

Page 1

1 IN THE UNITED STATES DISTRICT COURT
 2 FOR THE DISTRICT OF UTAH, CENTRAL DIVISION
 3
 4 UNITED STATES OF AMERICA, :
 5 Plaintiff, : Civil No.
 : 2:15-cv-00828-DN-EJF
 6 -v- :
 7 RAPOWER-3, LLC, INTERNATIONAL :
 AUTOMATED SYSTEMS, INC., 30(b)(6) Deposition of:
 8 LTB1, LLC, R. GREGORY : INTERNATIONAL AUTOMATED
 SHEPARD, NELDON JOHNSON, and SYSTEMS, INC.
 9 ROGER FREEBORN, : (Neldon Johnson)
 10
 11 Defendants. :
 12
 13
 14
 15
 16 Place: UNITED STATES
 17 ATTORNEY'S OFFICE
 18 111 South Main Street
 19 Suite 1800
 20 Salt Lake City, Utah 84111
 21
 22 Date: June 29, 2017
 23 9:07 a.m.
 24
 25 Reporter: Vickie Larsen, CSR/RMR

Page 2

1 A P P E A R A N C E S
 2
 3 For the Plaintiff:
 4 Erin Healy-Gallagher
 Erin Hines
 U.S. DEPARTMENT OF JUSTICE
 5 P.O. Box 7238
 Ben Franklin Station
 6 Washington, DC 20044
 202.353.2452
 7 Erin.healygallagher@usdoj.gov
 Erin.r.hines@usdoj.gov
 8
 9 For the Defendants, RaPower-3, LLC, International
 Automated Systems, Inc., LTB1, LLC, and Neldon
 Johnson:
 10
 11 Denver C. Snuffer, Jr.
 NELSON, SNUFFER, DAHLE & POULSEN
 10885 South State Street
 12 Sandy, Utah 84070
 801.576.1400
 13 Denversnuffer@gmail.com
 14 Also Present:
 15 Glenda Johnson
 16
 17
 18 -oOo-
 19
 20
 21
 22
 23
 24
 25

Page 3

1
 2 I N D E X
 3
 4 NELDON JOHNSON Page
 5 MS. HEALY-GALLAGHER 9
 6
 7
 8 -oOo-
 9
 10
 11 E X H I B I T S
 12
 13 No. Description Page
 14 Exhibit 2 IAUS Solar Panel brochure 13
 15 Exhibit 16A Executive Summary 208
 16 Exhibit 22 Letter dated August 15, 2005, 144
 17 from Hansen, Barnett & Maxwell
 18 Exhibit 94 Equipment Purchase Agreement 156
 19 dated December 22, 2006
 20 Exhibit 103 Letter dated December 30, 161
 21 2008, to KBR Investments from
 22 Neldon Johnson
 23 Exhibit 108 E-mail from Greg Shepard dated 199
 24 April 26, 2010, with
 25 attachment

Page 4

1 Exhibit 181 Equipment Purchase Agreement 177
 2 Exhibit 185 Letter to Patty 214
 3 Lambrecht/iLios, LLC from
 4 Neldon Johnson
 5 Exhibit 186 Letter dated September 24, 215
 6 2010, from Roger Halverson
 7 Exhibit 188 Memo dated December 27, 2010, 215
 8 to Patty Lambrecht from Glenda
 9 Johnson
 10 Exhibit 357 E-mail from Jason Clement 95
 11 dated August 20, 2012, with
 12 attachment
 13 Exhibit 462 Equipment Lease Agreement 137
 14 dated December 28, 2005
 15 Exhibit 463 Independent Representative 145
 16 Agreement dated September 26,
 17 2005
 18 Exhibit 464 Equipment Sublease Agreement 138
 19 dated December 28, 2005
 20 Exhibit 483 International Automated 234
 21 Systems brochure
 22 Exhibit 486 United States' Notice of 9
 23 Deposition of defendant
 24 International Automated
 25 Systems, Inc.



Page 5			Page 7		
1	Exhibit 507 U.S. Securities and Exchange	17	1	Exhibit 536 Power Purchase Agreement	204
2	Commission Form 10-K for		2	Exhibit 537 Operation and Maintenance	207
3	International Automated		3	Agreement	
4	Systems, Inc.		4	Exhibit 538 Letter dated June 13, 2012, to	224
5	Exhibit 517 United States' Notice of	52	5	Nelson Johnson from Richard	
6	Rescheduled Party Depositions		6	Blake	
7	Exhibit 518 Purchase Order from	73	7	Exhibit 539 YouTube snapshot	242
8	International Automated		8	Exhibit 540 Corporate Banking Resolution	246
9	Systems, Inc.		9		
10	Exhibit 519 Photocopy of Check No. 19081	76	10		
11	Exhibit 520 Multiple invoices	76	11		
12	Exhibit 521 Agreement for Professional	92	12		
13	Engineering Services Between		13		
14	International Automated		14		
15	Systems, Inc. and Brent Davis,		15		
16	Electric Power Engineering		16		
17	Associates		17		
18	Exhibit 522 Letter dated January 24, 2011,	96	18		
19	to Randy Johnson from Brent		19		
20	Davis		20		
21	Exhibit 523 Sales Representation Agreement	104	21		
22	Exhibit 524 SC Systems, LLC Sales	110	22		
23	Representative For		23		
24	International Automated		24		
25	Systems, Inc.		25		
Page 6			Page 8		
1	Exhibit 525 Lease sales Presentation IAS	133	1	June 29, 2017	9:07 a.m.
2	Solar		2	P R O C E E D I N G S	
3	Exhibit 526 Letter dated October 5, 2005,	146	3		
4	to Randy Johnson from Felix		4	NELDON JOHNSON,	
5	Taubman		5	called as a witness, having been duly sworn,	
6	Exhibit 527 Letter dated November 1, 2005,	150	6	was examined and testified as follows:	
7	to Charlie Vaughn from Neldon		7		
8	Johnson		8	MS. HEALY-GALLAGHER: Good morning,	
9	Exhibit 528 Purchase and Installation	151	9	Mr. Johnson.	
10	Contract		10	We're on the record in the case of United	
11	Exhibit 529 Kokopelli Solar Energy Project	153	11	States v. RaPower-3 on June 29th at about 9:07 a.m.	
12	Prospectus PowerPoint dated		12	We met yesterday. My name is Erin	
13	October 2006		13	Healy-Gallagher. I'm with the United States	
14	Exhibit 530 E-mail string	158	14	Department of Justice Tax Division appearing on behalf	
15	Exhibit 531 IAUS Solar Unit Purchase	161	15	of the United States.	
16	Overview		16	Mr. Snuffer.	
17	Exhibit 532 International Automated	171	17	MR. SNUFFER: Yeah, Denver Snuffer here	
18	Systems PowerPoint		18	on behalf today of IAS, but on behalf of the	
19	Exhibit 533 Equipment Purchase Agreement	182	19	defendants Neldon Johnson, RaPower, LTB2 -- or LTB1 as	
20	dated August 10, 2009		20	well.	
21	Exhibit 534 Letter dated December 30,	194	21	MS. HINES: Erin R. Hines, also on behalf	
22	2009, to Ted Fullerton from		22	of the United States.	
23	Neldon Johnson		23	MS. HEALY-GALLAGHER: Not with us today	
24	Exhibit 535 Copy of Solar Contracts	196	24	are Chris Moran for the United States, and Donald Reay	
25	2009.xls		25	for Greg Shepard and Roger Freeborn.	

<p style="text-align: right;">Page 9</p> <p>1 The deposition will be governed by the 2 Federal Rules of Civil Procedure, and the local rules 3 of the District of Utah. 4 As with yesterday, all exhibits will be 5 marked and kept here until the end of the week, when I 6 will send them with the court reporter. 7 8 EXAMINATION 9 BY MS. HEALY-GALLAGHER: 10 Q. All right. Mr. Johnson, would you state 11 your name for the record. 12 A. Oh, yes. Neldon Johnson. 13 Q. And, Mr. Johnson, I've handed you what's 14 already been marked as Plaintiff's Exhibit 486. 15 Today is the deposition of defendant 16 International Automated Systems, Inc., and so, 17 Mr. Johnson, are you the witness who will be appearing 18 on behalf of International Automated Systems? 19 A. Yes. 20 Q. Okay. And, of course, Plaintiff's 21 Exhibit 486 is the notice of deposition for defendant 22 IAS? 23 A. Oh, this is the notice for deposition, 24 okay. 25 Q. Yes. All right.</p>	<p style="text-align: right;">Page 11</p> <p>1 THE WITNESS: And we didn't get -- it was 2 still boring. So... 3 MS. HEALY-GALLAGHER: We'll do our best 4 on that today. 5 MR. SNUFFER: All right. Thanks. 6 Q. BY MS. HEALY-GALLAGHER: All right. And, 7 again, today your task is to give full and complete 8 answers to the best of your recollection. 9 Do you understand that obligation? 10 A. Yes. 11 Q. And I am to ask understandable questions 12 of you, so if you don't understand a question for any 13 reason, please let me know and I will try to ask a 14 better one. 15 Do you understand? 16 A. Thank you. 17 Q. As with yesterday, please do let me know 18 if you have thought of additional information to 19 supplement or correct an answer that you have given 20 earlier in the day. Will you do that? 21 A. Yeah. There is one. 22 The -- the one that you asked me about if 23 I'd ever been in jail or that -- the answer was 24 inaccurate. 25 I looked at the proceedings and -- and</p>
<p style="text-align: right;">Page 10</p> <p>1 We went over the ground rules for 2 depositions yesterday. You don't have to look at that 3 exhibit. 4 A. Oh, okay. 5 Q. We're done with that. 6 A. Oh, sorry. 7 Q. We went over the ground rules yesterday, 8 but we'll just revisit a couple here. 9 Again, please remember to answer my 10 questions verbally with a yes or a no or other words 11 rather than uh-huh and huh-uh. 12 Will you do that? 13 A. Yes. 14 Q. Okay. 15 MR. SNUFFER: If I might add, yesterday 16 one of the things that you began to do was to answer 17 before she finished her question, and you should let 18 her finish the question. Make sure she's done before 19 you start talking. 20 The court reporter's going to give us 21 some difficult transcription from yesterday because 22 both of you were talking. 23 THE WITNESS: We weren't fighting. 24 MR. SNUFFER: No, but you were both 25 talking.</p>	<p style="text-align: right;">Page 12</p> <p>1 what it was was a -- he claimed to be an officer, so 2 it was a government -- it was a government -- it 3 wasn't a family, it was just -- 4 Q. I see. 5 A. -- it was a government. 6 Q. So you're talking about your arrest? 7 A. Right. It was a government arrest on a 8 family abuse procedure. I don't know if it makes any 9 difference, but I prefer it not to be the other. 10 Q. Understood. 11 A. Okay. 12 Q. Thank you. 13 A. Because there wasn't any -- anything like 14 that. 15 Q. And, again, for breaks, Mr. Johnson, if 16 you need a break today, just ask me and we will finish 17 whatever question is pending and then you can take a 18 break. 19 A. Thank you. Appreciate that. 20 Q. Again today, Mr. Johnson, we're here to 21 get as accurate a record as we can of the facts of 22 this case as you remember them. 23 So I'm going to ask if there's anything 24 that would prevent you from understanding and 25 answering my questions to the full capacity of your</p>

Page 13

1 recollection today?
 2 A. No, there isn't.
 3 Q. Are you taking any medications or drugs
 4 of any kind that might interfere with your memory?
 5 A. No.
 6 Q. Have you had anything alcoholic to drink
 7 in the last eight hours?
 8 A. No.
 9 Q. Okay. And are you currently under a
 10 doctor's care for any illness?
 11 A. No.
 12 Q. I'm going to show you --
 13 MS. HEALY-GALLAGHER: Off the record for
 14 a second, please.
 15 (There was a discussion held off the record.)
 16 MS. HEALY-GALLAGHER: Back on, please.
 17 Q. I'm handing you, Mr. Johnson, what's been
 18 marked as Plaintiff's Exhibit 2, which we looked at
 19 yesterday. And I just had a couple of questions about
 20 IAUS.com.
 21 You testified yesterday that you are the
 22 author of the content for IAUS.com?
 23 A. That's correct.
 24 Q. That's correct, okay.
 25 How does your content get online?

