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

<p>R. WAYNE KLEIN, as Receiver,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>STEVEN BOWERS, an individual,</p> <p style="text-align: center;">Defendant.</p>	<p>COMPLAINT</p> <p>(Ancillary to Case No. 2:15-cv-00828)</p> <p>Civil No. 2:19-cv-00530-EJF</p> <p>Magistrate Judge Evelyn J. Furse</p>
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R. Wayne Klein, the Court-Appointed Receiver of RaPower-3, LLC (“RaPower”), International Automated Systems Inc. (“IAS”), LTB1 LLC (“LTB1”) their subsidiaries and affiliates,¹ and the assets of Neldon Johnson (“Johnson”) and R. Gregory Shepard (“Shepard”),² (the “Receiver” or “Plaintiff”) in the case styled as *United States v. RaPower-3, LLC, et al.*,

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

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

Case No. 2:15-cv-00828 (D. Utah) (Nuffer, J.) (the “Civil Enforcement Case”), hereby files this Complaint against Steven Bowers (“Steven Bowers”)

STATEMENT OF THE CASE

1. Receivership Defendants were operated as an abusive tax fraud.³ The United States alleged, and the Court found, among other things, that the Receivership Defendants operated a massive tax fraud.⁴ The whole purpose of the Receivership Entities was to enable funding for Neldon Johnson and his family.⁵ Steven Bowers received \$17,300.00 from Receivership Entity Shepard Global. The transfers to Steven Bowers were without any legally recognized value. The Receiver seeks to recover, for the benefit of the Receivership Estate, the amounts improperly transferred to Steven Bowers.

PARTIES, JURISDICTION AND VENUE

2. Pursuant to a Receivership Order entered on October 31, 2018 in the Civil Enforcement Case (the “Receivership Order”),⁶ Plaintiff is the duly-appointed Receiver for Receivership Entities.⁷

3. Upon information and belief, Defendant Steven Bowers is a resident of or is domiciled in the State of Utah.

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

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

⁵ FFCL at 128.

⁶ Civil Enforcement Case, [Docket No. 490](#). A Corrected Receivership Order, which corrected formatting errors, was entered the next day, [Docket No. 491](#).

⁷ Civil Enforcement Case, [Docket No. 636](#). The assets of 12 of these affiliates had been frozen by the initial Receivership Order.

4. Subject matter jurisdiction is proper in this Court pursuant to 28 U.S.C. §§ 1367, 754.

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

FACTS

The Abusive Tax Scheme

6. As the Court found in the Civil Enforcement Case: “For more than ten years, the Receivership Defendants promoted an abusive tax scheme centered on purported solar energy technology featuring ‘solar lenses’ to customers across the United States. But the solar lenses were only the cover story for what the Receivership Defendants were really selling: unlawful tax deductions and credits.”⁸

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

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

9. Specifically, the Court found that the “purported solar energy technology is not now, has never been, and never will be a commercial grade solar energy system that converts sunlight into electrical power or other useful energy” and “[t]he solar lenses do not, either on

⁸ *Memorandum Decision and Order on Receiver’s Motion to Include Affiliates and Subsidiaries in Receivership*, Civil Enforcement Case, Docket No. 636 at 4, quoting FFCL at 1.

their own on in conjunction with other components, use solar energy to generate marketable electricity.”⁹

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

11. Between 45,205 and 49,415 solar lenses were sold to customers.¹⁰ Receivership Defendants’ own transaction documents and testimony at trial showed that the gross receipts received by Receivership Defendants were at least \$32,796,196 and possibly much more.¹¹

12. These lens sales constituted a massive tax fraud.¹² None of these solar lenses ever met the necessary elements to qualify for depreciation deductions or the solar energy tax credit.

13. Indeed, “[h]undreds, if not thousands” of customer lenses were not even removed from the shipping pallets.¹³

14. Based on these facts and others, the Receivership Defendants were enjoined from promoting their abusive solar energy scheme, were ordered to disgorge their gross receipts, and were required to turn over their assets and business operations to the Receiver.¹⁴

15. The Court held that the “whole purpose of . . . the Receivership Entities . . . was to perpetuate a fraud to enable funding for Neldon Johnson. The same is true for other entities

⁹ FFCL at 49.

¹⁰ *Id.* at 14.

¹¹ *Id.* at 15.

¹² *Id.*

¹³ *Id.* at 55-56.

¹⁴ *Memorandum Decision and Order on Receiver’s Motion to Include Affiliates and Subsidiaries in Receivership*, Civil Enforcement Case, [Docket No. 636](#) at 4, citing *Memorandum Decision and Order Freezing Assets and to Appoint a Receiver*, Civil Enforcement Case, [Docket No. 444](#), filed August 22, 2018.

Johnson created, controls, and owns . . . including [Johnson-controlled affiliates]. Johnson has commingled funds between these entities, used their accounts to pay personal expenses, and transferred Receivership Property to and through them in an attempt to avoid creditors.”¹⁵

16. Receivership Defendant Greg Shepard was the self-proclaimed “Chief Director of Operations” for RaPower. His primary role was to promote the company and sell lenses.

17. Greg Shepard was paid for his work promoting RaPower and IAS through Shepard Global.

18. Greg Shepard’s promotion and sales focused on helping customers “zero out” their federal income tax. Indeed, Greg Shepard told customers how to complete their tax returns “properly” to claim the tax benefits purportedly associated with buying solar lenses.

19. Greg Shepard even advised customers under audit on how to respond to the IRS to defend disallowed and lens-related depreciation deductions and solar energy tax credits.

