:32:24 15 deposition. Would that be a fair statement?

16 A. I don't remember asking where the money came from
17 from the company. My questions were relating to where the
18 money had gone that was taken out of the company and what
19 commissions were obtained for removing those funds.

13:32:41 20 Q. Correct. And that's what I'm trying to establish,
21 sir. And so you did ask, though, the question of where this
22 money came from particular. Is this correct, in the
23 depositions?

24 MS. HEALY-GALLAGHER: Objection; relevance to what
13:32:54 25 Mr. Klein asked about in the deposition. That's not what

1 we're here about today.

2 THE COURT: Sustained. Sustained.

3 Q. BY MR. JOHNSON: Okay. And did you recall, ask me
4 about --

13:33:09 5 THE COURT: Sustained. That's objectionable, too.
6 I don't care what he asked you. I want to establish evidence
7 of your compliance with the orders of this court. That's what
8 I'm looking at.

9 MR. JOHNSON: I know. But before I do that, Your
13:33:21 10 Honor, I need to establish the fact that there's capital
11 infusion that did not come from RaPower into the company.

12 THE COURT: Well, then you're better off to present
13 that proof than Mr. Klein is.

14 MR. JOHNSON: Well, I would love to do that, Your
13:33:33 15 Honor. But right now I have Mr. Klein and he is the one who's
16 gone through the records, Your Honor, and claiming that
17 somehow I stole money from the company without the proper
18 rights to do so.

19 THE COURT: No. I don't think that's what he's
13:33:50 20 saying. I think he's saying that money has not been accounted
21 for and money has been transferred in violation of my orders.
22 That's what his charge is here.

23 MR. JOHNSON: That's what I'm trying to establish,
24 Your Honor.

13:34:02 25 THE COURT: Well, you're not going to do it by

1 asking him what questions he asked yesterday.

2 MR. JOHNSON: Well, to me it's relevant because --

3 THE COURT: No. Ask your --

13:34:18

4 MR. JOHNSON: -- the money coming in is also
5 relevant to money come out. For example --

6 THE COURT: Mr. Johnson. Mr. Johnson, you are
7 misunderstanding me.

8 MR. JOHNSON: I'm sorry.

13:34:27

9 THE COURT: We're concerned about your accounting,
10 your production of records and whether transactions have been
11 made in violation of the freeze orders. We're not concerned
12 about what questions he asked you yesterday.

13 MR. JOHNSON: Well, I get the impression, Your
14 Honor, that he asked questions about where Glenda got her
15 funds for for different purchases of property, and were they,
16 were they reasonable ways of getting those funds. And I've
17 established the fact from the question -- the question -- I
18 have the right to cross-examine him on whether he made
19 statements earlier and what those -- and what they were
20 relevant to earlier.

13:35:07

21 They opened the door, Your Honor. They said, they
22 were talking about capital going to my wife and where she had
23 the right to use that capital. That's in the documents in
24 the, in his response and in his questions.

13:35:24

25 THE COURT: Why don't you offer proof on this?

1 That's a lot more direct, isn't it?

2 MR. JOHNSON: Well, can't we just go back to the
3 record and find out if he asked those questions? Because if
4 he opened the door I have a right to answer those and say, why
13:35:38 5 do you believe this?

6 THE COURT: No, you don't.

7 MR. JOHNSON: Well, for example --

8 THE COURT: Mr. Johnson, you misunderstand the law.
9 You misunderstand this process. You want to get evidence in
13:35:48 10 about your contributions. You can take the stand as a
11 witness.

12 MR. JOHNSON: I'm not trying to get evidence in on
13 the contributions, Your Honor. I'm trying to establish one
14 fact, okay, that what he said earlier about the capital, not
13:36:02 15 knowing where the capital came from, where Glenda got the
16 money to buy the property, the real estate or any other
17 products. Is there any other viable reason that she has a
18 right to capital other than where he's trying to identify it
19 coming from? And that's on the record, Your Honor.

13:36:24 20 THE COURT: Miss Healy-Gallagher?

21 MS. HEALY-GALLAGHER: If I may, Your Honor, it
22 seems like there is a misunderstanding about the reasons that
23 we offered information about those transfers. I'm not sure
24 whether Mr. Johnson understands that in fact assets are frozen
13:36:47 25 that are his, that are International Automated Systems' that

1 are RaPower3's, that are Solco, Cobblestone, XSun. So if
2 funds came from any of those sources they are required to be
3 accounted for by the receivership order. So whether it came
4 from Mr. Johnson or came from RaPower doesn't particularly
13:37:13 5 matter today.

6 MR. JOHNSON: Your Honor, it matters in several
7 ways. If you're saying that you have to -- in order to go
8 backwards on a transaction you'd have to have the actual funds
9 that came from RaPower source to go backwards on a
13:37:35 10 transaction. And they're trying to claim that I can't go
11 backwards, that all my life now is in jeopardy for funds that
12 never came from RaPower, that never came from any other source
13 but my own source of income without RaPower's infusion of
14 money into my source and they're claiming that they can go
13:37:57 15 back to 2005 and disrupt a transaction that took place between
16 me and someone else because they would claim that in 2005 I
17 somehow got money from RaPower in 2010, and they would negate
18 some transaction that took place in 2005. I have the right to
19 say that, no, this is independent funds from RaPower, and that
13:38:21 20 my wife had access to these funds because she owned 50 percent
21 of my income.

22 THE COURT: Okay. I understand --

23 MR. JOHNSON: If that's the case she's not under
24 any obligation with her money that she has to spend it any way
13:38:40 25 she wants to and move it where she wants to.

1 THE COURT: I understand your argument. I disagree
2 with you, and I make the rulings here.

3 MR. JOHNSON: I understand that, Your Honor.

13:38:51

4 THE COURT: So ask your next question of the
5 witness.

6 MR. JOHNSON: What is your ruling, that you can go
7 back through my own funds back to 2005?

13:39:04

8 THE COURT: The receivership order and the asset
9 freeze order placed restrictions on your ability to move any
10 money and gave Mr. Klein the ability to account for money.
11 We're here today about the amazing lack of records that's been
12 produced by your side of the case and what Mr. Klein has been
13 able to accomplish in gather some records, and you provided
14 some records. He's trying to do the very first stage of a
15 receivership, which is reconstruct and figure out what is
16 present. And once he gets all of these records including the
17 ones you provided he'll be able to do that.

13:39:26

18 But we're not concerned about the accounting right
19 now. We're just concerned about getting a record so that an
20 accounting can be done.

13:39:43

21 MR. JOHNSON: Well, that's what I'm trying to
22 establish, Your Honor. But you have to have the record of the
23 proper funds and be able to distinguish between those two
24 funds in order to get a proper record of where those funds
25 come from. That's what I'm trying to establish before we get

13:39:55

1 into the other things, so I can show that some of these funds
2 are not mine, and I'm only accountable for only the funds that
3 are mine.

13:40:11

4 THE COURT: And you've offered these exhibits.
5 They've been received into evidence, and they will be part of
6 the record now.

13:40:29

7 MR. JOHNSON: Well, that's fine. But I want to
8 make sure that I get -- I get credit for \$40 million into the
9 record and plus another 19 million, do this, I'm looking at
10 almost \$60 million of assets that's gone into this company.

11 THE COURT: What other documents do you have that
12 show the other investments?

13:40:46

13 MR. JOHNSON: The employment record of \$1 million a
14 year, Your Honor, accumulates to \$13 million. Half of that is
15 7 1/2, you know, whatever it is, is my wife's.

16 THE COURT: That's in the record. I said, what
17 other documents do you have?

13:41:00

18 MR. JOHNSON: Oh, fine. If it's in the record
19 that's fine. I'm just trying to establish, Your Honor, that
20 I'm not a bad person. I did not steal money. He says in his
21 report over here that I said, this money is mine and I can use
22 it any way I can. I'm -- he brought that up, Your Honor. I
23 have a right to say -- I have a right to bring out to the
24 Court what he said was not accurate.

13:41:23

25 THE COURT: Well, then you should be testifying,

1 Mr. Johnson.

2 MR. JOHNSON: I will. But not -- they brought this
3 up, and I want to know why he said what he said.

4 THE COURT: That doesn't matter.

13:41:33 5 MR. JOHNSON: It does. It does. It goes to my
6 record.

7 THE COURT: Don't disagree with me or we'll be here
8 all day.

9 MR. JOHNSON: I'm sorry. I'm sorry. I didn't want
13:41:41 10 to be here all day.

11 THE COURT: You've got to obey the rules of the
12 Court.

13 MR. JOHNSON: I understand. I try to understand,
14 Your Honor. And I want to make sure that my side is heard.

13:41:50 15 THE COURT: Well, you --

16 MR. JOHNSON: And I'm not being treated fair where
17 I can get his -- he comes out and says, Your Honor,
18 Mr. Johnson thinks this money is just his, and he can do
19 whatever he wants with it. Now what opinion does that leave
13:42:07 20 you?

21 THE COURT: You can testify to the contrary or
22 explain why you think that. But I don't want to waste time
23 with you arguing with him.