Page 14

1 A. I have a -- a person put it online for
 2 me.
 3 Q. Who is that person?
 4 A. It's a -- there's several. Would be
 5 Aaron Joos or Randale Johnson.
 6 Q. Could you spell the first name that you
 7 said?
 8 A. Aaron Joos, J-O-O-S.
 9 But I also have the capacity to do it
 10 myself. I am also a programmer, so very fluent in
 11 programming.
 12 Q. Okay. So Aaron Joos, Randale Johnson, or
 13 you, are the people who actually post the content
 14 online?
 15 A. That's correct.
 16 Q. Okay. Any others?
 17 A. No, not -- not really.
 18 Q. Who provides the photographs for
 19 IAUS.com?
 20 A. I -- there have been different people
 21 that take different pictures over the years, and then
 22 we utilize them. There have been a variety of people
 23 that have taken pictures and then given them to me to
 24 -- to post online.
 25 I can't remember all of their names, but

Page 15

1 Randy -- Randale Johnson would be one, and then Greg
 2 Shepard would be another. But before them there were
 3 -- there were others that participated in taking
 4 photographs and handing me the pictures and stuff like
 5 that.
 6 Q. Okay. And if there are pictures and
 7 videos on IAUS.com, it's either you or Randale or Erin
 8 Joos who would have -- Joos who would have posted
 9 them; correct?
 10 A. That's correct, yes.
 11 Q. When did IAUS.com start its presence on
 12 the Internet?
 13 A. I'm not sure, but it would be in the
 14 1990s, I believe.
 15 Q. From the 1990s to the present day, who
 16 else has been responsible for posting content for
 17 IAUS.com?
 18 A. Oh, there have been -- there have been
 19 many people that have come and gone, you know, in the
 20 company. It would be probably Curtis Snow, Chris
 21 Taylor. I don't know. There's other -- there's about
 22 four or five other people that I don't remember --
 23 Q. Since --
 24 A. -- who they are.
 25 Q. Okay. Since the 1990s, if material is

Page 16

1 posted on IAUS.com, is that material only posted with
 2 your approval?
 3 A. That's correct, yes.
 4 Q. Then we saw yesterday that there's --
 5 there are e-mail addresses that end in @IAUS.com;
 6 correct?
 7 A. Yes, uh-huh.
 8 Q. How is that e-mail hosted?
 9 A. Well, there's several -- there have been
 10 several different hosting companies, but I believe
 11 this -- the e-mail is hosted through a -- presently is
 12 through Gmail.
 13 Q. How long has it been with Gmail?
 14 A. It's been a long time, but I don't
 15 remember exactly when it was when Gmail came -- Google
 16 came in a little bit later than all the rest, you
 17 know, so we probably would have used other accounts
 18 before Google. But then we went to the Google Gmail
 19 accounts, but I don't know exactly when.
 20 Q. So do you think it was, like, before
 21 2010?
 22 A. Oh, yeah, I think it was probably around
 23 -- could have been 2005. I don't know when Google --
 24 Google actually came aboard, but I think it was right
 25 around 2005.

<p style="text-align: right;">Page 17</p> <p>1 Q. Also, Mr. Johnson, I forgot to say this 2 at the beginning, but you're here today to testify on 3 behalf of IAS -- 4 A. That's correct. 5 Q. -- correct? 6 If there are any questions that I ask you 7 today that you are answering from any knowledge other 8 than knowledge that you personally have gained over 9 time by your work with IAS, would you let me know 10 that? 11 A. Yes, I will. 12 Q. Okay. All right. Mr. Johnson, handing 13 you what was marked yesterday as Plaintiff's 14 Exhibit 507. 15 A. Okay. 16 Q. Plaintiff's Exhibit 507 is the 10-K for 17 IAUS for the fiscal year ending June 30, 2016; 18 correct? 19 A. Yes. 20 Q. And you said yesterday that IAS's 21 reporting to the SEC is voluntary? 22 A. That's correct. 23 Q. What do you understand that obligation or 24 option to mean? 25 A. It means if I choose to comply with the</p>	<p style="text-align: right;">Page 19</p> <p>1 the financials -- 2 A. They go on the record as -- as being 3 non-audited financials. 4 Q. Okay. Okay. 5 A. And they have to be registered that way 6 so the public understands that these are -- have not 7 been audited. 8 Q. I see. 9 So how do you make the decision as to 10 whether to get an audit for a particular year or not 11 get an audit? 12 A. Well, it really -- it really wouldn't be 13 -- the only time I think we weren't audited was during 14 a period of time when they had changed the laws on the 15 auditing procedures. 16 And they had also made it very difficult 17 for people to become public auditors. And it made it 18 very difficult to get an auditing firm available to do 19 our audits, because we were a small -- a small -- 20 small company, and most -- most the auditors were busy 21 and weren't -- weren't available. 22 And so it was difficult to find an 23 auditing company that would -- that would do it and do 24 it the way we would want it to be done. 25 Q. So then do I understand you correctly,</p>
<p style="text-align: right;">Page 18</p> <p>1 auditing, that we -- we must comply by having public 2 accountants do the audits. If we choose not to do the 3 audits, we're not obligated to -- for any public CPAs 4 or with -- with those licenses. We can then -- we can 5 then just have regular CPAs do the audits or do the 6 accounting work. 7 Q. All right. Let me back up real quick. 8 So let's take it since 2005. 9 A. Okay. 10 Q. Has IAS had its financials reviewed by an 11 accountant at the end of each fiscal year? 12 A. No. There's been two, maybe three years 13 in which we -- we didn't file. 14 Q. I -- hang on. 15 I'm not talking about filing with the 16 SEC. I'm just asking about year-end audit by an 17 accountant. 18 A. Well, yes, but not -- not the -- not in a 19 form of an audit, just the accounting. 20 Q. Okay. So just year-end accounting? 21 A. Just year-end accounting. The audits are 22 performed by a public auditing procedure, so you 23 really can't -- you can't designate those as audited 24 financials. 25 Q. Okay. If -- so if a CPA does not audit</p>	<p style="text-align: right;">Page 20</p> <p>1 sir, that the -- if you did not get audited books, 2 there were two reasons: One was a change in law and 3 the audit procedures; and two, difficulty obtaining a 4 professional to audit your books? 5 A. Yes. During this period of time, I think 6 it came out from the Sarbanes-Oxley law. 7 Q. That's all I need to know, is the two 8 reasons. 9 So were there any other reasons besides 10 those two? 11 A. No. 12 Q. Do you recall which years you decided not 13 to have your books audited? 14 A. I don't -- not -- not offhand, but I 15 think it was in the 2010, '11, or '12, but I'm not 16 positive on that. 17 Q. So that was my next question. 18 Do you recall how many years you went 19 without audited books? 20 A. I think over three. But I'm not positive 21 on that, either, but I think there was three. 22 Q. And, Mr. Johnson, if IAS does file a Form 23 10-K with the SEC, all the statements in the 10-K are 24 true and accurate; correct? 25 A. As far as I know they are. I'm not an</p>

<p style="text-align: right;">Page 21</p> <p>1 accountant, so if there -- if there are ways, the 2 procedures of the actual accounting is done, I 3 wouldn't be able to determine their accuracy. 4 But we have -- but we have two different 5 accounting firms that -- because of that, we have two 6 accounting firms that do the preliminary work and they 7 audit each other, and then it goes to an auditor that 8 finalizes the -- the accuracy of the actual 9 financials. 10 Q. Okay. Let's take a quick look. 11 Would you just review quietly to yourself 12 Pages 4 through 17 of Plaintiff's Exhibit 507? 13 A. Okay. 14 Q. And let me know when you're done. 15 A. Through 17? 16 Q. Yes. 17 A. Okay. I think I've looked at them, but 18 I've not read them, you know. 19 Q. Okay. But, generally, this is 20 information about IAS and its business activities; 21 correct? 22 A. I think so. That's what it appears to 23 be. 24 Q. Okay. Do you have any reason to believe 25 that this might not be correct if it was filed with</p>	<p style="text-align: right;">Page 23</p> <p>1 A. Well, some of these items may be what 2 they call forward-looking statements. And there are 3 disclaimers that go along with -- with all of the -- 4 with all of the statements that were -- are provided 5 in -- in -- in this document. 6 I have a disclaimer that any 7 forward-looking operations are protected, according to 8 the SEC rules. 9 Q. Sure. 10 But, nonetheless, these are IAS's 11 forward-looking statements; correct? 12 A. Yes. And if they -- they're as accurate 13 as we can possibly make them, obviously. 14 Q. Sure. 15 And, similarly, any document that IAS 16 would have filed with the SEC, IAS would make the 17 effort to make them as accurate as possible; correct? 18 A. We have done that, yes, we have. 19 Q. Okay. You can put that aside. Thank 20 you. 21 A. Okay. 22 Q. Mr. Johnson, what, if any, business 23 relationship does IAS have with RaPower-3, LLC? 24 A. They have a royalty agreement with the -- 25 with the -- with the company RaPower-3.</p>
<p style="text-align: right;">Page 22</p> <p>1 the SEC? 2 A. No. I think I -- as far as I know, I've 3 tried to keep this as accurate as possible. 4 Q. Okay. 5 A. They just -- they just keep redoing the 6 same things over and over again, so I don't know that 7 I looked back on anything, but, yeah. But I think -- 8 but I think from what I've looked at is fairly 9 accurate. 10 Q. And then if you take a look at Page 20. 11 A. Page 20, okay. 12 Q. Just take a look at Page 20. 13 A. Okay. 14 Q. Pages 20 to 21. 15 A. Okay. 16 Q. That section falls under "Management's 17 Discussion and Analysis or Plan of Operations." 18 Do you see that? 19 A. On Page 21? 20 Q. Pages 20 and 21. 21 A. Okay. "Management's Discussion and 22 Analysis or Plan of Operations." Okay. 23 Q. The content on these two pages, 20 and 24 21, do you have any reason to believe that that might 25 be inaccurate if it were filed with the SEC?</p>	<p style="text-align: right;">Page 24</p> <p>1 Q. What does that royalty agreement do, to 2 your understanding? 3 A. It requires IA- -- a payment of 4 85 percent of all the profits generated by RaPower, 5 then are distributed to International Automated 6 Systems. 7 Q. In exchange for what? 8 A. The right to market the product. 9 Q. When you say "the product," what do you 10 mean? 11 A. Well, there's several products that they 12 could be marketing. The solar energy projects and 13 other projects, other patents or concepts or, you 14 know, whatever we want to -- to allow them to sell for 15 IAS. 16 Q. Mr. Johnson, do you believe you turned 17 that royalty agreement over to your attorneys to 18 produce to the United States? 19 A. I don't know whether they have or 20 haven't. It's in the possession of my -- I don't have 21 a copy in my possession, but if you need that, it -- 22 there's -- Dave Nelson is the -- the person who wrote 23 the royalty agreement. 24 Q. Okay. I'm going to ask for that to be 25 produced after these depositions.</p>

Page 25

1 A. Sure.
 2 Q. When -- okay.
 3 You -- you said a couple of things when
 4 you identified the product that RaPower-3 has a
 5 license to market.
 6 A. Right.
 7 Q. First I want to ask what are -- what
 8 product is RaPower-3 marketing today?
 9 A. Right. Today they're doing the solar
 10 power projects.
 11 Q. Any other product?
 12 A. No.
 13 Q. When you say "solar power projects," do
 14 you mean lenses?
 15 A. I mean lenses, yes.
 16 Q. Do you mean anything else by that?
 17 A. No, not right now.
 18 Q. Has RaPower-3 ever marketed anything
 19 other than lenses on behalf of IAS?
 20 A. No, not at the present time.
 21 Q. Have they ever?
 22 A. No.
 23 Q. And then you said that RaPower-3 has the
 24 ability to market other products?
 25 A. That's correct.

Page 26

1 Q. What other products might RaPower-3
 2 market?
 3 A. There's -- there's a long list.
 4 Q. Is it all of IAS's technology?
 5 A. Yes, uh-huh.
 6 Q. Is the royalty agreement that we've been
 7 talking about, is that the only contract between IAS
 8 and RaPower-3?
 9 A. Yes.
 10 Q. And you said, Mr. Johnson, that the
 11 royalty agreement requires RaPower-3 to pay 85 percent
 12 of all profits to IAS?
 13 A. That's correct.
 14 Q. What do you mean by "profits"? Do you
 15 mean gross revenue?
 16 A. No. The -- no. The profits after --
 17 after all the accounting, you know, and expenses.
 18 Then the profits from the sale of the product would be
 19 85 percent then would go to IAS.
 20 Q. Okay. So what's contemplated is
 21 RaPower-3 sells lenses. It collects money for those
 22 lenses?
 23 A. Correct.
 24 Q. RaPower-3 deducts any expenses it
 25 incurred by selling the lenses?

