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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>CHRISTOPHER J. TAYLOR, an individual; ENERGIZING CONCEPTS, LLC, a Wyoming limited liability company,</p> <p style="text-align: center;">Defendants.</p>	<p style="text-align: center;">COMPLAINT</p> <p style="text-align: center;">(Ancillary to Case No. 2:15-cv-00828) (General Order 19-003)</p> <p>Civil No. _____</p> <p style="text-align: center;">Judge David Nuffer</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.*, Case No. 2:15-cv-00828 (D. Utah) (Nuffer, J.) (the “Civil Enforcement Case”), hereby files this

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

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

Complaint against Christopher J. Taylor (“Taylor” or “Christopher Taylor”) and Energizing Concepts, LLC (“Energizing Concepts”).

STATEMENT OF THE CASE

1. Receivership Defendants were operated as an abusive tax fraud.³ The United States alleged, and the Court found, among other things, that the Receivership Defendants operated a massive tax fraud.⁴ Under this fraudulent scheme, Christopher Taylor received, directly or indirectly, \$355,651.89 and a number of shares of IAS stock from Receivership Entities. Energizing Concepts, a company owned by Taylor, also received \$12,970.00 and as many as 3 million shares of IAS stock from Receivership Entities. These transfers were in furtherance of the massive tax fraud and without any legally recognized value for the transferred money. The Receiver seeks to recover, for the benefit of the Receivership Estate, the amounts improperly transferred to Defendants.

PARTIES, JURISDICTION AND VENUE

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

3. Upon information and belief, Christopher Taylor is a resident of or is domiciled in the State of Utah. Taylor was a manager of one or more of the Receivership Entities, was an

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

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

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

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

employee of IAS, and performed computer programming work for one or more of the Receivership Entities. Taylor has a membership interest in Energizing Concepts.

4. Energizing Concepts is a Wyoming limited liability company with its principal place of business in Payson, Utah. Taylor and LaGrand Johnson, son of Neldon Johnson, are the members of Energizing Concepts.

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

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

FACTS

The Abusive Tax Scheme

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

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

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

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

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

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

12. Between 45,205 and 49,415 solar lenses were sold to customers.⁹ Receivership Defendants’ own transaction documents and testimony at trial showed that the gross receipts received by Receivership Defendants were at least \$32,796,196.00 and possibly much more.¹⁰

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

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

⁸ FFCL at 49.

⁹ *Id.* at 14.

¹⁰ *Id.* at 15.

¹¹ *Id.*

¹² *Id.* at 55-56.

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

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

17. At all times relevant hereto, Neldon Johnson controlled or owned (either directly or indirectly) RaPower, IAS, LBT1, Solco, XSun, Solstice, Cobblestone, LTB O&M, DCL16BLT, DCL-16A, NPJFLP, U-Check, Black Night, and Starlite.

18. Taylor received at least \$355,651.89 in monetary payments from the Receivership Entities.

19. On information and belief, Taylor has been issued IAS shares in up to 47 different stock certificates.

20. Energizing Concepts received at least \$12,970.00 in monetary payments from the Receivership Entities.

21. Energizing Concepts has been issued as much as 3 million shares of IAS stock.

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

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

Taylor's Involvement with Receivership Defendants

22. Upon information and belief, Taylor was knowledgeable about the operations of Receivership Entities. He was a manager of at least one of the Receivership Entities: LTB1. Taylor was the manager of LTB1 during most of its existence, and Taylor and Neldon Johnson were the sole decision-makers for LTB1.

23. In addition, Taylor performed computer programming work for IAS and Neldon Johnson, including assisting in programming the first model of the computer program that RaPower used to track solar lenses.

24. Prior to that, Taylor also worked for IAS as an employee and as a manager of one of IAS' grocery stores.

25. Taylor was an insider of multiple Receivership Entities. He was deeply involved in the decision-making processes and financial management of LTB1 and had a lengthy history as an employee of IAS.

26. Taylor had actual knowledge of the financial information of one or more of the Receivership Entities.

27. At all times relevant hereto, the Receivership Entities were insolvent or had assets that were unreasonably small in relation to transactions in which they were involved.

28. Taylor knew that the Receivership Entities were insolvent at the time that all transfers in this Complaint were made. Specifically, he knew or should have known that:

- a. IAS's audited financial statements showed that IAS had never made any sales of any products, had not generated a profit since its 1986 inception, and had an accumulated deficit of more than \$40 million;

b. RaPower's revenue came from the sales of solar lenses to customers and that RaPower had promised that those lens purchasers would receive more in revenue from electricity generated from those solar lenses than what purchasers had paid for the lenses. As a result, if those lenses never generated any revenue from the sales of electricity, RaPower would be liable to those lens purchasers for the amount the customers paid for the lenses and for bonuses promised by RaPower;

c. XSun Energy's revenue came either as a result of agreements with other Receivership Entities or from third parties where XSun had liabilities to those third parties at least as great as the amount of revenues it received. XSun never earned any revenues from operations, other than transfers from affiliated entities in connection with the promotion of the abusive tax shelter; and

d. The vast majority, if not all, of Cobblestone's revenue came from Receivership Entities and were in connection with promotion of the abusive tax shelter. Upon information and belief, Cobblestone had no source of net revenues from third parties.