24 MR. JOHNSON: I'm not trying to argue. I'm just
13:42:19 25 asking a question. He can answer it, and I'll go on to

1 another one.

2 THE COURT: Ask your next question.

3 MR. JOHNSON: Okay.

13:42:29

4 THE COURT: But I'm telling you if we don't get
5 some progress here I'm going to close off your ability to ask
6 questions under Rule 403 because it's a waste of time. It's
7 not the proper place. If you want to argue the case, that is
8 not now. If you want to offer evidence on your own, that is
9 not now. So ask questions of this witness.

13:42:47

10 MR. JOHNSON: So if he's made -- if he's made a
11 statement can I ask him about that statement to clarify what
12 that statement means?

13 THE COURT: Ask one and let's see.

14 MR. JOHNSON: All right.

13:43:00

15 Q. BY MR. JOHNSON: So you said in there that I
16 believed that all the money in RaPower and International
17 Automated Systems I said was mine; is that what you were
18 referring to?

13:43:18

19 A. I believe I said something to the effect that my
20 sense from your testimony yesterday was that you had put so
21 much money into these companies that you're entitled to take
22 out whatever amounts you wanted to up to the amounts that you
23 had put in.

13:43:32

24 Q. Did I say anything about putting money into
25 RaPower?

1 A. I don't recall.

2 Q. So would it be fair to say that if you don't recall
3 could it be that I said that only, that we were talking about
4 money being infused into IAS?

13:43:47 5 MS. HEALY-GALLAGHER: Objection; relevance.

6 THE COURT: Sustained.

7 MR. JOHNSON: Okay.

8 Q. BY MR. JOHNSON: So are you saying that I moved --
9 that I spent money out of RaPower? Did you see any money
10 spent out of RaPower that I did not account for?

11 A. I don't think that I have asked that, that I have
12 made that inquiry or determination yet.

13 Q. Okay. But the statements you made today you said
14 that you had.

13:44:19 15 THE COURT: Don't argue with him about what he
16 said.

17 MS. HEALY-GALLAGHER: Objection.

18 MR. JOHNSON: I'm sorry.

19 THE COURT: That's not proper questioning.

13:44:29 20 Q. BY MR. JOHNSON: Did you say -- did you identify
21 RaPower and IAS separately when you made the statement that I
22 transferred money or used money and said that it was mine?

23 A. My recollection is that I identified some
24 transactions from IAS funds that had gone to you from the
13:44:55 25 \$623,000 withdrawal and monies paid out from IAS in connection

1 with your, settlement of your divorce. And I also identified
2 monies that had gone from RaPower to Cobblestone to your wife.

3 Q. Okay. So the \$680,000 that you referred to came
4 from International Automated Systems; is this what you're
13:45:19 5 referring to?

6 A. My recollection was that \$623,000 transaction.

7 Q. Okay. And it went from International Automated
8 Systems; is that correct?

9 A. Yes.

13:45:29 10 Q. Okay. And from the documents that I have, it says
11 that it is payable on demand; is that correct?

12 A. What document?

13 MS. HEALY-GALLAGHER: Objection; vague.

14 Q. BY MR. JOHNSON: In the Document 2086.

13:45:53 15 A. And where do you want me to read on Exhibit 2086?

16 Q. I'm trying to see it again. I'm trying to see
17 where it says -- it's on Number 13, the second sentence right
18 after July -- or June 30th, 2010, the cash advances are
19 unsecured, payable on demand and no interest; right?

13:46:17 20 A. That is what it says.

21 Q. Okay. So if this came from the 10Ks and 10Qs then
22 this would be a document inside the financial statements; is
23 that correct?

24 A. No; because the written statement here doesn't tell
13:46:37 25 me that it -- doesn't enable me to know it actually happened.

1 Number one, I do not know that this is information that is
2 consistent with what is said in the annual report. Number
3 two, I don't know that that money that's referred here
4 actually came into the company.

13:46:55 5 Q. Okay. So but if it's true, then I would have the
6 right to take \$623,000 back out of 498,000 put in; is that
7 correct?

8 MS. HEALY-GALLAGHER: Objection; relevance.

9 THE COURT: Sustained.

13:47:13 10 Q. BY MR. JOHNSON: You understand -- am I wrong?

11 MR. HEALY-GALLAGHER: Objection; relevance and
12 argumentative.

13 THE COURT: Sustained.

14 Q. BY MR. JOHNSON: So on the 623,000 that you
13:47:23 15 indicated that I took did I take it legally in your opinion?

16 MS. HEALY-GALLAGHER: Objection; relevance.

17 THE COURT: Sustained.

18 Q. BY MR. JOHNSON: Did I take it illegally in your
19 opinion?

13:47:36 20 MS. HEALY-GALLAGHER: Objection.

21 THE COURT: Sustained.

22 Q. BY MR. JOHNSON: So the money, then, that could
23 have come from here in 2010 could have been a legal
24 transaction, then, couldn't it?

13:47:49 25 MS. HEALY-GALLAGHER: Objection; relevance.

1 THE COURT: Sustained.

2 Q. BY MR. JOHNSON: So any money then belonging to me
3 also half of it belongs to my wife from this document that I
4 showed you; right? Is that correct?

13:48:05 5 MS. HEALY-GALLAGHER: Objection; relevance and
6 cumulative.

7 THE COURT: Sustained.

8 Q. BY MR. JOHNSON: Did you indicate that my wife
9 took -- was taking funds that weren't hers?

13:48:23 10 A. I testified that funds were transferred from
11 RaPower to Cobblestone, from Cobblestone to her personal bank
12 accounts.

13 Q. Did you indicate that she bought some real estate
14 with some funds?

13:48:39 15 A. In the deposition yesterday I inquired about real
16 estate, and I believe her answer was that real estate was
17 purchased in only -- that her own personal funds were used for
18 only one of the 15 properties that were purchased in her name.

19 Q. Okay. So if we're looking at, we're looking at
13:49:05 20 funds where they come from and whether or not they're out of
21 the receivership control it would be interesting to note,
22 then, that if, if Glenda owned 50 percent of \$69 million, then
23 she could have access to that through the contract that I
24 have; is that correct?

13:49:27 25 MS. HEALY-GALLAGHER: Objection; relevance.

1 THE COURT: Sustained.

2 Q. BY MR. JOHNSON: So the funds that came into her
3 account could have come from International Automated Systems;
4 is that correct?

13:49:41 5 MS. HEALY-GALLAGHER: Objection; relevance and
6 cumulative.

7 THE COURT: Overruled.

8 THE WITNESS: What I testified about today was were
9 funds that were transferred from RaPower to Cobblestone and
10 from Cobblestone to her. It may be that funds had gone from
11 IAS to RaPower. I don't believe we found any funds from IAS
12 to Cobblestone.

13 Q. BY MR. JOHNSON: Okay. But it could have been. We
14 could have gotten funds. But you're looking at -- you're
13:50:14 15 looking at saying, okay, we have all these funds, okay, and
16 we're trying to identify what funds that are supposed to be
17 relevant to being in the receivership; is this correct?

18 MS. HEALY-GALLAGHER: Objection; relevance,
19 argumentative, cumulative.

13:50:33 20 THE COURT: Sustained.

21 MR. JOHNSON: Okay.

22 Q. BY MR. JOHNSON: And so if these funds -- a lot of
23 funds there belong to Glenda then from International Automated
24 Systems, she could have used those funds to buy any property
13:50:50 25 that she chose to; is that correct?

1 MS. HEALY-GALLAGHER: Objection; relevance,
2 cumulative, and, Your Honor, this is really far afield as far
3 as why we're here. If Mr. Johnson --

13:51:05

4 THE COURT: That's another way of saying relevance,
5 so sustained.

6 Q. BY MR. JOHNSON: Is her funds my funds?

7 MS. HEALY-GALLAGHER: Objection; vague and
8 relevance.

9 THE COURT: Sustained.

13:51:18

10 MR. JOHNSON: Okay.

11 Q. BY MR. JOHNSON: Is she under the receivership
12 order the same as Mr. Johnson is?

13 A. No.

14 Q. So her funds are available to her; is that correct?

13:51:35

15 A. Not necessarily. The receivership order freezes
16 funds for the receivership entities and also the affiliated
17 entities and also freezes funds from any person holding funds
18 that came from receivership entities.

13:51:56

19 Q. But we just identified that Mrs. Johnson's funds
20 are not part of the receivership funds.

21 A. If her funds came from receivership entities then
22 they are subject to the receivership order and are subject to
23 the asset freeze.

13:52:11

24 Q. So it would be reasonable to then, to determine
25 whether or not those funds came from another source other than

1 the receivership source; is that correct?

2 A. If the funds -- if funds went to her came from a
3 receivership entity, then those funds are subject to the asset
4 freeze and those funds should not be expended.

13:52:30 5 Q. But if they came from another source that was not
6 part, of the funds that were not part of the -- where the
7 funds came from a different source to Mrs. Johnson, then those
8 funds are hers and they are not part of the receivership; is
9 this correct?

13:52:50 10 MS. HEALY-GALLAGHER: Your Honor, may I be heard?