Page 27

1 A. That's correct.
 2 Q. And then 85 percent of the remaining
 3 amount of money gets paid to IAS?
 4 A. That's correct.
 5 Q. Okay. Where does the rest of the profit
 6 go?
 7 A. It would go to the ownership of RaPower,
 8 and that would be -- it's a pass-through company, as
 9 an LLC, a pass-through company. So all the profits
 10 then would pass through to the other entities.
 11 Q. To whoever owns RaPower-3?
 12 A. That's correct, yes. But you're asking
 13 the wrong person that, right.
 14 Q. I will address that otherwise.
 15 A. That's fine.
 16 Q. Mr. Johnson, you testified yesterday that
 17 you set the price for lenses.
 18 Do you remember that?
 19 A. I don't know that you're talking to
 20 Nelson Johnson or the CEO of the company.
 21 Q. Well, whoever -- however you were acting
 22 or however -- through which entity you were acting?
 23 A. Neldon Johnson sets the price.
 24 Q. Neldon Johnson sets the price, okay.
 25 So my question is do you set the price as

Page 28

1 CEO of IAS?
 2 A. No. I set the price as Neldon Johnson.
 3 Q. Okay. In fact, has RaPower-3 received --
 4 withdrawn.
 5 In fact, has IAS received royalties from
 6 RaPower-3?
 7 A. Not -- not at this time, no. There
 8 hasn't -- the accounting, the way the accounting
 9 works, it's that RaPower has not received -- hasn't
 10 had any profits because of the project isn't complete.
 11 That's -- there again, that's a RaPower
 12 question, but, yeah. But, yes, excuse me.
 13 That's a Utah term, by the way. We're
 14 all Swedes and so that's part of our language that
 15 came with us.
 16 Q. What project needs to be complete for
 17 RaPower-3 to turn a profit?
 18 A. That's a -- understand that's a RaPower-3
 19 question.
 20 Q. Well, if you know the answer, you need to
 21 answer.
 22 A. That's fine. Just as long as you know
 23 that that's where -- that's where it is.
 24 The accounting, the people that do the
 25 accounting determines when -- when the -- the project

<p style="text-align: right;">Page 29</p> <p>1 is complete for the -- for the purpose of determining 2 the profits. 3 When there's no unknowns of values and in 4 producing the entire energy profit, energy field, 5 RaPower is not just involved in selling the project, 6 but they're collecting the money for the entire 7 purpose of erecting the entire project. 8 And the entire project then comes out of 9 the sales that -- of the -- of the total sales and the 10 loans, and all that accounting that goes with you, to 11 show how much money's loaned, how much the cost of the 12 steel structure, the turbines, the -- the electronics 13 if we're doing CPV systems. 14 All of that is then -- would have to be 15 accounted for before there's a determination of the 16 profit, from what I understand, from the accounting 17 people. 18 Q. Who -- 19 A. Or the people that do the accounting. 20 Q. And -- and from whom did you get this 21 understanding? 22 A. Well, that comes from any accountant we 23 hire. I think we're doing Petersons right now, and 24 we've asked them about it and that's their 25 determination.</p>	<p style="text-align: right;">Page 31</p> <p>1 What's the name of the public accountant 2 who told you that? 3 A. Well, the first one, I think, was that 4 Hansen Barnett. But -- but I think they changed the 5 laws since then. Since they changed the law, that's 6 when -- that's when the Sarbanes-Oxley, I think is 7 what they quoted me, I think is what determines how 8 long they can stay as your accountant. The person 9 that actually does the accounting. The firm may stay 10 on, but you have to rotate the individuals that do the 11 accounting. 12 Q. Okay. So have you -- how many times have 13 you changed accounting firms since 2005? 14 A. Probably two or three times, at least. 15 Q. And which accounting firms has IAS used 16 since 2005? 17 A. I know there's been at least three. 18 Pinaki right now is the last one, and I think Hansen 19 Barnett, I think, was doing it in 2005, but I'm not 20 even positive of that. 21 Q. In between HB&M and Pinaki, what other 22 accounting firms has IAS used? 23 A. I'm not positive of the names, but -- I'd 24 have to look up the names to be certain. 25 Q. Does Mantle & McReynolds ring a bell?</p>
<p style="text-align: right;">Page 30</p> <p>1 Q. What accountants have you used since 2 2005? 3 A. That I don't know. I can't remember the 4 names, but we've probably used several. 5 Q. How many times have you changed 6 accountants since 2005? 7 A. It's been three or four times. You could 8 only have a -- you can't have an accounting firm in a 9 public company for -- for more than so many years. 10 You have to rotate. 11 Q. Why? 12 A. Well, it's in the laws and it's because 13 they don't -- I imagine, I don't know for sure -- what 14 I imagine is it's so they don't get so friendly they 15 become biased toward the people that they're doing the 16 accounting for. They're independent accountants. 17 Q. How did you get that understanding that 18 you have to change accountants every few years? 19 A. From the accountants. 20 Q. From the accountants? 21 A. Yeah, that's what they told us. 22 Q. Which accountants told you that? 23 A. The public accountants that do the public 24 accounting work for... 25 Q. Sure.</p>	<p style="text-align: right;">Page 32</p> <p>1 A. It does. I'm not positive we used them 2 for that. That's my problem. We could have used them 3 for other purposes. 4 Q. Just to be clear, Mr. Shepard, your 5 testimony is that RaPower-3 is collecting -- 6 A. You said Mr. Shepard. So -- 7 Q. My apologies. 8 A. -- correct that. 9 Q. Mr. Johnson. 10 A. All right. Thanks. 11 Q. You testified that RaPower-3 is 12 collecting all of the money for the solar projects? 13 A. No, just for the ones that they sell. 14 Q. I see. 15 A. Right. 16 Q. So RaPower-3 is collecting the money for 17 the solar projects that will use any of the lenses 18 that RaPower-3 sells? 19 A. That's correct. 20 Q. You testified that RaPower-3 has not paid 21 any royalties to IAS, but has RaPower-3 paid any other 22 money to IAS? 23 A. That I -- I'm -- I think that they bought 24 some -- some stock from IAS. 25 Q. Have there been any other payments from</p>

Page 33

1 RaPower-3 to IAS for any other reason?
 2 A. There may have been, but I'm -- I'm not
 3 positive on any other.
 4 Q. For example, does RaPower-3 pay IAS for
 5 expenses?
 6 A. That I'm not sure. I don't believe they
 7 do, but I couldn't be positive on that. If it did it
 8 would be accounting to a prepayment on royalties if
 9 they -- if they did that.
 10 So it would have -- it would have been an
 11 anticipated royalty if that -- if they did pay
 12 anything like that. But I -- I don't remember them
 13 doing something like that.
 14 Q. So, Mr. Johnson, if you don't know about
 15 what other payments RaPower-3 has made to IAS, is
 16 there anyone else at IAS who would know?
 17 A. No. We'd have to go back to look at all
 18 the accounting work that's been done and we'd have to
 19 go back to the accountants. I'm not saying they
 20 haven't, but I just don't remember it.
 21 And I probably would have remembered
 22 something like that, because it would have been
 23 required to be put in as a -- as a prepayment on
 24 royalty agreements to do that.
 25 That's not saying in the early stages

Page 34

1 that something like that could not have happened, but
 2 it's just something I don't remember.
 3 Q. Okay. All right. Mr. Johnson, switching
 4 gears to LTB, LLC.
 5 Does LTB, LLC have any contractual
 6 relationship with International Automated Systems?
 7 A. If it does, it would be the same royalty
 8 agreement, 85 percent. But as far as I know, I don't
 9 believe they do. I'd have to check that contract with
 10 Dave.
 11 Q. So, to your understanding, Mr. Johnson --
 12 actually, withdraw that.
 13 So you're not sure whether LTB, LLC has
 14 any contractual relationship with International
 15 Automated Systems; correct?
 16 A. There -- as far as I know there isn't
 17 any, but I'm not positive. I would have to check
 18 again. But -- and we can get that from Dave. So you
 19 can ask, you know, that's not a problem.
 20 Q. Okay. So even if not a contractual
 21 relationship, does LTB, LLC have any business dealings
 22 with IAS?
 23 A. Not directly with International Automated
 24 Systems, no.
 25 Q. To your knowledge, does LTB1, LLC have a

Page 35

1 contractual relationship with IAS?
 2 A. Repeat that again. I didn't get the
 3 first one.
 4 Q. To your knowledge, does LTB1, LLC have a
 5 contractual relationship with IAS?
 6 A. No, they do not. No, not that I know of.
 7 Q. Even if not contractual, to your
 8 knowledge, did LTB1, LLC have any business dealings
 9 with IAS?
 10 A. No, they did not.
 11 Q. To your knowledge, does Cobblestone
 12 Center have any contractual relationship with IAS?
 13 A. If they did have it would be the same
 14 contract that is with RaPower. It would be the
 15 royalty agreements. But I do not believe they have
 16 any with Cobblestone. But if they do have, it's
 17 because we're pass through -- pass-through entity.
 18 If they are a pass-through entity where
 19 they receive some funds from RaPower or one of the
 20 other entities, then it would be a contractual
 21 agreement on a royalty basis of 85 percent of the
 22 profits.
 23 Q. So today, Mr. Johnson, you don't know
 24 whether Cobblestone has a contractual relationship
 25 with IAS?

Page 36

1 A. No, because I -- I don't -- I don't
 2 think -- there isn't any profit generating.
 3 Q. Sir, that's not my question.
 4 A. I know, but that's why I'm thinking it
 5 doesn't have, is all. And so I do not -- I do not
 6 know for sure, but I don't -- I don't know for sure.
 7 Q. Okay. Sir, I'm going to direct you to
 8 take a look at Plaintiff's Exhibit 486.
 9 A. 507.
 10 Q. 486.
 11 A. 486.
 12 Q. That's the notice of deposition of
 13 defendant International Automated Systems, Inc.
 14 A. Okay.
 15 Q. Take a look at Page 4.
 16 A. Okay.
 17 Q. Paragraph 4.
 18 A. Paragraph 4.
 19 Q. Where it says IAS's -- under the "Topics
 20 For Examination," do you see that heading up at the
 21 top of the page?
 22 A. Yes.
 23 Q. Paragraph 4 says a topic for examination
 24 is:
 25 "IAS's business relationship, if any,

Page 37	<p>1 with RaPower-3, Johnson, Shepard, 2 Freeborn, LTB1, LTB, LLC, LTB O&M, 3 LLC, SOLCO I, LLC, Cobblestone 4 Center, L.C., and XSun Energy, LLC." 5 Did I read that correctly? 6 A. That's correct, yes. 7 Q. So, Mr. Johnson, when you say you don't 8 know what the business relationship is, to me that 9 means you're not prepared to answer this -- to respond 10 to this topic today. 11 A. You're probably correct. I wasn't aware 12 of -- this is the first time I've seen this. I -- 13 I've never been given this. So I -- I'm -- I 14 apologize for not having read this, but -- unprepared, 15 but I'm not aware of this document. 16 MS. HEALY-GALLAGHER: We will carry on 17 today, and I'm just noting for the record that if we 18 have to come back because Mr. Johnson is not prepared 19 to testify on behalf of IAS, we will be seeking costs 20 and all appropriate remedies. 21 Q. Mr. Johnson, yesterday you testified that 22 Cobblestone was the entity that is operating and 23 maintaining the towers and lenses on the R&D site; 24 right? 25 A. Cobblestone Center is the company that</p>	Page 39	<p>1 correct? 2 A. Yes, I think so. Yes, they did. 3 Q. And now -- well, let me take that back. 4 After the towers were constructed, IAS 5 also performed work on those towers and the lenses in 6 them; right? 7 A. Yes. 8 Q. So IAS was originally maintaining the 9 towers and the lenses at the R&D site; correct? 10 A. For a short period of time, yes. 11 Q. Who owns the towers at the R&D site? 12 A. I think my wife does, but I'm not 13 positive. 14 Q. Glenda Johnson? 15 A. The actual towers, yeah, are owned by 16 Glenda Johnson, but I'm not positive. 17 Q. Why do you think that? 18 A. Because I know they're not -- I know 19 they're not owned by IAS, and Glenda Johnson owns 20 everything else that -- that is owned. 21 Q. So does Mrs. Johnson also own the land on 22 which the towers stand? 23 A. No. On -- on those -- that property, 24 International Automated Systems, I think, owns the 25 land there. But they -- they -- they do not own the</p>
Page 38	<p>1 erects and manufactures the product. 2 Q. Okay. So then is Cobblestone also a 3 marketing entity for IAS? 4 A. No. 5 Q. Then why would Cobblestone have a royalty 6 agreement with IAS like RaPower-3? 7 A. That's -- I think that's what I explained 8 to you, is why I didn't think they did have is because 9 they're not a sales organization. 10 Q. Who is it that hired Cobblestone to 11 operate and maintain or construct towers, either at 12 the R&D site or on the construction site? 13 A. It wasn't me as a CEO of International 14 Automated Systems. 15 Q. Who was it? 16 A. Mr. Johnson. 17 Q. So Neldon Johnson in your personal 18 capacity hired -- 19 A. No. As a manager of RaPower. 20 Q. I see. 21 A. And manager of XSun and the manager of 22 SOLCOI. 23 Q. Mr. Johnson, I believe you testified 24 yesterday that IAS is the entity that constructed the 25 towers on the R&D site in the first place; is that</p>	Page 40	<p>1 towers. 2 Q. So if Mrs. Johnson owns the towers, how 3 is it that you as the manager of RaPower-3, SOLCO, and 4 XSun Energy had the authority to hire Cobblestone to 5 operate and maintain them? 6 A. Because she said I could. 7 Q. Do you have that in writing? 8 A. No. But I'm not even positive she owns 9 it, so -- but I know International Automated Systems 10 doesn't. 11 And International Automated Systems is 12 the only person you're talking to, and even in the 13 list there it doesn't indicate that if I do not own 14 it, I don't have to know about it. 15 Q. Sir, this deposition -- in this 16 deposition I'm asking you questions, and if you have 17 personal knowledge of the answer, you must answer. 18 Do you understand that? 19 A. Not as the CEO I don't. 20 Q. Sir -- 21 A. I can answer as Neldon Johnson or I can 22 -- and if you need to do that, that's fine with me. 23 But you need to designate who you're talking to. 24 And when you're threatening me with 25 something of -- of gaining knowledge that you can get</p>