20. Greg Shepard knew, or had reason to know, that the statements he was making were false or fraudulent and that customers were not allowed the depreciation deduction or solar energy tax credit.¹⁶

21. For his role in the solar energy scheme, Greg Shepard received at least \$702,001.00 either directly or through Shepard Global.¹⁷

Amounts Transferred to Defendant Steven Bowers

22. Defendant Steven Bowers received \$17,300.00 from Shepard Global (the “Transfers”).

¹⁵ *Id.* citing FFCL and *Receiver’s Report and Recommendation on Inclusion of Affiliates and Subsidiaries in Receivership Estate*, Civil Enforcement Case, [Docket No. 581](#).

¹⁶ *Id.* at 43.

¹⁷ *Id.* at 16.

23. On information and belief, Steven Bowers did not take the Transfers in good faith and/or did not transfer anything of a reasonably equivalent value to Shepard Global in exchange for the Transfers.

24. At all times relevant hereto, Shepard Global and Greg Shepard were insolvent or had assets that were unreasonably small in relation to transactions in which they were involved.

25. Steven Bowers knew or should have known that Shepard Global's revenue came from sales and promotion of fraudulent solar technology and that Shepard Global and Greg Shepard were deeply in debt when the transfers were made.

26. Steven Bowers has not repaid the Transfers to the Receiver or Shepard Global.

27. Accordingly, Steven Bowers owes Shepard Global \$17,300.00.

FIRST CLAIM FOR RELIEF

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

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

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

30. The Receivership Entities made the Transfers to Steven Bowers in furtherance of the fraud scheme.

31. At all relevant times hereto, Shepard Global and Greg Shepard had at least one creditor.

32. At all relevant times hereto, Shepard Global and Greg Shepard were insolvent.

33. The Transfers were paid and any obligations to Steven Bowers incurred with actual intent to hinder, delay or defraud a creditor of Shepard Global and Greg Shepard.

34. Pursuant to Utah Code Ann. §§ 25-6-5(1)(a) and 25-6-8 or Utah Code Ann. §§ 25-6-202(1)(a) and 25-6-303, the Receiver may avoid and recover the Transfers paid to Steven Bowers.

SECOND CLAIM FOR RELIEF

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

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

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

37. At all relevant times hereto, Shepard Global and Greg Shepard had at least one creditor.

38. The Transfers were paid or the obligations to Steven Bowers were incurred by Shepard Global without receiving reasonably equivalent value in exchange for the Transfers or obligations.

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

40. Pursuant to Utah Code Ann. §§ 25-6-5(1)(b) and 25-6-8 or Utah Code Ann. §§ 25-6-202(1)(b) and 25-6-303, the Receiver may avoid and recover the Transfers paid to Steven Bowers.

THIRD CLAIM FOR RELIEF

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

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

42. Shepard Global and Greg Shepard were engaged in a fraud scheme.

43. Shepard Global paid the Transfers to Steven Bowers in furtherance of the fraud scheme.

44. Each Shepard Global had at least one creditor at the time that the Transfers were made or the obligation to Steven Bowers was incurred.

45. The Transfers were paid or the obligation to Steven Bowers was incurred by Shepard Global or Greg Shepard without receiving a reasonably equivalent value in exchange for the Transfers or obligation.

46. Shepard Global and Greg Shepard were each insolvent at the time the Transfers were paid or the obligation was incurred, or became insolvent as a result of the Transfers or the obligation incurred.

47. Pursuant to Utah Code Ann. §§ 25-6-6(1) and 25-6-8 or Utah Code Ann. §§ 25-6-203(1) and 25-6-303, the Receiver may avoid and recover the Transfers to Steven Bowers.

FOURTH CLAIM FOR RELIEF

(Unjust Enrichment)

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

49. The Transfers were comprised of property of Shepard Global or Greg Shepard and were made in furtherance of the fraud scheme.

50. The Transfers conferred a benefit upon Steven Bowers.

51. Steven Bowers knowingly benefitted from the Transfers.

52. Allowing Steven Bowers to retain the Transfers would unjustly enrich him and would be inequitable.

53. Absent return of the Transfers, Shepard Global or Greg Shepard will be damaged by Steven Bowers' unjust enrichment and may have no adequate remedy at law.

54. Steven Bowers must disgorge the amount of the Transfers.

PRAYER FOR RELIEF

WHEREFORE, the Receiver prays for Judgment against Steven Bowers as follows:

A. Pursuant to the Receiver's First Claim for Relief, judgment against Steven Bowers avoiding the Transfers under Utah Code Ann. §§ 25-6-5(a)(1) and 25-6-8 or §§ 25-6-202(1)(a) and 25-6-303, and permitting Plaintiff's recovery of the value of the: (1) Transfers in the total amount of \$17,300.00.

B. Pursuant to the Receiver's Second Claim for Relief, judgment against Steven Bowers avoiding the Transfers under Utah Code Ann. §§ 25-6-5(a)(2) and 25-6-8 or Utah Code Ann. §§ 25-6-202(1)(b) and 25-6-303, and permitting Plaintiff's recovery of the value of the: (1) Transfers in the total amount of \$17,300.00.

C. Pursuant to the Receiver's Third Claim for Relief, judgment against Steven Bowers avoiding the Transfers under Utah Code Ann. §§ 25-6-6(1) and 25-6-8 or Utah Code Ann. §§ 25-6-203(1) and 25-6-303, and permitting Plaintiff's recovery of the value of the: (1) Transfers in the total amount of \$17,300.00.

D. Pursuant to the Receiver's Fourth Claim for Relief, judgment against Steven Bowers permitting Plaintiff's recovery of the value of the: (1) Transfers in the total amount of \$17,300.00; (2) imposition a constructive trust for the benefit of the receivership estate on any and all Transfers; and (3) disgorgement of the value of the Transfers.

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

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

DATED this 26th day of July, 2019.

PARR BROWN GEE & LOVELESS, P.C.

/s/ Michael S. Lehr

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