11 THE COURT: Sure.

12 MS. HEALY-GALLAGHER: I have an objection to this.
13 The questions that Mr. Johnson is asking are the very
14 questions that are the heart of the receivership.

13:53:00 15 THE COURT: Right.

16 MS. HEALY-GALLAGHER: And it's Mr. Johnson's and
17 Mrs. Johnson's failure to produce documents information as of
18 the end of 2018 much less during the whole of this year that
19 leaves us with these open questions about what money came from
13:53:17 20 where and went to whom, and that's why we're here. So these
21 are good questions that Mr. Johnson is asking for a later
22 date. But they are cumulative today and irrelevant.

23 THE COURT: Yeah. We're not to that stage yet.

24 And if you remember Mr. Klein's testimony last week he
13:53:34 25 described the five I think stages of a receivership, and we're

1 at the information gathering stage. That's all we're talking
2 about. We're not doing the accounting. We're not doing the
3 recovery of assets. But the information lays the groundwork
4 for that. The problem here is that 10 new boxes of
13:53:51 5 information were delivered on what, what day?

6 THE WITNESS: Monday.

7 THE COURT: Monday.

8 THE WITNESS: Or Tuesday. I'm not sure.

9 THE COURT: And I don't have any explanation as to
13:53:59 10 why they weren't delivered previously. They apparently exist
11 because they now received them. But we're trying to extract
12 information. The issue here to today is, was information
13 provided? Ask questions about that.

14 MR. JOHNSON: What I'm trying to do, Your Honor, is
13:54:15 15 establish the fact, exactly what you're saying is I would like
16 to have an opportunity to focus our attention rather than
17 shotgun this on our side so that I can get relevant
18 information that establishes in our side. The reason I went
19 to the bankruptcy, Your Honor, was not because to irritate
13:54:38 20 you. As much as you think that was, it wasn't.

21 THE COURT: No, I don't think that.

22 MR. JOHNSON: What I did for that is establish the
23 fact that I have a permanent record by a court to go through
24 every document on RaPower and establish where it came from,
13:54:55 25 who owns it, what the creditors were and a permanent record

1 that could not be lost or changed by me or accused to be
2 changed by me later on. And I feel like those documents are
3 there. I don't have access to those documents, Your Honor.

4 THE COURT: In the bankruptcy?

13:55:12 5 MR. JOHNSON: Right. And I'm trying to get those
6 out.

7 THE COURT: How are you doing that?

8 MR. JOHNSON: I don't know. I'm trying to get
9 those records back out, so that -- I don't have those records.
13:55:23 10 And I would like to have those, Your Honor, so that I can
11 establish exactly what those records mean and where that money
12 is and how it's accounted for and who it belongs to from the
13 bankruptcy court.

14 THE COURT: Okay.

13:55:38 15 MR. JOHNSON: Is that fair?

16 THE COURT: What do I have to do with that?

17 MR. JOHNSON: I don't know. That's what I'm trying
18 to figure out. I'm not an attorney, Your Honor, and I'm
19 struggling to get through the barbwire, you might say, of the
13:55:56 20 laws to try to figure out how to get out the documents that
21 are relevant so I can have them and present a case and say,
22 Your Honor, these are relevant documents. These are not
23 relevant documents. These become relevant only at this date.
24 These become relevant at this date. I don't have those. I
13:56:14 25 have no communication where I can find people to tell me that.

1 And I don't want to go through every document and not knowing
2 how to excuse the document. It's time consuming. It's
3 grueling.

13:56:30

4 THE COURT: What do you need to enable you to do
5 this?

6 MR. JOHNSON: I need to see if I can get access to
7 the documents that are in the federal courts.

8 THE COURT: Uh-huh (affirmative).

13:56:39

9 MR. JOHNSON: Your Honor, I got a document
10 yesterday for the first time giving me the right to access the
11 documents of International Automated Systems and RaPower. I
12 did not have that authorization until yesterday.

13 THE COURT: Who gave you that to you?

13:56:57

14 MR. JOHNSON: Mr. Klein. I said, Mr. Klein, I
15 don't have the authority to do that. You haven't given that
16 to me. I said, I've given you every document. I don't have
17 much in my checking account, Your Honor. I can do my thing in
18 five minutes. I don't spend any money out of anything, okay?

13:57:17

19 So I said, but if you want me to go out and get the
20 documents, then you've got to give me the authority to walk
21 by. He said, in the office he said, where are these documents
22 at? And I said in the Oasis building. And he said, do you go
23 in the Oasis building? And I said, yes. That Oasis building
24 belongs to my wife. However, the documents in there do not
13:57:41 25 belong to me, and I'm not going to touch them for fear I will

1 get blamed for stealing documents. I said, if you want to
2 come down and get the documents out of the offices at RaPower
3 you're welcome to do so. If you want me to do it you've got
4 to give me a paper authorizing me to do it so I can number the
13:57:58 5 boxes, make sure that the boxes were relevant and make sure
6 that they have some kind of a way to identify where they've
7 gone and who's responsible for them. I don't want to be
8 responsible for lost documents.

9 THE COURT: Are you talking about the 10 boxes?

13:58:14 10 MR. JOHNSON: Yes. There's about 12 or 13 boxes.

11 So I did it, anyway. I went down and got them for
12 fear that I might do something wrong and get blamed for it.
13 And I didn't want to do that, but I did. And I even had a guy
14 help me. And he fell down the stairs and scattered three
13:58:33 15 boxes.

16 THE COURT: So, Mr. Paul, how many boxes did you
17 have?

18 MR. PAUL: I haven't counted them. I've walked by
19 them once, and that's why I said 10. I think there might be
13:58:46 20 as many as 15.

21 THE COURT: Okay. So did you clear out the Oasis
22 building?

23 MR. JOHNSON: I did. I got every box I could find,
24 every document I could locate that was relevant down in those
13:58:58 25 areas. I do not have access to International Automated

1 Systems. I only got that yesterday when I asked him to give
2 me a paper that I could go and talk to the accountants and get
3 the documents. They're not going to give me those documents
4 without me having -- with him being the CEO, Your Honor. It's
13:59:17 5 not going to happen.

6 THE COURT: He's already told you he's not the CEO.

7 Miss Healy-Gallagher, tell me what you know about
8 this conversation.

9 MS. HEALY-GALLAGHER: A couple of thing, Your
13:59:25 10 Honor. Number one, I believe there are two different sets of
11 boxes that are at issue. There is a set of boxes at Nelson
12 Snuffer, and there is a separate set of documents somewhere
13 else that Mr. Johnson believes he only just got authorization
14 to obtain and provide to the receiver yesterday in spite of
13:59:50 15 the corrective receivership order instructing him to turn over
16 those documents promptly and with the subpoena that Mr. Klein
17 issued him in January.

18 So what we've just heard is Mr. Johnson admitting
19 that, in fact, he had documents in his custody, possession or
14:00:04 20 control, and he did not deliver them to the receiver contrary
21 to both the receivership order and the subpoena.

22 THE COURT: So are there more boxes in the Oasis
23 building, Mr. Johnson?

24 MR. JOHNSON: Your Honor, there is not a box that I
14:00:19 25 know of around the Oasis building, my house, my home, wherever

1 I reside, wherever I have gone I have searched and searched.
2 And I did it -- we left here. I started that same day. We
3 went down and spent all that weekend looking everywhere we
4 could.

14:00:38

5 Now I did not feel like I should touch those
6 documents. All the relevant documents to money were in the
7 bankruptcy court, Your Honor, and they were there. And I
8 thought that they had access to them. I didn't know they
9 didn't. I didn't know whether I could get access to them or
10 not. I was fired from all of the responsibilities of the
11 management of those companies. I didn't know that he wanted
12 me to continue to work for those companies and get these
13 documents. Now that's not what I understood. The documents
14 said that if I'm fired I'm not any longer responsible for what
15 RaPower does or does not do.

14:01:18

16 THE COURT: You know, I asked you a pretty simple
17 question. You seem incapable of answering it.

18 MR. JOHNSON: Well, I want to make it clear is all.

19 THE COURT: Are there more boxes in the Oasis
20 building?

14:01:29

21 MR. JOHNSON: No, Your Honor. I went --

22 THE COURT: No. That's a yes or no.

23 MR. JOHNSON: No.

24 THE COURT: Where are the IAS documents that you
25 say you just got permission to pick up or review?

14:01:37

1 MR. JOHNSON: I don't know. I'm going to find
2 them, Your Honor. I don't have them.

3 THE COURT: So the 10 or 15 boxes that you were
4 talking about earlier are the ones that you delivered to
14:01:48 5 Mr. Paul?

6 MR. JOHNSON: Correct.

7 THE COURT: And what are those? What's in those?

8 MR. JOHNSON: Those are mostly RaPower or something
9 related to RaPower.

14:01:56 10 THE COURT: Okay. Where are you going to look for
11 the IAS documents?

12 MR. JOHNSON: I'm going to go to the accountants
13 and see if they still have the documents or they know where
14 they're at. They were in doing -- they were doing audits on
14:02:09 15 those documents, and I didn't have access to those.