<p style="text-align: right;">Page 41</p> <p>1 with a piece of paper, I do not think that is -- is to 2 the point where it needs to be a threat made in this 3 session that you're going to bring me back and 4 question me over a document that can be handed over to 5 you in -- in a legal setting that would give you the 6 same answer. 7 Q. Sir -- 8 A. And I do not appreciate that. 9 Q. The reason that I don't know who I'm 10 talking to and what capacity you're talking from is 11 because there has been incredible obstruction of the 12 United States discovery in this case. 13 A. There has not been that. That's been 14 alleged construction [sic]. Don't be saying that at 15 all, because that is not true. 16 Q. I am going to ask you questions. 17 A. And there never has been. In fact, it 18 has been proven that it hasn't been. 19 Q. Sir, let me finish, then you can talk. 20 I am going to ask you questions today. 21 If you need to identify from which role -- 22 A. Mr. -- 23 Q. Excuse me, sir. 24 If you need to identify from which role 25 you are answering questions, please do that.</p>	<p style="text-align: right;">Page 43</p> <p>1 the notice, and he's here on behalf of IAS to respond 2 to the scope of the notice. 3 I do note that both yesterday and today 4 we've strayed beyond into questions about RaPower that 5 probably Dale would be answering. But I'm hoping that 6 that lends itself to a more efficient week and that we 7 -- we deal with some issues. 8 We don't have to deal with any 9 question -- area of question twice. If you give an 10 answer, you can stand by the answer you give and 11 there's no reason to repeat anything day to day. 12 But my view is that it -- it becomes more 13 effective, even if we're asking about RaPower, if you 14 can respond and get the subject addressed, because 15 it's going to be coming later tomorrow. Same with 16 LTB, it's going to be coming later, perhaps Saturday. 17 But today's deposition, I think the witness is 18 correct, is about IAS and getting IAS testimony. 19 If someone had been designated other than 20 Neldon Johnson to come on behalf of IAS, then they 21 couldn't speak for Neldon Johnson. 22 And so I think that the scope of the 23 deposition today is defined by the notice, but 24 efficiency may make it advisable to deal with a 25 subject as it comes up and obviate delay later to</p>
<p style="text-align: right;">Page 42</p> <p>1 A. Mr. Johnson is not required to be in this 2 deposition today, and he is not here. And so any 3 questions that you address to Mr. Johnson now will be 4 absent. 5 I am not required to be here on behalf of 6 Mr. Johnson at all. I am here in behalf of the -- of 7 International Automated Systems, and that is all I'm 8 here for. And that's the only questions I will answer 9 here, because Mr. Johnson is not required to be at 10 this deposition. His deposition was yesterday. 11 If you had a question for him, you have a 12 legal responsibility to identify that period of time, 13 and he has a legal right to limit your time that he 14 has -- you have access to him by law, and that is 15 spent yesterday. 16 MS. HEALY-GALLAGHER: Mr. Snuffer, would 17 you like to instruct your client on his obligation to 18 respond to my questions today with his personal 19 knowledge. 20 THE WITNESS: Not on -- only as the CEO. 21 Mr. Johnson is not here. And he can't make me be 22 here. And that's a fact. 23 MR. SNUFFER: Well, and I think the 24 witness is taking the position -- my -- my view is 25 that the -- the scope of the deposition was defined by</p>	<p style="text-align: right;">Page 44</p> <p>1 cover the same subject. 2 THE WITNESS: No. The problem arises 3 when the threat was made that I wasn't prepared. Then 4 I'm not prepared then I -- I am prepared to give 5 depositions on this subject, and I have time now to 6 review whatever other entities you're looking for and 7 respond in those depositions on that process. But I 8 will not be subject to threats. 9 MS. HEALY-GALLAGHER: Mr. Snuffer, the 10 law is that a 30(b)(6) witness needs to answer from 11 personal knowledge the questions they're asked. The 12 questions may or may not bind the company if they're 13 not in the deposition notice, but that's my position. 14 And if we're going to -- 15 THE WITNESS: Then you go get a -- you'll 16 have to go get a court order. 17 MS. HEALY-GALLAGHER: If we're going to 18 have issues with that, we will need to return. 19 THE WITNESS: Okay. You will not -- you 20 will have to get a court order. I would appeal it 21 clear to the Supreme Court. You'll be two years 22 before you ever see me again if you do that. 23 MS. HEALY-GALLAGHER: Let's move on. 24 THE WITNESS: Okay. 25 Q. BY MS. HEALY-GALLAGHER: Has IAS ever</p>

Page 45	Page 47
<p>1 received any payments from Cobblestone Center? 2 A. No, they have not. 3 Q. Let's talk about SOLCOI, LLC. 4 Does SOLCOI, LLC have any contractual 5 relationship with International Automated Systems? 6 A. Yes, they do. 7 Q. What is that relationship? 8 A. It's the same -- same contract that's 9 involved with the RaPower. 10 Q. Okay. So today, does SOLCOI market 11 anything other than lenses, on behalf of IAS? 12 A. No, they do not. 13 Q. Has SOLCOI ever marketed any other 14 product on behalf of IAS? 15 A. No, they do not. 16 Q. They have not? 17 A. Have not. 18 Q. In SOLCOI's royalty agreement, is it the 19 same split of 85 percent of all profits to IAS and 20 15 percent of profits to SOLCOI's owners? 21 A. That's correct. 22 Q. Has SOLCOI ever paid any profit to IAS? 23 A. No, they have not. 24 Q. Has SOLCOI paid money to IAS for any 25 other reason?</p>	<p>1 withdraw that. 2 Today, XSun Energy markets IAS lenses; 3 correct? 4 A. That's correct. 5 Q. Does it market any other product on 6 behalf of IAS? 7 A. Not at the present time. 8 Q. Has it ever marketed any other product? 9 A. It has not. 10 Q. Who signed the royalty agreement between 11 XSun Energy and IAS? 12 A. Neldon Johnson. 13 Q. For both parties? 14 A. Yes. 15 Q. How about the royalty agreement for 16 SOLCOI, who signed that agreement? 17 A. Neldon Johnson. 18 Q. For both parties? 19 A. Yes. 20 Q. For Cobblestone Center, who signed any 21 agreement between Cobblestone Center and IAS? 22 A. I don't believe there was an agreement 23 between Cobblestone and IAS. 24 Q. Okay. And for RaPower-3, who signed the 25 royalty agreement between RaPower-3 and IAS?</p>
Page 46	Page 48
<p>1 A. I do not believe so. 2 Q. Why don't you believe so? 3 A. I don't believe they have. I -- I 4 haven't -- I have no recollection of that -- of that 5 happening. 6 Q. Other than the royalty agreement, does 7 SOLCOI have any business relationship with 8 International Automated Systems? 9 A. They do not. 10 Q. All right. XSun Energy, LLC. Does XSun 11 Energy, LLC have a contractual relationship with IAS? 12 A. It does. 13 Q. What is that relationship? 14 A. It's the same contract as spoken of in 15 RaPower-3. 16 Q. Is there any other contractual 17 relationship between XSun Energy and IAS? 18 A. No, there is not. 19 Q. Has XSun Energy ever made a royalty 20 payment to IAS? 21 A. No, they have not. 22 Q. Has XSun Energy ever made any other 23 payment to IAS? 24 A. Not that I recollect. 25 Q. So XSun Energy is licensed -- I'll</p>	<p>1 A. Neldon Johnson. 2 Q. For both parties? 3 A. Yes. 4 Q. Yesterday, Mr. Johnson, you mentioned a 5 company called DCL16A. 6 A. Correct. 7 Q. Okay. Does IAS have a contractual 8 relationship with DCL16A? 9 A. No, it does not. 10 Q. Does it have any other business 11 relationship with IAS? 12 A. No, they do not. 13 Q. And what about DCL16BLT, does that have a 14 contractual relationship with IAS? 15 A. No, they do not. 16 Q. Does it have any other relationship with 17 IAS? 18 A. No, they do not. 19 Q. You mentioned two companies yesterday, 20 Blacknight and Starlight. 21 Do you remember that? 22 A. Yes. 23 Q. Does IAS have any contractual 24 relationship with Blacknight? 25 A. Yes, they do.</p>

Page 49

1 Q. What relationship is that?
 2 A. They -- the Blacknight and Starlight own
 3 the technology. They also own the voting rights of
 4 the company. They also have warrants for buying stock
 5 from the company, and they have a royalty agreement
 6 that IAS pays to Blacknight and Starlight for the
 7 rights to use the -- the patents and the technology
 8 that is owned by Starlight and Blacknight.
 9 Q. You said that Blacknight and Starlight
 10 own the technology?
 11 A. That's correct.
 12 Q. What technology does Blacknight own?
 13 A. You're asking a question that's not
 14 related to International Automated Systems.
 15 Q. Well, sir, IAS pays royalties for use of
 16 the technology, so IAS has knowledge of which
 17 technology it pays for to which entity. So please
 18 answer the question.
 19 A. It's in -- it's in the filings. It's in
 20 the filings. You want me to read them?
 21 Q. I'm asking for your knowledge. If you
 22 don't know, you don't know.
 23 A. Well, I don't know exactly every one of
 24 them, and I might be saying something not true, but
 25 they are listed --

Page 50

1 Q. Well. Let me ask you this question --
 2 A. -- right in here and I am prepared to
 3 answer them by this document. So if you want to know
 4 them, they are listed right in here (indicating).
 5 Q. I'm going to stop you for a second, and
 6 instead I'm going to ask which company owns the solar
 7 energy technology at issue in this case?
 8 A. Blacknight and Starlight.
 9 Q. They both own?
 10 MR. SNUFFER: So the record's clear, he's
 11 referring to -- he's referring to Exhibit 507 in his
 12 statement "this document."
 13 MS. HEALY-GALLAGHER: Okay.
 14 THE WITNESS: But it's -- but it's not --
 15 it's not -- it's not something that I would have the
 16 top of my head. It would be listed in these documents
 17 telling where the -- what the agreements are with
 18 those particular companies and -- and in the financial
 19 statements they are totally listed there, and you have
 20 access to that information.
 21 Q. BY MS. HEALY-GALLAGHER: So, Mr. Johnson,
 22 you're pointing to Plaintiff's Exhibit 507?
 23 A. Yes.
 24 Q. And it's your testimony that information
 25 about which company Blacknight or Starlight owns which

Page 51

1 of IAS's technology, that information can be found in
 2 Plaintiff's Exhibit 507?
 3 A. That's correct, and you are in the
 4 possession of that document.
 5 MS. HEALY-GALLAGHER: Let's take five.
 6 (There was a break taken.)
 7 MR. SNUFFER: If we could go back on the
 8 record.
 9 I just -- I wanted to state on the record
 10 that the notice of deposition was given before we
 11 entered the case, and we're not included on the
 12 certificate of mailing.
 13 And I've had several conversations with
 14 Justin Heideman, but he did not provide me with a copy
 15 of the notice, and I haven't been of much use to the
 16 -- to the client in advising him about the scope of
 17 this.
 18 I have looked at all the documents turned
 19 over to me, haven't found that notice having been
 20 given us by Heideman, but I assume that Mr. Heideman
 21 had an obligation to have furnished that to
 22 Mr. Johnson, because it came in on his watch, and
 23 apparently he failed to do so.
 24 Nevertheless, I think we can probably get
 25 an answer to everything with Mr. Johnson making a few

Page 52

1 phone calls during the lunch hour.
 2 MS. HEALY-GALLAGHER: Let's please mark
 3 this as the next exhibit number.
 4 (Exhibit 517 was marked for identification.)
 5 Q. BY MS. HEALY-GALLAGHER: Handing you
 6 what's been marked, Mr. Johnson, Plaintiff's
 7 Exhibit 517. This is the United States Notice of
 8 Rescheduled Party Depositions.
 9 This notice was served on all counsel
 10 June 22, 2017.
 11 MR. SNUFFER: Is this 517?
 12 MS. HEALY-GALLAGHER: 517, yes.
 13 Q. Okay. You can put that aside.
 14 A. Doesn't have any of these documents here.
 15 Q. You can put that aside.
 16 A. I want you to know that there's no other
 17 documents that relate to any information I'm required
 18 to bring with me in this notice.
 19 Q. Mr. Johnson, we were talking about
 20 Blacknight and Starlight and which technologies IAS
 21 might pay them a royalty for before we took a break.
 22 On the break, did you talk to anyone about the facts
 23 of this case?
 24 A. No, I did not.
 25 Q. Now, in 2004 IAS acquired the patents for