Amounts Transferred to Taylor

29. Taylor received \$355,651.89 directly from multiple Receivership Entities since 2005. A document summarizing the \$355,651.89 in transfers is attached hereto as Exhibit 1.

30. On information and belief, Taylor was issued 47 certificates of IAS stock and sold 2,838,137 shares of the IAS stock, receiving the net sales proceeds of those sales.

31. Energizing Concepts received \$12,970.00 from Receivership Entities.

32. On information and belief, Taylor used his company Energizing Concepts to hold unregistered stock in IAS until the required holding period expired, then transferred those shares to others.

33. Energizing Concepts was issued 1.5 million shares of IAS stock on July 12, 2010.

34. After the holding period for these shares expired and the stock could be sold on the public market, Energizing Concepts transferred the 1.5 million shares of IAS stock to Nelson Snuffer Dahle & Poulsen.

35. IAS then issued another 1.5 million shares of IAS stock to Energizing Concepts, to replace those shares Energizing Concepts had transferred to Nelson Snuffer.

36. Taylor did not take these transfers to himself or Energizing Concepts in good faith and/or did not transfer anything of a reasonably equivalent value to the transferors.

37. Upon information and belief, Taylor knew that IAS, LTB1, and RaPower were being operated as a fraudulent scheme at the time that all transfers were made.

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)

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

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

40. The Receivership Entities, under the control of Neldon Johnson, made transfers in money and stock to Taylor in furtherance of the fraud scheme.

41. The Receivership Entities, under the control of Neldon, Johnson made transfers in money and stock to Energizing Concepts in furtherance of the fraud scheme.

42. At all relevant times hereto, each Receivership Entity that made payments to Taylor and/or Energizing Concepts had at least one creditor.

43. At all relevant times hereto, Taylor was an insider of IAS, LTB1, and other Receivership Entities.

44. At all relevant times hereto, IAS, RaPower, LTB1, XSun, and Cobblestone were insolvent.

45. The transfers of money and stock were paid and any obligations to Taylor and Energizing Concepts were incurred with actual intent to hinder, delay or defraud a creditor of the Receivership Entities.

46. 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 Taylor and Energizing Concepts.

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)

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

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

49. The Receivership Entities, under the control of Neldon Johnson, made the transfers in money and stock to Taylor in furtherance of the fraud scheme.

50. The Receivership Entities, under the control of Neldon Johnson, made the transfers in money and stock to Energizing Concepts in furtherance of the fraud scheme.

51. At all relevant times hereto, each Receivership Entity making transfers to Taylor had at least one creditor.

52. The transfers were paid or the obligations to Taylor and/or Energizing Concepts were incurred by Receivership Entities without receiving a reasonably equivalent value in exchange for the transfers or obligations.

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

54. 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 Taylor and Energizing Concepts.

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)

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

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

57. The Receivership Entities, under the control of Neldon Johnson, paid the transfers in money and stock to Taylor in furtherance of the fraud scheme.

58. The Receivership Entities, under the control of Neldon Johnson, paid the transfers in money and stock to Energizing Concepts in furtherance of the fraud scheme.

59. Each Receivership Entity had at least one creditor at the time that the transfers were made or the obligation to Taylor and/or Energizing Concepts was incurred.

60. The transfers were paid or the obligation to Taylor and/or Energizing Concepts were incurred by the Receivership Entities without the Receivership Entities receiving a reasonably equivalent value in exchange for the transfers or obligation.

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

62. 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 Taylor and Energizing Concepts.

FOURTH CLAIM FOR RELIEF

(Avoidance of Fraudulent Transfers Under Utah Code Ann. §§ 25-6-6(2) and 25-6-8 or Utah Code Ann. §§ 25-6-203(2) and 25-6-303)

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

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

65. The transfers were made as part of and in furtherance of a fraud scheme.

66. Each Receivership Entity had at least one creditor at the time that the transfers from that Receivership Entity were made.

67. Taylor was an insider of the Receivership Entities.

68. The transfers were made to the Taylor and/or Energizing Concepts for an antecedent debt.

69. The Receivership Entities were insolvent at the time all transfers were made and, on information and belief, Taylor and/or Energizing Concepts had reasonable cause to believe that the Receivership Entities were insolvent.

70. Pursuant to Utah Code Ann. §§ 25-6-6(2) and 25-6-8 or Utah Code Ann. §§ 25-6-203(2) and 25-6-303), the Receiver may avoid and recover the transfers made to the Taylor and Energizing Concepts.

FIFTH CLAIM FOR RELIEF
(Breach of Fiduciary Duty)

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

72. Taylor was an insider and manager of LTB1, and an insider and employee of other Receivership Entities, giving rise to a fiduciary relationship.