16 THE COURT: Who's "they"?

17 MR. JOHNSON: The accountants. The public
18 accountants.

19 THE COURT: Was doing an audit on those?

14:02:18 20 MR. JOHNSON: Yeah. They have been trying to get
21 some audits caught up, and what happened was they almost got
22 it done and then the auditors out of, they're from back East,
23 either Pennsylvania or Delaware, but they got caught up in
24 some kind of a litigation with the SEC, and so all of their
14:02:36 25 work had to be thrown out and we had to start over.

1 THE COURT: Okay. All right. So tell me,
2 Miss Healy-Gallagher, was there some piece of paper given
3 yesterday about permission to get the IRS documents?

4 MR. JOHNSON: I have it right here.

14:02:50 5 MR. HEALY-GALLAGHER: There was, Your Honor.

6 MR. JOHNSON: It's 2088.

7 THE COURT: Okay.

8 MR. PAUL: It's in that stack of documents.

9 THE COURT: I actually have a copy?

14:02:59 10 MR. PAUL: Yes.

11 MS. HEALY-GALLAGHER: The subpoena to Mr. Johnson
12 was also made part of the record yesterday, which was an
13 explicit instruction to obtain those documents.

14 THE COURT: 2088. I've got so much paper. 2087,
14:03:16 15 2088. Give. Me just a minute.

16 MR. JOHNSON: Can we conclude this day, then, and
17 say, let me go get this information and get it back and tell
18 me what I -- and see if I can do that and make this day a
19 little easier?

14:03:28 20 THE COURT: Don't tempt me.

21 MR. JOHNSON: Okay. I won't.

22 THE COURT: Okay. I really am trying to figure out
23 the best way forward here. Have a seat, Mr. Johnson, for a
24 minute.

14:03:40 25 MR. JOHNSON: Okay. Thank you.

1 THE COURT: Do you want to sit down there with your
2 attorney, Mr. Klein, for a few minutes?

3 I remember at the end of the taking of evidence, it
4 seems like Mr. Johnson was the last witness called. Am I
14:04:17 5 right about that?

6 MS. HEALY-GALLAGHER: Yes, Your Honor.

7 THE COURT: And were you here, Mr. Paul, for that?

8 MR. PAUL: Yes, timidly said on the record.

9 THE COURT: Well, I am just remembering one of the
14:04:29 10 most remarkable moments I ever saw in a piece of litigation.
11 You can sit down. Your microphones work when you're sitting
12 down. And it was Mr. Snuffer's frustration of trying to get
13 questions answered and stay on a linear track.

14 I'm thinking that this proceeding may be impossible
14:04:47 15 to conclude effectively unless I appoint counsel for
16 Mr. Johnson, and it's got to be somebody who has some
17 knowledge of business matters. I have authority to do that
18 under the Criminal Justice Act.

19 The motion for withdrawal by your firm, Mr. Paul,
14:05:14 20 was a little confusing because it indicated that the
21 receiver's report supposedly said they were dismissed as
22 counsel. I don't read the report that way. It said the
23 retainer was frozen, but it didn't say that you were dismissed
24 in that paragraph that was referenced. But in any event,
14:05:36 25 there was a withdrawal that was granted. And Mr. Johnson, it

1 says, has requested both during in trial and again afterwards
2 to represent himself pro se. I didn't permit that because I
3 was afraid of something like this, but it turned out to be
4 almost that bad represented by counsel. It was just very,
14:05:58 5 very difficult for us to communicate in the parameters laid
6 out by the Court.

7 And I'm just -- you know, I'm just trying out ideas
8 here with you folks. Maybe I should be off the record. I
9 don't know how to move this ball forward. It seems like we
14:06:18 10 actually made some progress. We have through the receiver's
11 unilateral efforts received a lot of information from banks,
12 which is extremely important. And it seems like we somehow
13 unlocked a mental door and we've got 10 or 15 boxes in
14 Mr. Paul's office, and we might have more IAS records to
14:06:38 15 deliver. And we might get delivery of a computer with the
16 QuickBooks file on it. And whether it's recoverable by real
17 computer experts or not is another thing. But that would be
18 an incredible advantage to us it seems like. It seems like
19 we're on the cusp of making progress on this information
14:07:02 20 gathering.

21 And what Mr. Johnson is talking about is
22 Ms. Healy-Gallagher says is certainly the next step. It's,
23 you know, the accounting, and what does this all mean? And
24 what should be recovered and what shouldn't be recovered. But
14:07:15 25 we're not there yet.

1 I want you to help me manage this case, counsel.
2 What suggestions do you have for me? I want to hear first
3 from counsel for the receiver and then from
4 Ms. Healy-Gallagher and then from you, Mr. Paul and then from
14:07:33 5 Mr. Shepard and Mr. Johnson. Maybe if Mr. Klein wants to
6 speak for himself rather than through counsel, that's fine.

7 MR. KLEIN: Thank you, Your Honor. From my
8 perspective I'm running out of time, and we are on the cusp,
9 as you say, of getting a lot of information, and we have
14:08:01 10 learned much in the last two weeks. Unfortunately until I
11 have the final pieces I can't assemble all of the financial
12 records to then know what the total amounts were in and out
13 from each person.

14 THE COURT: Yeah.

14:08:16 15 MR. KLEIN: And without company records I don't
16 know the purposes of those. And so that's a huge task still
17 undone. My focus is about to change to starting the recovery
18 of assets. And I need to know the purposes of those payments.
19 I need to know the source of funds used for the property that
14:08:41 20 was purchased in Glenda Johnson's name. And I need to recover
21 the -- want to see whether I can recover the \$5 1/2 million
22 that was transferred in the month surrounding the Court's
23 order.

24 So what I would like is a firm deadline by which,
14:09:05 25 perhaps the 15th of the month, by which anything that I can

1 expect from them they will deliver, and otherwise they'll be
2 in contempt or there will be coercive methods.

3 Number two, I would like to have the assets that
4 are in Glenda Johnson's bank account which received the funds
14:09:30 5 from RaPower to Cobblestone to her bank account are frozen
6 until we know whether or not there's a reason that those are
7 not receivership funds.

8 THE COURT: Now, I don't currently have a motion
9 for that last bit of relief; right?

14:09:46 10 MR. KLEIN: Correct.

11 THE COURT: She's not included in the affiliates
12 that I'm considering bringing in.

13 MR. KLEIN: That's correct. But she is subject to
14 the contempt order. And we presented what I believe is
14:10:00 15 evidence showing that the funds in that account did derive
16 from receivership funds.

17 THE COURT: And that is pretty much the
18 Exhibit 2102; right?

19 MR. KLEIN: Yes.

14:10:12 20 THE COURT: Yeah. Okay.

21 Miss Healy-Gallagher, what do you suggest I do?
22 How do we go forward here to get information and move the
23 receiver to the next step?

24 MS. HEALY-GALLAGHER: Right. Well, first it is
14:10:23 25 within the Court's inherent authority to enforce its orders to

1 order the freeze on the funds in Glenda Johnson's account
2 because of what we have shown. I would say that the Court
3 also has authority under 26 USC 7402 because that is an order
4 that is necessary or appropriate for the enforcement of the
14:10:46 5 Internal Revenue laws.

6 As far as getting information to the receiver, I
7 admit I was taking a couple of notes while Mr. Klein was
8 talking, but I defer to him what the timeline is that he wants
9 for the information to be delivered to him.

14:11:01 10 Now, with respect to Mr. Johnson and whether he
11 needs counsel here, Mr. Johnson is very good at appearing
12 confused when that serves him, but he also certainly as this
13 Court has identified at the transcript from the trial
14 Page 2106, Line 11, I believe during that event that you were
14:11:34 15 referring to earlier, Mr. Johnson is really the key of this
16 case. He's the manager of most of the entities that have any
17 activity. He makes the decisions in all of the entity
18 defendants.

19 At the bench ruling, you identified Mr. Johnson as
14:11:50 20 the center. He has a central control of every entity in his
21 solar energy enterprise. He manages things. He makes
22 decisions about the businesses. And in that same portion,
23 Your Honor, you identified that he instructs his business
24 relationships to have no formality. He does whatever he wants
14:12:11 25 to do. So when it suits him he understands exactly what he

1 needs to do in order to keep his money and move it to whom he
2 chooses. When he appears confused about the text of the
3 receivership order and what obligations it imposes on him, it
4 is simply not credible. It is written in plain English.

14:12:33

5 MR. JOHNSON: Your Honor --

6 MS. HEALY-GALLAGHER: It is abundantly clear.

7 MR. JOHNSON: Object.

8 THE COURT: Let her finish.

14:12:41

9 MR. HEALY-GALLAGHER: It's abundantly clear what is

10 required of him. He was represented by able counsel until

11 whatever happened there happened for a long time that the

12 receivership order since it had been entered.

13 So there really is no confusion. There's no need

14 for him to have counsel appointed and to go through the time

14:12:58

15 and effort that that would take. Unless Your Honor is

16 considering reappointing Nelson Snuffer I would object to that

17 delay.

18 THE COURT: Well, Mr. Paul, give me a little

19 insight on why your firm withdrew.