Page 53	<p>1 the solar energy technology at issue in this case. 2 All right? 3 A. We got the license, yes, that's correct. 4 Q. Who did IAS get the license from? 5 A. I think it's Johnson Family Trust or MPJ 6 Trust. 7 Q. Okay. So then has IAS ever made a 8 royalty payment to Blacknight? 9 A. No, they have not. 10 Q. Has IAS ever made a royalty payment to 11 Starlight? 12 A. No, they have not. 13 Q. Why has IAS not made a royalty payment to 14 Blacknight? 15 A. Because it hasn't -- there hasn't been 16 any revenue generated, and so there was -- hasn't -- 17 hasn't been any profits reported. 18 Q. Is the royalty agreement between IAS and 19 Blacknight in writing? 20 A. Yes, it is. 21 Q. Who signed that agreement on behalf of 22 Blacknight? 23 A. Neldon Johnson. 24 Q. And who signed that agreement on behalf 25 of IAS?</p>	Page 55	<p>1 A. Stock. 2 Q. Any other reason? 3 A. No. 4 Q. For the fiscal year ending 2015, did 5 anyone pay any money to IAS? 6 A. I do not believe so. 7 Q. No money at all? 8 A. I don't believe so. 9 Q. Not even for stock? 10 A. I don't believe so. I'd have to review 11 the documents to make sure, but you already have those 12 documents. They're a public record. 13 Q. At any time since 2005, has anyone paid 14 any money to IAS for any reason other than stock? 15 A. Yes, I believe so. 16 Q. For what reasons? 17 A. I think sometime International Automated 18 Systems was directly marketing the sale of the lenses 19 for a short period of time. 20 Q. So people paid IAS directly for lenses? 21 A. That's correct. 22 Q. Has there been any other reason that 23 anyone paid IAS money, other than stock, other than 24 direct for the sale of lenses, since 2005? 25 A. Yes.</p>
Page 54	<p>1 A. Neldon Johnson. 2 Q. Why has IAS not made a payment to 3 Starlight? 4 A. There hasn't -- there hasn't been any 5 revenue reported from International Automated Systems. 6 Q. Is the royalty agreement between 7 Starlight and IAS in writing? 8 A. It is. 9 Q. Who signed the royalty agreement? 10 A. Neldon Johnson. 11 Q. For both parties? 12 A. Neldon Johnson, yes. 13 Q. For the fiscal year ending June 30, 2016, 14 how did IAS make money? 15 A. They didn't make money. 16 Q. Did IAS collect any revenue at all? 17 A. No, they did not. 18 Q. Did any person or entity pay any money to 19 IAS in 2016? 20 A. For -- you'll have to designate for what 21 purpose. 22 Q. No, I'm just asking. Did anybody pay any 23 money to IAS for any purpose in fiscal year 2016? 24 A. Yes, I -- I believe so. 25 Q. What was that money for?</p>	Page 56	<p>1 Q. Why? 2 A. For research and development. 3 Q. Any other reason that someone would have 4 paid money to IAS? 5 A. No. 6 Q. Who is it that paid IAS for research and 7 development? 8 A. Neldon Johnson. 9 Q. When did you pay IAS for research and 10 development? 11 A. You're asking the question Neldon 12 Johnson? 13 Q. Sir, please answer the question. 14 A. You're asking the question if it's -- if 15 it's relevant to Mr. -- if you're asking in behalf of 16 IAS, then the document -- the documents are public 17 record. 18 Q. Are you refusing to answer the question, 19 sir? 20 A. I don't have an answer for it. I would 21 have to review the documents. 22 Q. So the answer is -- the answer, sir, is 23 "I don't know"? 24 A. The answer is it probably is every year 25 that the company has been in existence, money has been</p>

<p style="text-align: right;">Page 57</p> <p>1 received from International Automated Systems from 2 Neldon Johnson for research and development on several 3 of its patents and patent pendings. 4 Just how much, I do not know. And there 5 may have been a year where that transaction has not 6 occurred. But the documents are public record, and 7 you have access to those. 8 Q. You keep saying the documents are of 9 public record. What do you mean by that? 10 A. The documents that are anything to do 11 with the accounting of the company, which would have 12 to do with money, are of public record and are listed 13 in -- on the files of the United States SEC websites. 14 Q. So when you say "public record," you're 15 referring to IAS's filings with the -- 16 A. That's correct. 17 Q. Let me finish the question. 18 When you say the documents are of public 19 record, you mean the documents that IAS has filed with 20 the SEC? 21 A. That's correct. 22 Q. What is it that Neldon Johnson has paid 23 IAS to do? 24 A. International Automated Systems is -- I 25 -- Mr. Johnson has contracted with International</p>	<p style="text-align: right;">Page 59</p> <p>1 Mr. Johnson to International Automated Systems for 2 research and development, but you have access to them 3 by the public documents. 4 Q. What expenses, if any, has IAS incurred 5 for research and development on the solar lens? 6 A. There's been millions of dollars spent on 7 the development of the solar lenses and its patents. 8 The exact amount is, again, public information and you 9 have access to those documents. 10 Q. Mr. Johnson, you said that there are 11 millions of dollars that have been spent on developing 12 the solar lens; correct? 13 A. That is correct. 14 Q. What I need to know from you is where are 15 those records showing the millions of dollars spent in 16 R&D for the lens? 17 A. They are in the accounting documents of 18 International Automated Systems, publicly filed 19 and -- and publicly available. 20 Q. So do you mean in the SEC filings? 21 A. Correct. 22 Q. Is there any other place? 23 A. You probably have them yourself. They've 24 been given -- you have access to those through the 25 documents that you have received.</p>
<p style="text-align: right;">Page 58</p> <p>1 Automated Systems to perform certain research and 2 development, along with its employees, on various 3 patents and patent pendings. 4 Q. Are those contracts written? 5 A. Yes, they are. 6 Q. Where are they? 7 A. They're in -- they're in the documents, I 8 think. Filing documents. 9 Q. What filing documents? 10 A. Those accounting filing documents. 11 Q. The documents IAS filed with the SEC -- 12 A. Yes. They should be there. 13 Q. Sir, you need to let me finish the 14 question and then start to answer. 15 Did you get that? 16 What has Neldon Johnson paid for for 17 research and development with respect to the solar 18 energy technology in this case? 19 A. Again, that would be a -- a document that 20 is in the public's domain, and you have access to 21 those documents. 22 Q. So sitting here today, your answer is "I 23 don't know"? 24 A. But to be exactly positive, I'm not 25 exactly positive of every dollar that was spent by</p>	<p style="text-align: right;">Page 60</p> <p>1 Q. So you believe, sir, that you've produced 2 all documents that would show the millions of dollars 3 in R&D that has gone in to the solar lenses? 4 A. That is correct. 5 Q. Aside from the SEC filings, documents you 6 believe you have produced, is there any other place 7 that we could identify the millions of dollars that 8 have purportedly been spent on R&D for the solar lens? 9 A. I would assume in the documents that the 10 -- in the accounting documents, and the records that 11 the documents were produced from. There are -- there 12 are actual receipts and checks available, and I 13 believe that you have been given access to those and 14 you have received that -- those documents. 15 Q. So, again, you're referring to documents 16 you believe you've produced to the United States? 17 A. That is correct. 18 Q. Any other source? 19 A. No. 20 Q. And sitting here today, sir, can you 21 testify as to what you believe those expenses were? 22 A. From my recollection, the total 23 expenditures of International Automated Systems for 24 research and development is in the neighborhood of 25 \$40 million.</p>

<p style="text-align: right;">Page 61</p> <p>1 Q. I'm just talking about the solar lens. 2 A. No, I wouldn't be able to identify 3 exactly the solar lens components, but the documents 4 that are related to the solar lens expenditures are -- 5 have -- as far as I know and I've been told that you 6 have been given, that you have those documents. 7 Q. Has any person or entity, other than IAS, 8 paid out money for research and development on the 9 solar lenses? 10 A. I'm not sure what -- I'm not sure the 11 meaning of that question. 12 Q. I'm just trying to understand how much 13 money has gone into this. 14 So you testified that Neldon Johnson paid 15 IAS to conduct research and development on solar 16 lenses; right? 17 A. That's correct. 18 Q. And then IAS paid money to conduct that 19 research and development, it sounds like to me. 20 Correct me if I'm wrong. 21 A. That's correct. 22 Q. Other than those two expenditures, has 23 any other person or entity, to your knowledge, paid 24 money to further research and development on the solar 25 lenses?</p>	<p style="text-align: right;">Page 63</p> <p>1 A. I did. CEO, Neldon Johnson. 2 Q. When did IAS construct the towers on the 3 R&D site? 4 A. I think in 2006 or 2007. 5 Q. Has IAS constructed towers on any other 6 site than the R&D site? 7 A. No, it has not. 8 Q. Did IAS install solar lenses at the time 9 it constructed the towers? 10 A. Yes, it did. 11 Q. From the date the towers were 12 constructed, until approximately when, was IAS in 13 charge of taking care of the towers? 14 A. I believe in 2008 or 2009, or before 15 that, RaPower then became the sole entity that 16 controlled the construction of the -- maybe -- it was 17 Cobblestone that then became the sole responsibility 18 of -- Cobblestone. I think maybe it was 2010. 19 Q. Okay. So it's your recollection it was 20 between 2008 and 2010 that Cobblestone became 21 responsible for the towers? 22 A. Yes. And you have those documents in 23 your possession. 24 Q. Did IAS construct all of the towers that 25 currently exist on the R&D site?</p>
<p style="text-align: right;">Page 62</p> <p>1 A. As far as I know, there hasn't been. 2 Q. And I just want to make sure I 3 understand. 4 Earlier you said that since 2005 IAS has 5 received money in exchange for stock and has received 6 money from Neldon Johnson to engage in R&D? 7 A. That is correct. 8 Q. Has IAS received money from any other 9 source since 2005? 10 A. I do not believe so. 11 Q. Okay. 12 A. Other than the direct sales I talked 13 about earlier. 14 Q. Direct sales, yes, of course. Okay. 15 Sir, you testified earlier that I believe 16 IAS constructed the towers on the R&D site? 17 A. That's correct. 18 Q. How did IAS have them constructed? Did 19 it use its own employees? Did it use a contractor? 20 A. It used its own employees. 21 Q. Who were those employees? 22 A. I don't know. You have a list of those 23 in the documents that you -- that you have in your 24 possession. 25 Q. Who directed construction of the towers?</p>	<p style="text-align: right;">Page 64</p> <p>1 A. That's correct. 2 Q. Whose lenses were installed in the towers 3 on the R&D site? 4 A. The people from -- that purchased lenses 5 from RaPower or International Automated Systems at 6 that time. 7 Q. Okay. So if the towers were built in '06 8 or '07, were the lenses that were installed the lenses 9 that people had bought before that date? 10 A. There were probably more lenses in -- 11 constructed than there were people that had bought, 12 but -- but they hadn't paid. So they were already 13 erected and paid for before people bought them. 14 Q. Okay. So that's my question. 15 So -- well, actually, let me make sure 16 we're tracking on the same page. 17 So at least some people bought lenses 18 from IAS before 2006 or 2007; correct? 19 A. I think it was right around 2007-2008 is 20 when they purchased them from International Automated 21 Systems. However, the towers were going up prior to 22 anybody purchasing any of the product. 23 The -- everything out there has been paid 24 for out of my personal money going into International 25 Automated Systems. All of the inventory, all of the</p>

<p style="text-align: right;">Page 65</p> <p>1 product that you see out there is paid for. 2 Q. Sir, let me stop you there. 3 A. Even for -- even beyond what has been 4 sold. 5 Q. So what I want to understand is who owned 6 the lenses that were originally installed? 7 A. Neldon Johnson. 8 Q. Okay. So when, if ever, have lenses been 9 installed that are not owned by Neldon Johnson? 10 A. Well, as people purchase them, then we 11 would designate. 12 Q. Sir, not my question. 13 When, if ever -- actually, could you read 14 it back. 15 (The record was read as follows: 16 "Q. So when, if ever, have lenses 17 been installed that are not owned by 18 Neldon Johnson?") 19 THE WITNESS: When the -- when the title 20 was transferred from Neldon Johnson to those 21 individuals. 22 Q. BY MS. HEALY-GALLAGHER: When -- when did 23 that happen? 24 A. When the purchase occurred. 25 Q. I'm asking for a year.</p>	<p style="text-align: right;">Page 67</p> <p>1 you know, you got your -- your product. 2 So whenever -- when anybody purchased 3 that product, then they owned that product. 4 Q. Okay. So how does anybody know if it's 5 their lens up in a tower, currently? 6 A. Well, they would have access to that 7 through -- through the records in the computer system. 8 Q. And you wrote that computer program; 9 correct? 10 A. I did. 11 Q. And if you wanted to export data from 12 that computer program, you'd be able to do that, 13 wouldn't you? 14 A. Yes, I would. 15 Q. Did IAS ever make any effort to connect a 16 particular lens with a particular owner so that an 17 owner could point to a lens and say that's mine? 18 A. If a person came down and asked where the 19 lens was at, they could -- we -- they could be -- that 20 particular lens could be accessed, yes. 21 Q. How would they know which lens was 22 theirs? 23 A. By the computer program. 24 Q. So the computer program would tell them 25 which lens?</p>
<p style="text-align: right;">Page 66</p> <p>1 A. Would be 2000 -- between 2009 and 2017. 2 Q. And did you say when the title 3 transferred? 4 A. Correct. 5 Q. What do you mean by that? 6 A. Well, it wasn't -- it wasn't like that we 7 owned them for the particular reason. We -- they were 8 owned as part of inventory that was to be sold 9 and -- and marketed. 10 It wasn't owned, nor was it to take a -- 11 any tax credits at that time. So they were -- they 12 were -- they were being erected to be sold to other 13 individuals. 14 But at the time, the person that paid for 15 them was Mr. Johnson. And -- or -- and so the 16 inventory was held for a resell. It wasn't held for 17 the purpose of tax or anything like that. 18 Mr. Johnson never took any tax credits on 19 those items. 20 Q. Okay. And what I want to understand is 21 when title to the lenses transferred, to whom did it 22 transfer? 23 A. Well, it wasn't like title like -- like a 24 car title. I mean, it was like a -- it was like a can 25 of beans. If you bought a can of beans, then you got,</p>	<p style="text-align: right;">Page 68</p> <p>1 A. It would tell whether the lens was 2 installed or whether the lens was still in -- or it 3 hadn't been installed. 4 Q. Okay. And if the computer program says 5 the lens has been installed, does it say where? 6 A. If -- if it -- if it was registered 7 properly it would have -- would have told them that. 8 If the person who did it didn't register it properly, 9 then it would not have been registered properly. 10 Q. What do you mean "registered properly"? 11 A. The person putting it into the lens would 12 then also have to register where that lens was placed. 13 Q. How would they know -- the whole reason 14 is to find out where the lens is. How would the 15 customer know where their lens is? 16 A. They would have to ask. 17 Q. And who would they ask? 18 A. They would ask me. They would ask 19 Mr. Johnson, who would be the -- at that time is the 20 manager of -- of RaPower-3. So you're asking a 21 question of the manager of RaPower-3. 22 Q. Okay. So I should ask -- I just want to 23 be clear -- so I should ask the manager of RaPower-3 24 how a customer is supposed to find out which lens is 25 theirs?</p>