73. Taylor breached his fiduciary duty, and acted in furtherance of the fraud scheme, by accepting or causing transfers to be made to himself and/or Energizing Concepts.

74. These transfers damaged LTB1, IAS, and the other Receivership Entities.

75. Taylor also breached his fiduciary duty by knowingly participating in the fraudulent scheme and directing LTB1's participation in the scheme.

76. Taylor's and LTB1 participation in the fraudulent scheme damaged LTB1, IAS, and other Receivership Entities.

SIXTH CLAIM FOR RELIEF

(Unjust Enrichment)

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

78. The transfers in money and stock to Taylor were comprised of property of Receivership Entities and were made by Receivership Entities in furtherance of the fraud scheme.

79. The transfers in money and stock to Energizing Concepts were comprised of property of Receivership Entities and were made by Receivership Entities in furtherance of the fraud scheme.

80. The transfers to Taylor and Energizing Concepts conferred a benefit upon Taylor and/or Energizing Concepts.

81. Taylor and/or Energizing Concepts knowingly benefitted from the transfers.

82. Allowing Taylor and/or Energizing Concepts to retain the transfers would unjustly enrich him and would be inequitable.

83. Absent return of the transfers, the Receivership Estate will be damaged by Taylor's unjust enrichment and may have no adequate remedy at law.

84. Taylor and/or Energizing Concepts must disgorge the amount of the transfers.

PRAYER FOR RELIEF

WHEREFORE, the Receiver prays for Judgment against Christopher Taylor and Energizing Concepts as follows:

A. Pursuant to the Receiver's First Claim for Relief, judgment 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 \$355,651.89 to Taylor; (2) transfers of shares in IAS stock to Taylor in an amount to be determined at trial; (3) transfers in the total of \$12,970.00 to Energizing Concept; and (4) transfers of shares in IAS stock to Energizing Concepts in an amount to be determined at trial.

B. Pursuant to the Receiver's Second Claim for Relief, judgment avoiding the transfers under Utah Code Ann. §§ 25-6-5(a)(2) and 25-6-8 or Utah Code Ann. §§ 25-6-202(1)(b) and 25-6-303, and permitting Plaintiff's recovery of the value of the: (1) transfers in the total amount of \$355,651.89 to Taylor; (2) transfers of shares in IAS stock to Taylor in an amount to be determined at trial; (3) transfers in the total of \$12,970.00 to Energizing Concept; and (4) transfers of shares in IAS stock to Energizing Concepts in an amount to be determined at trial.

C. Pursuant to the Receiver's Third Claim for Relief, judgment avoiding the transfers under Utah Code Ann. §§ 25-6-6(1) and 25-6-8 or Utah Code Ann. §§ 25-6-203(1) and 25-6-303, and permitting Plaintiff's recovery of the value of the: (1) transfers in the total amount of \$355,651.89 to Taylor; (2) transfers of shares in IAS stock to Taylor in an amount to be determined at trial; (3) transfers in the total of \$12,970.00 to Energizing Concept; and (4) transfers of shares in IAS stock to Energizing Concepts in an amount to be determined at trial.

D. Pursuant to the Receiver's Fourth Claim for Relief, judgment avoiding the transfers under Utah Code Ann. §§ 25-6-6(2) and 25-6-8 or Utah Code Ann. §§ 25-6-203(2) and 25-6-303, and permitting Plaintiff's recovery of the value of the: (1) transfers in the total amount of \$355,651.89 to Taylor; (2) transfers of shares in IAS stock to Taylor in an amount to be

determined at trial; (3) transfers in the total of \$12,970.00 to Energizing Concept; and (4) transfers of shares in IAS stock to Energizing Concepts in an amount to be determined at trial.

E. Pursuant to the Receiver's Fifth Claim for Relief, a judgment permitting Plaintiff's recovery of the value of the: (1) transfers in the total amount of \$355,651.89 to Taylor; (2) transfers of shares in IAS stock to Taylor in an amount to be determined at trial; (3) transfers in the total of \$12,970.00 to Energizing Concept; (4) transfers of shares in IAS stock to Energizing Concepts in an amount to be determined at trial; and (5) damages caused by Taylor's breach of fiduciary duty by directing LTB1 and IAS to participate in the fraud scheme in an amount to be determined at trial.

F. Pursuant to the Receiver's Sixth Claim for Relief, judgment permitting Plaintiff's recovery of the value of the: (1) transfers in the total amount of \$355,651.89 to Taylor; (2) transfers of shares in IAS stock to Taylor in an amount to be determined at trial; (3) transfers in the total of \$12,970.00 to Energizing Concept; (4) transfers of shares in IAS stock to Energizing Concepts in an amount to be determined at trial; (5) imposition a constructive trust for the benefit of the receivership estate on any and all transfers; and (6) disgorgement of the value of the transfers.

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

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

DATED this 24th day of October, 2019.

PARR BROWN GEE & LOVELESS, P.C.

/s/ Jeffery A. Balls

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