14:13:16

20 MR. PAUL: It was -- first of all, our

21 interpretation of the receivership order, that paragraph I

22 could dig it up again where directors and officers, I believe

23 it was Paragraph 10 or 9, officers and directors and everybody

24 was dismissed in place of the receiver including attorneys,

14:13:32

25 and we had to argue with the Court to be able to have the

1 authority at least to pursue the appeal. So we thought that
2 was -- ended our relationship.

3 We also have a concern with not getting paid.
4 We're doing a lot of work still without getting paid. We have
14:13:51 5 money in trust that the Court has told us that we cannot use.
6 So if we can work out an arrangement where we get paid for the
7 work we do I think we're happy to step back in. That's my
8 understanding of the main problem of agreeing to represent
9 Mr. and Mrs. Johnson again.

14:14:17 10 But as far as responding to what counsel has said,
11 especially in regard to Mr. Klein, and I've done my very best,
12 and we've done our very best especially to help Mr. Shepard
13 comply and make sure the documents that we are aware of and
14 have are being produced and responding to Mr. Klein. Our
14:14:38 15 office has been very responsive to Mr. Klein, I feel like.

16 And so I think -- I think responding to specific
17 requests from Mr. Klein, we can do that. We've worked well
18 with him on those. I understand he may not know everything he
19 needs to ask for, but for having the receivership defendants
14:14:59 20 going back to 2005 and recreate a forensic accounting level of
21 production of information is probably going to take much
22 longer than the receiver wants.

23 THE COURT: My problem with that argument, and it's
24 been made every time, it was made when I was considering the
14:15:17 25 order. My problem with that argument is you haven't even

1 tried to do it from 2015. You haven't even tried to take the
2 recent past. You just said, what we've got is what we've got,
3 and you've got it all. And that's the consistent theme I've
4 heard from all the defendants in this case. And I haven't
14:15:33 5 seen a really good faith effort. These are nice declarations,
6 but they don't merely meet the need. And we've had since last
7 August, that was the order appointing the receiver, to get
8 this done. And here we are in May, nine months later. It's
9 just stunning to me that we're at this point.

14:15:54 10 So -- and then the other issue is you've got
11 10 boxes. There's apparently -- we haven't even touched the
12 IRS records. It's May of 2019. It's unbelievable that we're
13 at this point. But honestly, I never had much faith that we
14 would find many documents because I think that was
14:16:17 15 Mr. Johnson's mode, was to operate as little as possible. And
16 now miraculously the QuickBooks file is dysfunctional. I
17 think we've seen obfuscation at every turn. And I'm very
18 concerned about what I view as little effort and little
19 results all the way through and I think some fairly good
14:16:50 20 indications of bad faith.

21 MR. PAUL: Your Honor, I believe that my office has
22 produced everything that we've had in our possession. I
23 understand what you are saying. But we've been directly
24 responsive to the receiver and his inquiries. So our office
14:17:11 25 has produced everything that we have. We've represented these

1 clients for some time.

2 THE COURT: Yeah.

14:17:24

3 MR. PAUL: So we had quite a bit of documentation
4 in our office. That's been produced. Mr. Klein has obtained
5 most of the financial records directly, and so there is some
6 level of frustration on my clients, obviously, of, well, why
7 do we need to go back and redo what the receiver did already.

14:17:44

8 THE COURT: That's been explained, and I'm sorry to
9 interrupt you. But barebones bank records don't tell why.
10 Presumably there should be corporate documents, there should
11 be authorizations, there should be minutes of meetings that
12 explain why. Apparently the deposition testimony which I
13 haven't read is there is no why except Mr. Johnson says so.

14:18:01

14 MR. PAUL: That's probably the universe of what
15 we're dealing with.

16 THE COURT: Yeah.

14:18:14

17 MR. PAUL: I don't know what's in the 10 boxes. I
18 can get those to them today if we leave now. And I know
19 that's more work on Mr. Klein's shoulders, but Mr. Klein has
20 shown that he's competent to get that work done and much more
21 efficiently and much more quickly than the defendants.

14:18:31

22 THE COURT: Well, to be very honest I think he's
23 the only one willing because I don't think Mr. Johnson or
24 Mr. Shepard or the defendants you represent have shown any
25 willingness to do that.

1 MR. PAUL: I will throw a plug to Mr. Shepard
2 because I think he has done a very good job of trying to
3 satisfy the orders that are on him.

4 THE COURT: And he explained some of that today.

14:18:49 5 I'm going to get to you Mr. Johnson, but Mr. Klein
6 is on his feet.

7 MR. KLEIN: One quick point on that, Your Honor.
8 The requirements under Paragraph 26 I expect would provide me
9 with a roadmap for those documents, so that would be very,
14:19:02 10 very helpful to have that roadmap rather than going through
11 the documents myself to just -- without knowing what I'm
12 looking at.

13 THE COURT: Yeah. How much did the deposition
14 yesterday and the day before give you any roadmap?

14:19:22 15 MR. KLEIN: It gave me no roadmap about what
16 documents there are.

17 THE COURT: Accounts?

18 MR. PAUL: I would disagree with that statement. I
19 think because Mr. Klein was very clear on the map itself. The
14:19:36 20 why I think is missing. And so I don't want to put words in
21 Mr. Klein's mouth. But from my perspective the why was not
22 readily answerable.

23 MR. KLEIN: Correct.

24 THE COURT: Okay. Okay.

14:19:50 25 MR. PAUL: But the bones I think are there, Your

1 Honor. I think the bones of the transactions are there. It's
2 the why that's missing.

3 THE COURT: Do you have confidence that you know
4 about all of the accounts and all the property?

14:20:00 5 MR. KLEIN: I do not.

6 THE COURT: Okay. What's missing to tell you that?

7 MR. KLEIN: Well, because I know generally from the
8 bank records who checks were made out to but I do not know
9 why, then I don't know, for example, whether it was used to
10 purchase other property. In the deposition of Glenda Johnson
11 we went through some of the checks, outgoing checks, and asked
12 her why payment was made to such-and-such, and she indicated,
13 oh, that was to purchase a property.

14 As to bank accounts we -- based on some records
14:20:46 15 that we have from one of the entities at Bank of American Fork
16 there seemed to be a reference to multiple bank accounts that
17 Glenda Johnson had at that bank, and there appears to at some
18 point been up to six accounts and we don't have records of six
19 accounts. So I don't know if that means there were previous
14:21:14 20 accounts that were closed or that there were other accounts
21 that we don't know about.

22 THE COURT: Okay.

23 Mr. Johnson, what did you want to say in response
24 to all of this?

14:21:24 25 MR. JOHNSON: First of all, first of all, Your

1 Honor, I didn't know that I was still the managers of all of
2 these companies. And you asked me to take what I did and what
3 I have, and I did it. If I would have been the manager of
4 Cobblestone or manager of RaPower or these, I would have come
14:21:49 5 down and got my vehicle, came down and got the records and
6 said, these are mine. And I would take them up there and I
7 would have gone through them.

8 THE COURT: Well --

9 MR. JOHNSON: But the fact is, Your Honor, I
14:22:00 10 have -- I took those records on my own, paid \$100,000 for
11 attorneys to go through every document of RaPower for the
12 bankruptcy. And I assumed that if you go through that kind of
13 money to get every document that's available -- and the
14 bankruptcy courts are designed from what I understand to go
14:22:25 15 through those kinds of records and determine who's got the
16 asset, who the asset belongs to, who the creditors are, who
17 the debtors are and all of the things that go along with what
18 you're asking for, I did ahead of the Court.

19 And so when people come back to me and say, you
14:22:47 20 didn't do anything, I spent \$100,000 for them to gather every
21 document that was available to them to go through this process
22 to make sure that there was an accurate accounting of every
23 dollar that belonged to RaPower.

24 THE COURT: So where are those documents that
14:23:07 25 you --

1 MR. JOHNSON: I don't know. I assumed -- I didn't
2 do them. I hired people to do those things. I don't like
3 doing that kind of stuff.

4 THE COURT: Who did you hire to do that?

14:23:19 5 MR. JOHNSON: Snell and Wilmer.

6 THE COURT: And where are the documents that you
7 delivered to Snell and Wilmer?

8 MR. JOHNSON: I assume Snell and Wilmer still have
9 them or bankruptcy court.

14:23:25 10 THE COURT: Have you asked them?

11 MR. JOHNSON: I don't know how this works. This is
12 the first time I've been involved in this. You guys do this
13 every day, I don't. So I'd like to speed this process up.
14 I'd like to help, but nobody wants my input. I'm just some
14:23:40 15 stupid idiot.

16 THE COURT: Have you asked Snell and Wilmer to
17 return documents to you?

18 MR. JOHNSON: No, because I didn't I could. And I
19 didn't know I had this. And I would like to have somebody
14:23:53 20 say, you're authorized. Give me authorization to go to Snell
21 and Wilmer or wherever the court is, wherever those documents
22 are in the court and say, here, give me those things, and I'll
23 facilitate and get those records out, and I'll help to get the
24 thing expedited. I don't like this any more than you do.

14:24:12 25 THE COURT: That's the RaPower documents. What

1 about the IAS and Cobblestone documents? Where are those?