Page 69

1 A. That's correct, yes.
 2 Q. Has IAS ever placed a serial number on a
 3 lens?
 4 A. Yes, it has.
 5 Q. When did it do that?
 6 A. 2007.
 7 Q. Where on the lens did IAS place serial
 8 numbers?
 9 A. Probably on the -- either the plastic or
 10 the frame, depending on the individual that put it
 11 there.
 12 Q. It didn't have a systematic way of
 13 applying serial numbers to lenses?
 14 A. Either -- it either would have been
 15 placed on the lens by the -- by the lens, or it would
 16 have been placed on the lens itself.
 17 Q. And how is it that IAS affixed serial
 18 numbers to the lenses?
 19 A. IAS wasn't involved in that. It would
 20 have been RaPower.
 21 Q. Sir, you just said that IAS affixed
 22 serial numbers to lenses in 2007.
 23 A. Yes. Okay, I'm sorry.
 24 It would have -- it would have done it
 25 with the -- a little plastic strip with a -- with a

Page 70

1 number generated by a -- a -- a computer program onto
 2 that strip.
 3 Q. You said it would have done that. Did it
 4 do that?
 5 A. Yes, it did.
 6 Q. Okay. And how well did those little
 7 sticky pieces hold up in the desert?
 8 A. Well, I don't know. Some -- some did,
 9 some didn't.
 10 Q. So some serial numbers may have fallen
 11 off?
 12 A. Could have done, yes.
 13 Q. And, in fact, many of the lenses broke
 14 and fell out of the frames too?
 15 A. That's correct.
 16 Q. So how did you know which lens had fallen
 17 out of the frame and who it belonged to?
 18 A. We would know. That's how we'd know -- I
 19 would know.
 20 Q. How would you know, sir?
 21 A. I would have known where it was. We
 22 bought it and then we replaced it.
 23 Q. So would you search for a piece of
 24 plastic with a serial number on the ground underneath
 25 where the lens had fallen out?

Page 71

1 A. No. No, we probably would have known
 2 where it was at.
 3 Q. How would you have known?
 4 A. Probably with a computer program would
 5 have told us.
 6 Q. Okay. Are you willing to produce that
 7 computer program to the United States?
 8 A. I did before. They already have it.
 9 Q. Okay. Well, if we haven't received it,
 10 I'll work with your attorney on that.
 11 A. Well, we'll -- we'll give you the same
 12 data that it produces. I'm not going to give you the
 13 program, but I will give you the data --
 14 Q. That would work.
 15 A. -- that it produces.
 16 Q. That would work.
 17 A. Okay.
 18 Q. If IAS -- if a customer's lens has fallen
 19 out of its frame, how, if at all, is that lens
 20 replaced?
 21 A. It's automatically replaced by the
 22 warranty system that is involved.
 23 This program that you're talking about,
 24 by the way, that tracks, that was a program that was
 25 written in -- back in 1980 that tracked the entire --

Page 72

1 the entire grocery store's inventory and location of
 2 all their inventory on the shelves, operated through
 3 1995 in the grocery stores.
 4 That portion of the program that took
 5 care of the inventory of the grocery store was
 6 transferred, a portion of that, into the program that
 7 was used to market the products that we now sell.
 8 Q. Okay. Let's talk about the warranty real
 9 quick.
 10 A. The warranty is a -- I think a 15-year
 11 warranty.
 12 Q. Hang on, sir. I'll ask some questions
 13 and we'll --
 14 A. Sorry.
 15 Q. -- slow it down a little bit.
 16 So my understanding is that if a customer
 17 buys a lens and that lens is installed in a tower, if
 18 that lens breaks and falls out, the lens will be
 19 replaced at no cost to the customer?
 20 A. That's correct.
 21 Q. That's correct.
 22 But the same customer who owned the lens
 23 that fell out will own the replacement lens?
 24 A. That's correct.
 25 Q. And that -- and the customer was not

Page 73

1 required to pay for the replacement lens?
 2 A. That's correct.
 3 Q. Okay.
 4 A. It's a better warranty than you get on
 5 any other solar energy project, by the way. It gets
 6 replaced no matter what breaks it.
 7 Q. Has any customer ever asked IAS to see
 8 their particular lens?
 9 A. I'm sure there has.
 10 Q. About how many times?
 11 A. Not aware of any, but I'm sure there has
 12 been. I just don't know. I don't keep record of
 13 something like that.
 14 Q. Okay. So you don't know --
 15 A. I wouldn't know, no.
 16 Q. Sorry, let me finish the question.
 17 So you don't know if that's happened at
 18 all?
 19 A. No, I do not.
 20 Q. Mr. Johnson, IAS purchases the lenses
 21 from Plaskolite. Isn't that right?
 22 A. Yes. Yes, it is.
 23 MS. HEALY-GALLAGHER: Next, please.
 24 (Exhibit 518 was marked for identification.)
 25 THE WITNESS: There's just one correction

Page 74

1 I'd like to make on that last question about replacing
 2 the lenses.
 3 We're not required to replace the lens
 4 and put them back in the same spot. We can move the
 5 lenses to another spot if we choose to. That's --
 6 that's the -- that's part of the Operation and
 7 Maintenance Agreement.
 8 Q. BY MS. HEALY-GALLAGHER: Nonetheless,
 9 sir, the customer does not have to pay for the
 10 replacement lens; right?
 11 A. No. Everything else is the same, but I
 12 just wanted to make that one observation --
 13 Q. Okay.
 14 A. -- clear.
 15 Q. All right. So you've been handed a copy
 16 of what's been marked Plaintiff's Exhibit 518. For
 17 the record, the Bates number is Ra3003059.
 18 Plaintiff's 518 appears to be a purchase
 19 order from International Automated Systems, Inc.; is
 20 that right?
 21 A. That's correct.
 22 Q. Do you recognize this document?
 23 A. I do.
 24 Q. Sorry, was that you do?
 25 A. Yes.

Page 75

1 Q. Okay. And -- and, in fact, this is a
 2 purchase order from IAS to Plaskolite; correct?
 3 A. That's correct.
 4 Q. And you -- this purchase order is signed
 5 by you; correct?
 6 A. That's correct.
 7 Q. And the date is -- you submitted this on
 8 or about January 9, 2009; correct?
 9 A. That's correct.
 10 Q. The product description there -- in the
 11 middle of the page there is a "Solar Lens."
 12 Do you see that?
 13 A. Yes.
 14 Q. The number of pieces is 2,100; right?
 15 A. That's correct.
 16 Q. And each piece, if you take a look at the
 17 dimensions, is a rectangle; right?
 18 A. Correct.
 19 Q. And I believe you testified yesterday
 20 that the rectangle could be cut, and so there's two
 21 triangular pieces?
 22 A. That's correct.
 23 Q. And I believe, sir, the lenses that we're
 24 talking about -- well, actually, let me ask you this:
 25 When you say "a lens," do you mean one of

Page 76

1 those triangles?
 2 A. Yes.
 3 Q. So with this purchase order, if IAS was
 4 buying 2,100 rectangles, it would have ended up with
 5 about 4,200 lenses?
 6 A. That's correct.
 7 (Exhibit 519 was marked for identification.)
 8 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson,
 9 you've been handed what's been marked Plaintiff's
 10 Exhibit 519, which for the record is Bates numbered
 11 Ra3003066.
 12 Mr. Johnson, Plaintiff's Exhibit 519
 13 appears to be a check from IAS to Plaskolite; correct?
 14 A. That's correct.
 15 Q. So IAS itself directly paid Plaskolite
 16 for lens purchases; right?
 17 A. That's correct.
 18 Q. Has IAS paid for all of the lenses that
 19 -- that any entity has used for the solar energy
 20 technology in this case?
 21 A. That's correct.
 22 (Exhibit 520 was marked for identification.)
 23 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson,
 24 you've been handed what's been marked Plaintiff's
 25 Exhibit 520. For the record, the exhibit is Bates

Page 77

1 numbered PSK1 through 9.
 2 A. Okay.
 3 Q. Please take a look through these invoices
 4 and let me know when you're ready.
 5 A. Okay.
 6 Q. Sir, do you recognize Plaintiff's
 7 Exhibit 520?
 8 A. Yes, I do.
 9 Q. Is it a set of invoices from Plaskolite
 10 to International Automated Systems?
 11 A. That is correct.
 12 Q. To your knowledge, sir, are these all of
 13 the invoices from Plaskolite to IAS?
 14 A. I don't -- I don't know if it is or not,
 15 but you have all the documents.
 16 Q. So these -- if you take a look, sir, at
 17 Page PSK2.
 18 A. Okay.
 19 Q. The invoice there is for February 3,
 20 2009.
 21 Do you see that?
 22 A. Yes, I do.
 23 Q. All right. And then if we look down at
 24 "Description" where it says "Solar lens .085, 60.00
 25 times 49.12."

Page 78

1 Do you see that?
 2 A. Yes.
 3 Q. The .85 in that description, that's the
 4 thickness?
 5 A. That's correct.
 6 Q. Yes, okay.
 7 And, Mr. Johnson, to your knowledge, in
 8 fact, has IAS received all of the solar lenses that
 9 are identified in these invoices?
 10 A. As far as I know I have.
 11 Q. If you take a look, please, at PSK4,
 12 which is an invoice dated June 20, 2012.
 13 A. Okay.
 14 Q. If we look down at the description again,
 15 it says "Solar lens 149.312 times 59.75."
 16 Do you see that?
 17 A. Yes.
 18 Q. The 100, is that the width?
 19 A. It's the thickness.
 20 Q. Thickness, sorry. Yes, thickness.
 21 A. Correct.
 22 Q. The lens went from .085 to 100?
 23 A. Correct.
 24 Q. What -- is that supposed to be .1?
 25 A. No.

Page 79

1 Q. No. Okay.
 2 Help me understand that. What does that
 3 mean?
 4 A. It's just -- it's just a reference to the
 5 size. But it's different than the .085. So they just
 6 -- they changed the way they referenced the size, but
 7 it's referenced -- it's a reference size.
 8 Q. So did the thickness of the lens change
 9 between 2009 and 2012?
 10 A. Yes, it did.
 11 Q. Okay. Then if you take a look at PSK9,
 12 which is an invoice from June 2014. The description
 13 says "Solar lens .85."
 14 A. That's correct.
 15 Q. So in 2014 the thickness went back to
 16 .85; correct?
 17 A. That's correct.
 18 Q. Oh, and you know what, we see that also
 19 on PSK8; correct?
 20 A. That's correct.
 21 Q. Okay. It looks like IAS bought 7500
 22 rectangles in summer 2012.
 23 Why did it buy so much at that time?
 24 A. We were getting ready for additional
 25 projects outside of RaPower's projects.