2 MR. JOHNSON: Well, I'm going to find them now. I
3 thought that he was the boss. I didn't know this. I'm new.
4 I get yelled at. I get complained about. I get like I'm
14:24:29 5 trying to steal money. I got \$69 million stuck out. I could
6 have stole a million dollars out of that. I can take
7 \$1 million out of AIS on demand. It's my money. It's my
8 wife's money. It's her money. I don't have to steal
9 anything. I got -- at one time I was worth \$500 million just
14:24:50 10 a few years ago. It doesn't -- I don't care. I don't care
11 about money. Never brought me any happiness other than a
12 bunch of damn work.

13 THE COURT: I'm going to make a statement, and I'm
14 going to give Miss Healy-Gallagher and the receiver and his
14:25:07 15 counsel a chance to disagree with me if they want to. So this
16 is a proposal.

17 But, Mr. Johnson, it's my view you have always been
18 under the obligation to assemble documents from any of the
19 entities, any of the entities, and your personal records and
14:25:31 20 produce them to the receiver and that you had no constraint
21 against doing that.

22 MR. JOHNSON: Well, I apologize, Your Honor. I
23 don't know how to do it, but I'll try.

24 THE COURT: Do you disagree with me, counsel, or
14:25:45 25 Mr. Klein?

1 MR. KLEIN: Well, that is my interpretation of the
2 order. And I would point out that certainly for the first
3 several months of the order Mr. Johnson was represented by
4 counsel who could advise him on that.

14:25:59

5 THE COURT: Miss Healy-Gallagher?

14:26:17

6 MS. HEALY-GALLAGHER: It's abundantly clear in the
7 order, Your Honor, that that's an obligation of Neldon
8 Johnson's. I also note that if that wasn't enough Mr. Klein
9 subpoenaed the records from Mr. Johnson, a subpoena that he
10 sent not only to his former counsel but directly to
11 Mr. Johnson by e-mail. And not only that, Mr. Johnson perhaps
12 could have taken notice when we filed the motion for order to
13 show cause that brings us here today also at the end of
14 January explicitly identifying that he had failed in his
15 obligation to produce documents here.

14:26:35

16 So once again, everything is clear as day on paper.
17 It is Mr. Johnson's feigned confusion about things that don't
18 serve him that is the issue right now.

14:26:58

19 THE COURT: Yeah. It's a baffling circumstance,
20 Mr. Johnson, because you purport to be the world's expert on a
21 very complex area of law -- of science, solar energy, and you
22 claim to not even read at a Fifth Grade level. It's basically
23 what these documents are. I've got 11-year-old grand kids
24 that could understand these documents, and they're not
14:27:21 25 geniuses as you claim to be.

1 Mr. Shepard, you're on your feet.

2 MR. JOHNSON: Could I respond to this, Your Honor
3 before we get --

4 THE COURT: Mr. Shepard, you're on your feet.

14:27:30 5 MR. SHEPARD: Yeah. It seems very clear to me to
6 keep from spinning our wheels that Mr. Johnson needs
7 representation from a quality attorney or attorney firm, one,
8 to keep from frustrating the Court; another reason that there
9 will be no excuses. And so I know there's some money
14:28:01 10 apparently in a trust fund that's been frozen with Snuffer's
11 firm. And perhaps you could release some of that money on a
12 reasonable amount for maybe 30 days to see what happens, and
13 then the attorney firm then could work with the receiver in a
14 meaningful manner and get everything ready without all of this
14:28:32 15 frustration.

16 And then, of course, there's the 10 boxes, and so
17 that's brand new. And so the receiver Mr. Klein now has an
18 opportunity to go through that. And there should be a
19 deadline, and he's really, really good at deadlines, but it
14:28:51 20 shouldn't go past the 15th or even earlier and see what
21 unfolds with those 10 boxes.

22 There should also be instructions to Neldon Johnson
23 hopefully through an attorney that you can maybe allow the
24 firm to go forward for a little bit to get all of the records
14:29:17 25 for IAS and other records that he's supposed to get. And so

1 if that happens, then there will be no excuses. They'll be no
2 floundering about and saying, I don't know up from down. So
3 that's my suggestion.

4 THE COURT: I appreciate that.

14:29:41 5 MR. JOHNSON: Your Honor?

6 THE COURT: Mr. Johnson, you've never looked for
7 the IAS documents and the Cobblestone documents; right?

8 MR. JOHNSON: I told them where they're at, and
9 he's called.

14:29:52 10 THE COURT: No. Listen. Have you looked for them?

11 MR. JOHNSON: Yeah. I don't even know that they're
12 up there, okay? I don't like -- I don't even -- I hired out a
13 girl to take care of my checking account for years, okay?

14 THE COURT: Okay. Mr. Johnson, here's my question.
14:30:09 15 Have you looked for the IAS, Cobblestone documents?

16 MR. JOHNSON: Yes. I've asked for them. And I
17 said, I said to Mr. Klein, I said, I believe they're in the
18 offices of the accountant. I can't remember his name. And I
19 asked him, I said, what did you do to try and get those
14:30:31 20 things? And he says, I called their office. And I said, did
21 you get anybody there? And he said, no. And I said, did you
22 get an address? And he said, no. And I said, did you call
23 another person? And he said, yes. Did you find that address?
24 Yeah. Did you go up there and see if he was there? No. And
14:30:49 25 I tried --

1 THE COURT: Mr. Johnson. Mr. Johnson.

2 MR. JOHNSON: He can drive up there and get it.

3 THE COURT: Mr. Johnson, that's not the question.

4 Did you call them? That's a yes or no.

14:31:00 5 MR. JOHNSON: No, I didn't call them.

6 THE COURT: Did you go up to their office? Yes or
7 no?

8 MR. JOHNSON: No, I don't.

9 THE COURT: Go ahead and have a seat.

14:31:10 10 MR. JOHNSON: I thought he was going to. He didn't
11 tell --

12 THE COURT: Go ahead and have a seat.

13 MR. JOHNSON: He didn't tell me until yesterday he
14 didn't do that.

14:31:16 15 THE COURT: Go ahead --

16 MR. JOHNSON: Now, I didn't know, if he wasn't
17 going to go, Your Honor, some communication would be helpful
18 to me.

19 THE COURT: Well, you were ordered to get those
14:31:25 20 documents. Sit down.

21 MR. JOHNSON: Okay. I'm fine. I'm just telling
22 you, you I'm trying to explain my --

23 THE COURT: Mr. Johnson, sit down and be quiet.

24 MR. JOHNSON: -- what I do. If you want me to do
14:31:36 25 something I'll get it done. If you say, get this damn thing

1 done and I've got this resource to do it with, I'll guarantee
2 I'll get it done. But I can't do it if nobody tells me I've
3 got the authority to do it and I've got these resources to do
4 it with, and I go out and do it. I mean, I didn't want to
14:31:53 5 spend \$100,000 to go out and get this stuff done. I don't
6 like doing that, but I did. And I did it so that you had it
7 all there. And I don't know why they're not there.

8 THE COURT: Why can't you listen to me,
9 Mr. Johnson?

14:32:04 10 MR. JOHNSON: The accounting is done by --

11 THE COURT: Mr. Johnson.

12 MR. JOHNSON: -- a public accountant. I didn't do
13 them. I'm just saying --

14 THE COURT: Mr. Johnson, get your leg off the desk.

14:32:10 15 MR. JOHNSON: I get yelled at and blamed for
16 everything --

17 THE COURT: Call court security officers. I want
18 two officers up here.

19 MR. JOHNSON: -- but I try and do the work.

14:32:24 20 THE COURT: Get you leg down.

21 MS. GLENDA JOHNSON: Neldon, get your leg off the
22 desk.

23 MR. JOHNSON: I'm sorry.

24 THE COURT: You are unable to listen to me, and I'm
14:32:30 25 not going to put up with that anymore.

1 MR. JOHNSON: Okay. I'm sorry. I just get
2 frustrated with --

3 THE COURT: No. I don't want to hear from you.
4 You have seven words for every one of mine. It usually
14:32:39 5 doesn't work like that here.

6 MR. JOHNSON: Okay. Sorry.

7 THE COURT: You're going to get the IAS and
8 Cobblestone documents.

9 MR. JOHNSON: Okay. I will get them.

14:32:50 10 THE COURT: And you're going to deliver them to the
11 receiver on or before May 10th.

12 MR. JOHNSON: Okay.

13 THE COURT: What else should I be -- and Solco and
14 XSun and the other entities listed in the affiliates order, in
14:33:05 15 the affiliates motion.

16 Would you read them off for me,
17 Ms. Healy-Gallagher? Or the receiver? Do you have those?

18 MS. HEALY-GALLAGHER: In the motion to include
19 affiliates?

14:33:14 20 THE COURT: Affiliates. They're also in the
21 receiver order. I've probably got it right here.

22 MR. JOHNSON: By when?

23 THE COURT: The 10th.

24 MR. JOHNSON: Of May?

14:33:28 25 THE COURT: That's right.

1 MR. JOHNSON: Can you give me a little longer?

2 THE COURT: You've had eight months.

3 MS. HEALY-GALLAGHER: Your Honor, they're in
4 Paragraph 2 of the receivership order, corrected receivership
14:33:44 5 order. ECF Number 491.

6 THE COURT: Okay. I'm going to read them off so
7 that there's no mistake. If you want to take notes, you can.
8 Paragraph which?

9 MS. HEALY-GALLAGHER: 2.

14:33:51 10 THE COURT: Solco; XSun; Cobblestone; DCL-16A;
11 DCL-16BLT; LTB O&M; the NP Johnson Family Limited Partnership;
12 Shepard Energy -- sorry. That's Mr. Shepard -- Solstice;
13 Black Night and Star Light.

14 Now that's in addition to IAS, which is where this
14:34:30 15 all started with IAS and RaPower. So you need to talk to
16 Snell and Wilmer about RaPower documents, and you need to go
17 to wherever the IAS and other entity documents are and deliver
18 those to Mr. Klein.

19 MR. JOHNSON: Could you give me another week? It
14:34:56 20 will take at least two weeks to get this stuff done.

21 THE COURT: Okay. Make your first delivery on the
22 10th, and your second delivery on the 17th.

23 MR. JOHNSON: Okay. That's fine.

24 THE COURT: Give me another minute. I'm trying to
14:35:12 25 find another day that I can be back here.

1 What about the 28th of May? It's the day after
2 Memorial Day.

14:35:43

3 MS. HEALY-GALLAGHER: May I -- before we address
4 that, Your Honor, one thing. Could we get the computer by
5 May 10th?

6 THE COURT: May 10th, the computer, because we'll
7 have a chance of forensically recovering that.

8 MR. JOHNSON: I don't know whether we have it.
9 That's my problem.

14:35:53

10 THE COURT: I thought Miss Glenda Johnson said it
11 could be delivered.

12 MR. JOHNSON: I asked her yesterday, and she said
13 she couldn't find it. I was going to take it up with me when
14 I went to the deposition.

14:36:06

15 THE COURT: Well, it needs to be delivered by
16 May 10th.

17 MS. HEALY-GALLAGHER: We also want all of Glenda
18 Johnson's bank records by May 10th.

14:36:18

19 THE COURT: What did you get already? Do you have
20 any idea?

21 MR. KLEIN: I believe most of the records were 2016
22 forward.

14:36:33

23 THE COURT: So we need to go back at least to I'd
24 say 2013. I know it would be better to go further, but let's
25 start with that, okay?

1 MR. KLEIN: And, Your Honor, I would also request
2 all of the records for real estate transactions by which real
3 estate was purchased in Glenda Johnson's name.

4 THE COURT: From 2005 forward.

14:36:49 5 MR. KLEIN: Yes.

6 THE COURT: Yeah. That should be a relatively
7 small universe.

8 Okay. So I'm going to ask Miss Healy-Gallagher to
9 prepare a list of the items that I've ordered to be delivered
14:37:03 10 and deadlines so that I can sign an order Monday.

11 Ms. Hicken, can you rough the last part of the
12 transcript for Ms. Healy-Gallagher right away?

13 THE COURT REPORTER: Yes.

14 MS. HEALY-GALLAGHER: Thank you.

14:37:22 15 MR. JOHNSON: Thank you, Your Honor.

16 THE COURT: What about the 28th of May?

17 MR. PAUL: Is that for reconvening of this hearing?

18 THE COURT: It is. Pretty much plan for all day.

19 Does it work for you, Mr. Klein?

14:37:41 20 MR. KLEIN: It does. May I revisit the list?

21 THE COURT: In just a minute. Let's get a date
22 first.

23 MS. HEALY-GALLAGHER: And I'm sorry, Your Honor.

24 What was it, the 21st?

14:37:51 25 THE COURT: 28th. The day after Memorial Day.

1 MS. HEALY-GALLAGHER: The 28th? Yes.

2 THE COURT: Mr. Johnson, are you available that
3 day?

14:38:13

4 MR. JOHNSON: If I'm not you'll put me in jail, so
5 I will be here.

6 THE COURT: You should be here.

7 MR. JOHNSON: Okay. I apologize, Your Honor. I
8 really do. I'm really sorry about this.

9 THE COURT: Okay. Now what's the list?

14:38:25

10 MR. KLEIN: I would request that one other item on
11 the list is that the assets in Glenda Johnson's bank account
12 received proceeds from Cobblestone be ordered frozen until
13 there's a determination of whether those are receivership
14 state proceeds. Those funds are being spent.

14:38:46

15 THE COURT: Now what do you claim that are shown by
16 Exhibit 2102 and 2101 that establishes which counts have those
17 proceeds?

18 MR. KLEIN: Those proceeds are in account 2790, a
19 savings account at Bank of American Fork.

14:39:07

20 THE COURT: So this applies to that account only.

21 MR. KLEIN: Yes.

22 THE COURT: Freeze. Okay.

23 That is your client's issue, right, Mr. Paul?

24 MR. PAUL: Yes. Can I have a moment with her?

14:39:19

25 THE COURT: Yes, you may.

1 MS. HEALY-GALLAGHER: Actually if I could also
2 chime in. This may bear on Mr. Paul's conversation, as well.
3 There are a number of cash withdrawals that have been taken
4 out. We would also ask for turnover of those amounts, and
14:39:35 5 also the turnover of the \$200,000 in the Folks account.

6 THE COURT: Well, let's freeze the Folks account.
7 And how do I identify the cash withdrawals? What exhibit does
8 that for me?

9 MS. HEALY-GALLAGHER: The cash withdrawals --

14:40:10 10 THE COURT: I know there was an exhibit, but I want
11 to know exactly what Mr. Paul needs to talk to his client
12 about.

13 MR. PAUL: Exhibit 2102 lists I think the amounts.

14 MS. HEALY-GALLAGHER: Yes, Your Honor, 2102
14:40:23 15 shows --

16 MR. PAUL: But I would have a problem with anything
17 without having a motion before the Court or some other
18 indication and the opportunity to respond.

19 THE COURT: Well, tell me how 2102 shows that,
14:40:37 20 Miss Healy-Gallagher.

21 MR. PAUL: The column under Glenda Johnson, the
22 2018 transactions with negative, it says minus 7, minus 8,
23 minus 8, those are what they're claiming as being cash
24 withdrawals.

14:40:53 25 THE COURT: Okay. I'm not even going to propose to

1 freeze cash right now. There's going to have to be an
2 accounting for it at some point obviously because it's after
3 the day of the receivership order. So we're really just
4 talking about the 2790 account, this proposal on the interim
14:41:10 5 basis. And what was the other one?

6 MR. HEALY-GALLAGHER: The Folks account.

7 THE COURT: The Folks account. And I don't have a
8 account number on that; right?

9 MS. HEALY-GALLAGHER: I think we can find that for
14:41:20 10 you while Mr. Paul speaks with his client.

11 THE COURT: Okay.

12 MR. PAUL: And that has not been identified as far
13 as I'm aware. It shows up as a transfer on one of Glenda
14 Johnson's bank accounts or bank statements.

14:41:34 15 THE COURT: Right.

16 MR. PAUL: And that's all that's been identified
17 during the course of her deposition on Wednesday.

18 THE COURT: And can you remind me --

19 MR. PAUL: So if I can have a moment to go speak
14:41:42 20 with her?

21 THE COURT: Yeah. Take a minute.

22 (Time lapse.)

23 THE COURT: Have we got everyone back?

24 Okay. Mr. Paul, you had a chance to talk with your
14:44:52 25 client?

1 MR. PAUL: I have. I would offer a stipulation
2 from Mrs. Johnson, something that she will sign as quickly as
3 we can put something together, that those balances that are
4 reflected and those accounts, the Glenda Johnson savings and
14:45:08 5 the Folks account will not be dissipated or touched or
6 transferred, anything until further order of the Court. My
7 concern with including them in the asset freeze order is the
8 effect it will have on the rest of their banking relationship.

9 THE COURT: Okay. And I don't understand that.
14:45:23 10 But my immediate concern is to freeze those funds, and then if
11 we want to extend it -- is to secure the funds, and if we have
12 to make it part of the freeze I think we will do that by a
13 motion and order.

14 Okay. So that stipulation is made here today on
14:45:38 15 the record, and it will be memorialized. Is that right,
16 Mr. Paul?

17 MR. PAUL: Yes, Your Honor. Those two accounts.

18 THE COURT: Those two accounts, the balances are
19 secured now.

14:45:48 20 MR. PAUL: Yes.

21 THE COURT: They will not change.

22 MR. PAUL: Correct.

23 MR. KLEIN: And can we -- I would ask that the
24 order would include a requirement that copies of bank
14:46:01 25 statements be provided to the receiver on those accounts so

1 that we would be able to verify that.

2 MS. JOHNSON: That's fine.

3 MR. PAUL: Yes.

14:46:12

4 THE COURT: So we have added that to it. So the
5 record today and the minute entry today will reflect that
6 there's a stipulation that the 2790 account at the Bank of
7 American Fork and the account designated Folks at what bank?

8 MR. PAUL: Bank of American Fork.

14:46:31

9 THE COURT: Bank of American Fork. Does anyone
10 have an account number on that, the last four digits?

11 MR. KLEIN: We do not. That is information that I
12 only received on Monday from her financial disclosures, and I
13 do not have an account number.