Page 80

1 Q. What projects were those?
 2 A. They were just various entities that we
 3 were getting ready for contracts for.
 4 Q. Would you please identify those.
 5 A. I think they were the -- they could have
 6 been the -- the 1603 program, and partially those and
 7 partially of the -- the -- we were getting ready to
 8 produce the project for the company, the -- out of the
 9 -- the east there, and possibly getting ready for
 10 other projects as well.
 11 Q. Okay. So you identified the 1603 program
 12 projects, a project for that company back east that we
 13 talked about yesterday?
 14 A. That's correct.
 15 Q. Any other specific projects at that time?
 16 A. Not that I know of, but -- but we were in
 17 the process of negotiating out several contracts, of
 18 which we decided not to enter into at that time.
 19 Q. What were the projects you were in the
 20 process of negotiating?
 21 A. I think there was one in Yermo in
 22 California. There was -- there was one in -- in -- I
 23 think there's some -- there's some ones in Texas.
 24 There's some -- there's some in
 25 California. Maybe two or three in California. And

<p style="text-align: right;">Page 81</p> <p>1 there are -- I think there may be four or five or six. 2 One in Nevada. 3 And those contracts went on -- I put on 4 hold because I wanted to do some other things first. 5 But we had bought -- we had contemplated entering into 6 the agreements with those people. 7 Q. And this is all in or around the summer 8 of 2012? 9 A. Yeah. It was roughly all -- all the way 10 through that period of time. I think that's when some 11 problems with -- with the -- with -- with the DOJ took 12 place, and I think there was some indications that I 13 just chose until we got through all of the problems 14 with -- with the government entities, we chose not to 15 -- to do any more until we were sure that the way we 16 were -- the way we were selling them wouldn't come 17 back on us. 18 I think that's why we partially backed 19 away from those contracts. We wanted to see more 20 where the government was focusing their attention to 21 and why. We're still not clear on that issue. 22 So the big projects are -- basically we 23 went on hold for that reason. 24 Q. So big projects went on hold, but 25 entities continued to sell lenses to individuals?</p>	<p style="text-align: right;">Page 83</p> <p>1 and -- and -- and some of the other large entities 2 that were interested in helping us develop the project 3 or -- or buying us out from -- and getting rid of the 4 problems that we were currently involved with, which 5 would have produced plenty of capital, and they would 6 have taken over their -- any responsibility on the 7 smaller entity projects. 8 Q. Okay. So, sir, I just want to be clear. 9 Did you think at all about the impact on 10 the individuals buying the lenses if there were 11 problems with the IRS? 12 A. Of course we did. That's why we went 13 through the process of going through attorneys, making 14 sure that we were totally legal with the United States 15 Government. Had, in fact, wrote the documents and 16 wrote the laws in a way that we would be able to 17 comply with. 18 We, as far as we knew, complied. In 19 fact, the United States Government had already -- had 20 already provided a tax return to an individual 21 indicating that this system qualified for the tax 22 credit and the depreciation. 23 Q. Who is that? 24 A. The way we was doing it. 25 Q. Who is that?</p>
<p style="text-align: right;">Page 82</p> <p>1 A. You're right. I didn't say I went on 2 hold on all the projects. I just went on hold with 3 some of the bigger projects. 4 Q. I'm sorry. 5 A. We lost a considerable amount of money on 6 that, on the problems that were created by the United 7 States Government. 8 Q. So why, sir, did you put things on hold 9 for big projects but not lenses being sold to 10 individuals? 11 A. Because we felt like that we could handle 12 any -- probably any losses over a period of time on 13 the smaller projects by working out even -- we have -- 14 we have entities that would like to buy -- buy us out 15 and -- and we met with several countries during that 16 period of time. 17 And we were contemplating during that 18 period of time that we may, rather than incur any more 19 problems with the United States Government, that it 20 wouldn't be worth my time, at my age, to continue with 21 the battle and the fight to create an energy system 22 for the United States of the way we had it. We were 23 the only ones with a new project, new -- new paths. 24 And at that time we met with several 25 countries, including Iran, India, Saudi Arabia, China,</p>	<p style="text-align: right;">Page 84</p> <p>1 A. Roger Hamblin. 2 Q. Roger Hamblin. 3 A. And so from that, the United States 4 Government then was involved in telling us that this 5 was a correct way to do business. And we even called 6 the IRS to ask them about the procedure which we were 7 following. They indicated that we would be referred 8 to a tax attorney. 9 The tax attorney was -- was an accredited 10 tax attorney who was, in fact, went through the system 11 to get a license to become a tax attorney by the -- by 12 the United States Government. 13 Q. Who is that? 14 A. McConkie. And they then gave us their 15 knowledge on the subject. 16 Q. I'm sorry, sir. 17 Do you think Kirton & McConkie was 18 somehow authorized by the United States to give you 19 that memorandum? 20 A. Yes, they were, because they went through 21 the schooling and received a license, and I had every 22 right to rely upon that license that these people were 23 credible people, and they had a tax license to 24 practice being a tax attorney. And with that we would 25 have had every -- every right to rely upon their</p>

<p style="text-align: right;">Page 85</p> <p>1 statements to be accurate and true. 2 And so far, no one has proven any of 3 their statements to be inaccurate to this point. In 4 fact, we were then, according to Sam Alba, told that 5 they dropped the case, the criminal case on us, and 6 indicated that there was no fraud, nor tax scheme at 7 that time. 8 Q. Sam Alba told you -- 9 A. That's correct. 10 Q. Excuse me, sir. 11 Sam Alba told you -- 12 A. Yes. 13 Q. -- that -- I'll withdraw that. 14 A. So there was no reason for me to believe 15 that I was doing anything wrong at that time, nor has 16 there been any indication. There hasn't even been a 17 court case. The United States Government has not 18 brought a court case on the tax issue for three to 19 four years. 20 Q. Sir, I'm going to stop you there. 21 A. And you know why they haven't? 22 Q. Tell me. 23 A. You know the reason why. And the only 24 reason why you're here is the same reason. They are 25 powerful people that are -- have called me and</p>	<p style="text-align: right;">Page 87</p> <p>1 And yet you know what, you know there's a 2 company called Amerex over in -- in Arizona -- 3 Q. Sir, we're not here to talk about Amerix. 4 A. Oh, yes, we are. 5 MS. HEALY-GALLAGHER: Object to the 6 responsiveness. 7 Q. I'm not interested in Amerex, sir. 8 A. You asked me a question about whether or 9 not I felt for the people that -- that I do business 10 with. And this is how I'm going to respond to that 11 question. 12 There's a company called Amerex out of 13 Arizona that have been working on CPB systems since 14 1989. They received \$125 million in grant money in 15 that year to produce a concentrated solar PB system. 16 They then raised another \$25 million in 17 the private sectors to produce that same thing. They 18 then installed that in Arizona and in New Mexico, and 19 they were -- or Nevada and New Mexico. They didn't -- 20 and it did not work, after they got it up. They got 21 the tax credits and their depreciation, and it didn't 22 last one year. 23 And another company called Amarose bought 24 the company for the tax credits. And that company, 25 even though that project was not working at the time</p>
<p style="text-align: right;">Page 86</p> <p>1 injected and told me what's going on. 2 Q. Who has done that? 3 A. Somebody from the Federal Reserve. 4 Q. Who is that person from the Federal 5 Reserve? 6 A. I don't know who it is. 7 Q. Let me ask the question. 8 Who called you from the Federal Reserve? 9 A. I don't know who it is. They indicated 10 that they represented the Federal Reserve. I didn't 11 believe them at the time. 12 Q. Did you ask for their name at the time? 13 A. I did. They never gave it to me. 14 Q. Okay. Are you aware of the number of 15 people who have been audited by the IRS? 16 A. Yes, I am. 17 Q. How many? 18 A. I don't know exactly, but there's been 19 over 50. 20 Q. Are you aware of -- would you be 21 surprised to learn that it's hundreds? 22 A. I wouldn't be surprised. The government 23 is -- is dumb enough to do something like that without 24 ever going to a court case, but just to irritate the 25 people that are doing this.</p>	<p style="text-align: right;">Page 88</p> <p>1 they bought that, they got that tax credit, and 2 depreciation, because it was an LLC pass-through. 3 Now you go check that out. And now 4 you're asking me about how I feel about my customers? 5 And that didn't work, and yet the United 6 States Government did not do one thing to that people. 7 The same thing in Ibapah. That Ibapah project cost 8 \$12 a watt, and now it's over \$18 a watt, and 9 90 percent -- 80 percent of that is generated from 10 natural gas. 11 And that's a -- that's a scam because 12 they're getting 19 to -- 17 to 19 cents a kilowatt 13 hour for a natural gas power plant proposed with -- 14 with -- with lenses of mirrors, and most of that 15 energy is generated today by the natural gas side of 16 that project. 17 And we could put the same turbine on my 18 project and it would operate. And it wouldn't operate 19 at the efficiencies of mine does, and it would not 20 make any money. And that project has not made a dime 21 yet. 22 And yet the Google -- they've got 23 \$2 billion in federal funding, they've got \$2 billion 24 in tax credits and depreciation to Google and to -- 25 and to Walmart, and every other country -- company.</p>

<p style="text-align: right;">Page 89</p> <p>1 And yet you're -- you're over here 2 complaining about a project that actually does work, 3 and will actually make money, and will actually 4 produce product, and you're talking about me caring 5 about my -- my customers? 6 I have done everything in my power to 7 protect my customers by going through the process of 8 finding expert witnesses to my project. I have 9 validated every part of that project. 10 You have not proven one thing has not 11 worked. And yet you come here and you tell me that I 12 don't care about my customers? And yet you go out 13 there and violate the law. 14 You haven't made -- you have not proved 15 one statute that I have shown, and I have asked you to 16 do that, and you have not shown one statement that is 17 incorrect by Kirton & McConkie that I have not 18 followed and I have followed to the letter. 19 And you people have violated the statute. 20 And the reason why I got my tax credit, because 21 there's a law out there that if you didn't do it, I 22 would sue the individual right at the time, and he 23 caved and gave me my tax credit. 24 So I have a tax credit. So United States 25 Government has given me a tax credit, and yet is still</p>	<p style="text-align: right;">Page 91</p> <p>1 And you're 17 cents a kilowatt, and now 2 they've got a permanent tax in California at 17 cents 3 a kilowatt that the -- for 30 years. There's an extra 4 tax that they have to pay because of that project, 5 that prior purchase agreement, that was guaranteed by 6 the federal government. Everybody in California is 7 now paying extra money on a hidden tax. 8 And that is you people that have done 9 that. And you're talking about me and my 10 responsibility to my customers? Yeah, I know exactly 11 what you people are. 12 MS. HEALY-GALLAGHER: Let's break for 13 lunch. 14 MR. SNUFFER: Okay. 15 MS. HEALY-GALLAGHER: Back in 30. 16 (The lunch break was taken from 17 11:30 a.m. until 12:03 p.m.) 18 MS. HEALY-GALLAGHER: We're back on the 19 record. 20 Q. Mr. Johnson, we're back on the record 21 after a brief lunch break. 22 Did you speak to anyone about the facts 23 of this case during that break? 24 A. No. 25 Q. Was that a no?</p>
<p style="text-align: right;">Page 90</p> <p>1 pursuing my other people. Why? You asked me -- you 2 tell me why the United States Government is bullying 3 my people. 4 And yet they've let people like Google 5 and -- and the people that own the Walmarts get all 6 their tax credits. But you will not allow these 7 people to have the same advantages as you've given to 8 Walmart in a -- in a fact thing that will not work, 9 and it has never worked. 10 And you built one before that down in 11 Yermo, and you didn't last a year, and you duplicated 12 and said it would work. And it hasn't worked. 13 And that guy sitting over in that chair 14 was part of it. And he indicated that it would work, 15 and it has never worked and it will never work. And 16 it will never work because it can't -- it can't 17 compete because of the high maintenance cost on that 18 project. 19 Have you checked that out? No. Why? 20 That's your job. Why? Why haven't you pursued that 21 and found out why that did not function, and why we 22 spent \$2 billion, and another 2 billion, and another 23 2 billion on that project. And now they're asking for 24 more money on that project and you're giving it to 25 them.</p>	<p style="text-align: right;">Page 92</p> <p>1 A. No, I'm sorry. No, I did not. 2 Q. Okay. Are there any answers to my 3 questions that you gave this morning that you feel the 4 need to supplement or change? 5 A. No, I'm fine. 6 Q. Okay. 7 MS. HEALY-GALLAGHER: Next, please. 8 (Exhibit 521 was marked for identification.) 9 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson, I'm 10 handing you what's been marked as Plaintiff's 11 Exhibit 521. Please take a look at that and let me 12 know when you're ready to answer questions about it. 13 A. Okay. 14 Q. For the record, the Bates numbers are 15 Ra315689 through 95. 16 A. Okay. Okay. 17 Q. Do you recognize this document? 18 A. I've probably seen it before, but I don't 19 recognize it as -- as anything more than what I can 20 just read about it. 21 Q. Okay. So at the top it says this is an 22 agreement for professional engineering services 23 between International Automated Systems and Brent 24 Davis Electric Power Engineering Associates. 25 Did I read that correctly?</p>