14:46:44

14 THE COURT: Okay. Those two accounts, the balances
15 will not be touched until further order of the Court, and
16 statements will be provided monthly as issued to the receiver.

17 Is that right, Mr. Paul?

18 MR. PAUL: Yes, Your Honor.

19 THE COURT: Okay. All right, Mr. Klein?

14:46:57

20 MR. KLEIN: Yes, Your Honor.

21 THE COURT: Okay. And are we all okay to come back
22 at 8:30 on the 28th?

23 MS. HEALY-GALLAGHER: Yes, Your Honor.

14:47:09

24 THE COURT: And I have -- I don't want to delete by
25 recapping inadequately, but we have a requirement that the

1 computer and a first delivery of records for as many entities
2 as possible be made to the receiver on the 10th, and the final
3 delivery be made on the 17th.

4 MS. HEALY-GALLAGHER: That's our understanding.

14:47:29

5 And also that all of Glenda Johnson's bank account records
6 back to, I believe you said 2013?

7 THE COURT: Right.

8 MS. HEALY-GALLAGHER: Would be provided by the
9 10th, and the real estate --

14:47:44

10 THE COURT: Records.

11 MS. HEALY-GALLAGHER: -- transaction records.

12 THE COURT: I think by the 17th.

13 MS. HEALY-GALLAGHER: By the 17th?

14 THE COURT: Yeah.

14:47:50

15 MR. PAUL: Your Honor, so my understanding is the
16 documents we can put together by the 10th we produce by the
17 10th. Whatever we don't produce by the 10th we produce by the
18 17th. Am I misunderstanding?

19 THE COURT: Correct. No, you're not. And let me

14:48:05

20 tell you why I put it that way. I think you're going to go
21 somewhere, and you're going to find a box with one of these
22 enterprise, Solco or XSun. I think you're going to somewhere
23 else and find a file drawer with another entity. So those can
24 be assembled and produced.

14:48:25

25 Ms. Glenda Johnson?

1 MS. GLENDA JOHNSON: Solco, XSun, Cobblestone,
2 RaPower are in the boxes that we were talking about that I
3 gave to the attorney's office. So the XSun, Solcol,
4 Cobblestone are there.

14:48:41 5 THE COURT: Okay. All right.

6 MR. JOHNSON: I didn't know that.

7 THE COURT: Now, can I -- let's worry about
8 delivery of records, and then we'll worry about other things
9 after that. That I'm not going to go beyond that.

14:48:57 10 We have a lot of exhibits to be delivered in
11 electronic form. I'm not going to try to recite those. I
12 don't think I can do it. What else do we need to accomplish
13 today.

14 MS. GLENDA JOHNSON: Sir?

14:49:08 15 THE COURT: Miss Glenda Johnson?

16 MS. GLENDA JOHNSON: You're saying that I need my
17 personal bank account from --

18 THE COURT: 2013.

19 MS. GLENDA JOHNSON: And what did I give to them?

14:49:19 20 THE COURT: 2016.

21 MS. JOHNSON: I'm not sure because he said there
22 was some missing. So I need some verification on what he's
23 talking about.

24 THE COURT: He hasn't been through them as I
14:49:32 25 understand, Mr. Klein, to know if there were certain months

1 missing, but you know you have nothing earlier than 2016.

2 MR. KLEIN: My recollection was the records started
3 around 2015 or '16. I don't remember from memory now.

14:49:52

4 THE COURT: Okay. He will give you a letter
5 outlining as soon as he can inventory it.

14:50:15

6 MS. GLENDA JOHNSON: Also on Monday he got Neldon's
7 bank accounts statements that I could get where his Social
8 Security check goes to, and I did give it to him. It would
9 have been in the end of, probably the very last of the
10 checking account. But to my knowledge it should have been in
11 there. He may have not had a chance to look at them all.

12 THE COURT: Okay. Well, I'm sure that's the case.
13 He's been in depositions two days. Okay.

14 What else do I need to know today?

14:50:31

15 MS. HEALY-GALLAGHER: Your Honor, I would like to
16 ask that the sworn statement pursuant to Paragraph 26, that
17 that statement be delivered to the receiver no later than
18 May 10th by both Neldon Johnson and Greg Shepard.

14:50:51

19 THE COURT: So they delivered a declaration that
20 you claim is insufficient.

21 MS. HEALY-GALLAGHER: Yes.

22 THE COURT: All right. So what are you looking for
23 the most in that sworn statement? What is most deficient in
24 what's been produced?

14:51:05

25 MR. KLEIN: A record of prior asset transfers and

1 asset locations.

2 THE COURT: Okay. So I think I invited you to sit
3 down with who? Mr. Johnson?

4 MS. HEALY-GALLAGHER: Mr. Shepard.

14:51:17 5 THE COURT: Mr. Shepard. Okay. Okay. Are you
6 concerned about that same thing with all of the respondents?
7 All of declarants? Asset transfers?

8 MS. HEALY-GALLAGHER: The only two people who are
9 required to make that statement are Mr. Shepard and
14:51:32 10 Mr. Johnson.

11 THE COURT: Okay. So 26(h) has some subsections in
12 there about what's required for all of those transfers. I'd
13 suggest you start with 2019 and work backwards, go as far as
14 you can.

14:51:47 15 And the date you wanted it by was what?

16 MS. HEALY-GALLAGHER: May 10th.

17 THE COURT: May 10th.

18 MR. JOHNSON: Your Honor?

19 THE COURT: Yes.

14:51:55 20 MR. JOHNSON: She said in the deposition I could
21 have until the 25th.

22 THE COURT: Was there an agreement for the 25th?

23 MS. GLENDA JOHNSON: She said 30 days.

24 MR. JOHNSON: She said 30 days.

14:52:08 25 MS. GLENDA JOHNSON: She actually said that at

1 deposition. We have 30 days to get everything done.

2 THE COURT: You know, just like you don't like some
3 things I do, she doesn't, either, and I set a hearing for the
4 28th. So I think we need it by the 21st.

14:52:27 5 MR. JOHNSON: Okay.

6 THE COURT: Okay.

7 MS. HEALY-GALLAGHER: And last, Your Honor,
8 understanding that we will be back on May 28th, nonetheless,
9 what we've shown you last week and this week all the
10 respondents are in contempt, so I ask you to enter that
11 finding, that they are all contempt of the receivership order.

12 THE COURT: Well, the essential elements of
13 contempt are fairly simple, and they are that they are aware
14 of an order and, in fact, there is an acknowledgment that they
15 received it. It is a valid court order. And the evidence so
16 far before me shows that none of them have complied adequately
17 with the order and still continue not to. And I have to
18 decide very honestly if Mr. Johnson's claim of being stupid is
19 valid factually or is a dispute. And honestly I don't think
14:52:59 20 it is, but I'm not going to enter a final finding today. But
21 it seems like the record is there.

22 Anything else, Mr. Paul?

23 MR. PAUL: No, Your Honor. Not today.

24 THE COURT: Mr. Shepard?

14:53:43 25 MR. SHEPARD: Yeah. I'm hoping that the meeting

1 with Erin Healy-Gallagher and Receiver Klein will produce a
2 good results because I have, as I said before I don't think
3 I'm in contempt and I'm going to try to work my way through
4 that with this meeting afterwards.

14:54:01

5 The other thing I wanted to say is you didn't
6 address the attorney issue. I think that's reasonable to give
7 the law firm he's already had with Denver Snuffer a reasonable
8 attorney fee for 30 days so that they can move forward in a
9 pleasing manner to you.

14:54:25

10 THE COURT: You seem to be asking for that only for
11 Mr. Johnson, not for yourself; is that right?

12 MR. SHEPARD: Yes.

13 THE COURT: Okay. I just want to make sure I
14 understand.

14:54:34

15 MR. SHEPARD: Though it would be nice for me,
16 but --

17 THE COURT: I haven't made a decision on any of
18 that. I will. Okay.

19 Anything else, Mr. Neldon Johnson?

14:54:43

20 MR. JOHNSON: No, Your Honor. Thank you. I
21 appreciate it.

22 THE COURT: All right. Thank you.

23 Marshals, I thank you for being here. It turns out
24 we did not need you. We are in recess.

14:54:56

25 (Whereupon, the court proceedings were concluded.)

* * * * *

1 STATE OF UTAH)

2) ss.

3 COUNTY OF SALT LAKE)

4 I, KELLY BROWN HICKEN, do hereby certify that I am
5 a certified court reporter for the State of Utah;

6 That as such reporter, I attended the hearing of
7 the foregoing matter on May 3, 2019, and thereat reported in
8 Stenotype all of the testimony and proceedings had, and caused
9 said notes to be transcribed into typewriting; and the
10 foregoing pages number from 3 through 192 constitute a full,
11 true and correct report of the same.

12 That I am not of kin to any of the parties and have
13 no interest in the outcome of the matter;

14 And hereby set my hand and seal, this ____ day of
15 _____ 2019.

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KELLY BROWN HICKEN, CSR, RPR, RMR

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