Page 93	<p>1 A. That's correct.</p> <p>2 Q. Did IAS ever retain Brent Davis of</p> <p>3 Electric Power Engineering Associates?</p> <p>4 A. I believe so.</p> <p>5 Q. What did you retain him to do?</p> <p>6 A. I think this was the design requirements</p> <p>7 for the 1603 program.</p> <p>8 Q. Okay. And you're looking at Page</p> <p>9 Ra315693; correct?</p> <p>10 A. Right. But I -- but I think that's what</p> <p>11 -- I -- I recognize it as.</p> <p>12 Q. So if we take a look at Paragraph 7 on</p> <p>13 the page Exhibit D, "Authorization of Services."</p> <p>14 A. Okay.</p> <p>15 Q. It starts by saying:</p> <p>16 "Project Description: Provided</p> <p>17 professional engineering services for</p> <p>18 the Modular Electrical Power</p> <p>19 Interconnect concept development,</p> <p>20 engineering, design, review,</p> <p>21 evaluation, and Grant Application</p> <p>22 support for the 4 unit (120 to 150</p> <p>23 kW) solar tower modular test</p> <p>24 installation."</p> <p>25 Did I read that correctly?</p>	Page 95	<p>1 Q. Are those -- are those the drawings that</p> <p>2 Jason Clement sent to Kirton & McConkie? Do you</p> <p>3 remember that from yesterday?</p> <p>4 A. I don't know. It could be. Could be</p> <p>5 part of that. There was -- I think there was quite a</p> <p>6 bit of work -- work done on it, so -- but I think you</p> <p>7 have those in your -- I don't have them. So...</p> <p>8 Q. I have it as 357.</p> <p>9 Sir, I'm handing you what's been marked</p> <p>10 as Plaintiff's Exhibit 357. We looked at that</p> <p>11 yesterday.</p> <p>12 Would you please take a look at the</p> <p>13 attachments to that exhibit.</p> <p>14 A. Right. This is -- this would be part of</p> <p>15 it here. Tower electrical plant.</p> <p>16 Q. Go ahead and look.</p> <p>17 A. This is done by Royal Engineering. Is</p> <p>18 that the -- they were -- they were -- there was</p> <p>19 probably other engineering firms that we did hire to</p> <p>20 get their expertise in certain areas that we wanted to</p> <p>21 validate by having outside professionals, and so this</p> <p>22 was -- this one was done by a different company. This</p> <p>23 one was done by a company called Royal.</p> <p>24 Q. And when you say "this one," you're</p> <p>25 looking at plaintiff's --</p>
Page 94	<p>1 A. Correct.</p> <p>2 Q. What is the "Modular Electrical Power</p> <p>3 Interconnect Concept"?</p> <p>4 A. Well, it just means that you can connect</p> <p>5 several power projects together without having to --</p> <p>6 the -- one of the advantages of my system is one tower</p> <p>7 can be connected into a simple system, or you can</p> <p>8 connect several towers together.</p> <p>9 And you can -- and you can do it in a</p> <p>10 modular component where you can individually add</p> <p>11 towers on the design so that one tower is actually</p> <p>12 finished and operational, and then add another tower</p> <p>13 and it becomes part of the tower and so that you can</p> <p>14 -- rather than you have to complete the whole -- whole</p> <p>15 project, you can complete it one tower at a time.</p> <p>16 And this was the design engineering</p> <p>17 drawings that per -- that we hired to -- to look at</p> <p>18 how we would do that.</p> <p>19 Q. So was Brent Davis to only provide design</p> <p>20 and drawings for that?</p> <p>21 A. I think so.</p> <p>22 Q. And did he produce those drawings and</p> <p>23 design?</p> <p>24 A. I believe so. You should have them in</p> <p>25 your -- in your exhibits.</p>	Page 96	<p>1 A. The one that was on --</p> <p>2 Q. Sorry, sir.</p> <p>3 A. Kirton & McConkie is done by Royal.</p> <p>4 Q. We need to not talk over each other.</p> <p>5 A. Sorry.</p> <p>6 Q. So let me finish the question.</p> <p>7 Royal Engineering you say did the</p> <p>8 drawings that are in exhibit -- Plaintiff's</p> <p>9 Exhibit 357; is that right?</p> <p>10 A. 357, I think, was completed by a company</p> <p>11 RE, Royal Engineering, and this was the interconnects</p> <p>12 from this design company. And I don't know where the</p> <p>13 drawings are from this company, but I'm sure you have</p> <p>14 them.</p> <p>15 Q. So you don't know where the drawings are</p> <p>16 from Brent Davis?</p> <p>17 A. I do not, no.</p> <p>18 Q. Did Brent Davis ever provide IAS with</p> <p>19 anything other than drawings?</p> <p>20 A. No, they did not.</p> <p>21 Is this yours?</p> <p>22 Q. You can just leave those there. Thank</p> <p>23 you.</p> <p>24 MS. HEALY-GALLAGHER: Next, please.</p> <p>25 (Exhibit 522 was marked for identification.)</p>

Page 97

1 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson,
 2 handing you what's been marked Plaintiff's
 3 Exhibit 522. For the record, the Bates number --
 4 we're going to use the Bates number that's all the way
 5 at the bottom of the page, which is Ra3004147.003
 6 through Ra3004147.004.
 7 Do you recognize Plaintiff's Exhibit 522,
 8 Mr. Johnson?
 9 A. I do, yes.
 10 Q. What is it?
 11 A. This is electrical drawings for --
 12 Q. Well, let's start with the first page.
 13 So the first page is a letter from Brent
 14 Davis to Randy Johnson; correct?
 15 A. Correct.
 16 Q. And would this have been sent to IAS?
 17 A. Yes.
 18 Q. Okay. And this letter's dated
 19 January 24, 2011.
 20 Do you see that?
 21 A. Yes.
 22 Q. Any reason to think it was sent at a
 23 different time?
 24 A. No.
 25 Q. All right. And then on the second page

Page 98

1 of Plaintiff's Exhibit 522, what -- what is this,
 2 Mr. Johnson?
 3 A. On Page 004147-004?
 4 Q. Yes.
 5 A. Okay. This is the -- the schematics for
 6 the -- the way you would put one tower up at a time,
 7 interconnect to a -- a high voltage transformer that
 8 would then enter the line. And each tower would be an
 9 independent source of energy for the electrical
 10 hookups for the power.
 11 Q. Okay. Did Brent Davis ever perform any
 12 further work for IAS after this letter and drawing?
 13 A. Not that I'm aware of, but I didn't -- I
 14 wasn't even aware of this, actually. I mean, I
 15 couldn't remember what he did. It's been quite a
 16 while ago.
 17 Q. And January 24, 2011, is after all of the
 18 towers were erected on the R&D site; correct?
 19 A. This -- this was not for that. This was
 20 for the other projects.
 21 Q. And so no project has ever been
 22 constructed using this design; correct?
 23 A. That is correct.
 24 Q. Has IAS ever paid the owner of a lens any
 25 rent for that lens?

Page 99

1 A. No.
 2 Q. Has IAS ever paid anyone for the use of a
 3 lens for advertising purposes?
 4 A. No.
 5 Q. Has IAS ever paid anyone for use of a
 6 lens in research and development?
 7 A. No.
 8 Q. Mr. Johnson, how does IAS keep track of
 9 who owns shares in it?
 10 A. It's done by the stock exchange. So...
 11 Q. What do you mean by that?
 12 A. We don't do it. We have a -- there's a
 13 company that is authorized to do that by the NASDAQ
 14 stock exchange, and I don't know the name of the
 15 company. But you should have it in your documents.
 16 Q. You believe you produced what to the
 17 United States?
 18 A. All the documents that IAS has, including
 19 the documents that would show that we pay money out to
 20 have our -- our stockholders being registered and kept
 21 on a NASDAQ file.
 22 Q. But you say you don't know the name of
 23 the company that keeps track of IAS's shareholders?
 24 A. No. They just changed, I believe.
 25 Q. What were they before?

Page 100

1 A. I don't remember that either, but you
 2 should have it in your records there. And I think
 3 it's listed on our website, but I'm not positive even
 4 about that. But it's in the -- in all the documents
 5 that we produced, you should have that.
 6 Q. And if we don't have it, are you willing
 7 to produce it?
 8 A. Oh, yeah, that's fine. I just need to
 9 make a phone call.
 10 Q. Mr. Johnson, to your recollection, have
 11 you signed every 10-K that the IRS has submitted --
 12 A. Yes.
 13 Q. Let me take that back.
 14 To your knowledge, have you signed every
 15 10-K that IAS has submitted to the SEC?
 16 A. Yes.
 17 Q. So, Mr. Johnson, how does IAS sell its
 18 stock?
 19 A. It's just through the NASDAQ stock
 20 exchange.
 21 Q. Does IAS have any relationship with any
 22 particular brokers?
 23 A. No, they do not.
 24 Q. To your knowledge, are people who buy
 25 lenses, do they often buy stock?

<p style="text-align: right;">Page 101</p> <p>1 A. I'm not aware of that.</p> <p>2 Q. Do you know if they're encouraged to buy</p> <p>3 stock?</p> <p>4 A. As far as I know, they're not.</p> <p>5 Q. So, Mr. Johnson, you mentioned that IAS</p> <p>6 had and has other technologies that it has developed</p> <p>7 and worked on over the years?</p> <p>8 A. That's correct.</p> <p>9 Q. When did IAS start working with solar</p> <p>10 energy technology?</p> <p>11 A. Around 2003.</p> <p>12 Q. And what was IAS's first foray into solar</p> <p>13 energy technology?</p> <p>14 A. I'm not sure I understand that -- that</p> <p>15 question.</p> <p>16 Q. What was your first initiative in solar</p> <p>17 energy technology?</p> <p>18 A. Well, I -- I believe we started out with</p> <p>19 looking to do mirrors, and we -- and so we went to</p> <p>20 various operations in California that operated a --</p> <p>21 the mirror systems to -- in particular.</p> <p>22 One was in -- out by, I think, Barstow.</p> <p>23 It's not called that, but it was close to that. And</p> <p>24 the other one was by the Marine Base in Yermo, I</p> <p>25 think, California.</p>	<p style="text-align: right;">Page 103</p> <p>1 And then at some point IAS developed its</p> <p>2 own solar energy technology; correct?</p> <p>3 A. Right. So we looked into the mirror</p> <p>4 systems and we --</p> <p>5 Q. I'm going to ask you -- I'm going to ask</p> <p>6 you to hold on there.</p> <p>7 You mentioned a demonstration in</p> <p>8 Mesquite, Nevada, yesterday.</p> <p>9 A. Yes.</p> <p>10 Q. Remind me again when that demonstration</p> <p>11 was.</p> <p>12 A. It was right around 2005.</p> <p>13 Q. Okay. So -- and I believe you said that</p> <p>14 the demonstration in Mesquite, Nevada, had to do with</p> <p>15 lenses that you purchased; correct?</p> <p>16 A. Correct.</p> <p>17 Q. But you used your turbine?</p> <p>18 A. Correct.</p> <p>19 Q. Okay. First, I want to ask you about a</p> <p>20 gentleman you mentioned yesterday, Bill Pack.</p> <p>21 A. Okay.</p> <p>22 Q. How did you first come to meet Bill Pack?</p> <p>23 A. I don't know. He was just somebody that</p> <p>24 came around and wanted to know more about the project.</p> <p>25 Q. What project?</p>
<p style="text-align: right;">Page 102</p> <p>1 The one in Barstow is a -- is a trough</p> <p>2 system using parabolic mirrors for their concentrator,</p> <p>3 and we were showing -- shown through their system at</p> <p>4 that time, shown their plant in Barstow where we -- we</p> <p>5 asked them what about the -- the mirror system, the</p> <p>6 type of turbine that they were using, and how much</p> <p>7 they would use in natural gas to facilitate the</p> <p>8 requirements of keeping a turbine operating 24 hours a</p> <p>9 day.</p> <p>10 We asked them about then the maintenance</p> <p>11 requirements on the turbine system, and then we asked</p> <p>12 them about the maintenance that would be on the mirror</p> <p>13 system and how it impacted the cost of electricity.</p> <p>14 They indicated that the mirror system</p> <p>15 required a focal point concentration of about a</p> <p>16 thousandths of an inch tolerances.</p> <p>17 And they had -- what they used was a --</p> <p>18 was a pipe with a glass covering that they created a</p> <p>19 vacuum to vacuum around the glass pipe with the mirror</p> <p>20 focused and concentrated the sunlight.</p> <p>21 Q. Sir, I'm going to stop you there.</p> <p>22 So you were looking into mirrors from</p> <p>23 other companies; correct?</p> <p>24 A. Right.</p> <p>25 Q. Right. Okay.</p>	<p style="text-align: right;">Page 104</p> <p>1 A. About our -- about our solar energy</p> <p>2 project.</p> <p>3 Q. Do you remember about when you first met</p> <p>4 Bill Pack?</p> <p>5 A. No, but it was right around 2004-2005.</p> <p>6 Q. You said yesterday that your</p> <p>7 understanding is that Bill Pack was a CPA?</p> <p>8 A. I believe he is, yeah.</p> <p>9 Q. Do you know if Bill Pack had any</p> <p>10 background in solar energy technology?</p> <p>11 A. I didn't -- I don't know whether he did</p> <p>12 or didn't.</p> <p>13 Q. Did you ever talk about it with him?</p> <p>14 A. No, I didn't.</p> <p>15 Q. At some point did Bill Pack become a</p> <p>16 sales representative for International Automated</p> <p>17 Systems?</p> <p>18 A. Yes, he did.</p> <p>19 Q. Do you remember about when that was?</p> <p>20 A. I don't know exactly, no, but I remember</p> <p>21 -- I think it was probably 2004, 2005.</p> <p>22 MS. HEALY-GALLAGHER: Mark next, please.</p> <p>23 (Exhibit 523 was marked for identification.)</p> <p>24 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson,</p> <p>25 handing you what's been marked Plaintiff's</p>

<p style="text-align: right;">Page 105</p> <p>1 Exhibit 523. Please take a look at that and let me 2 know when you're ready. 3 For the record, the Bates numbers are 4 Ra3003308 through 3310. 5 A. Okay. 6 Q. Mr. Johnson, do you recognize Plaintiff's 7 Exhibit 523? 8 A. Yes, I do. 9 Q. It's the sales representation agreement 10 between IAS and SC Systems, LLC; is that right? 11 A. Uh-huh. 12 Q. Yes? 13 A. Yes. 14 Q. Dated 24 September 2003; is that right? 15 A. That's correct. 16 Q. Does this refresh your recollection as to 17 when Bill Pack became a sales representative for IAS? 18 A. Yes. It was in September of '03. 19 Q. Okay. 20 A. So it was close. '04, so, yeah. 21 Q. And we see in the last page of this 22 exhibit your signature on behalf of IAS; is that 23 right? 24 A. That's correct. 25 Q. So by virtue of this agreement -- oh, I'm</p>	<p style="text-align: right;">Page 107</p> <p>1 In 2003 or 2002 when we went to the place 2 in Barstow, we asked them for the people that had -- 3 had constructed their solar lens farm, and we wanted 4 to purchase those rather than us making anything. 5 And so -- and we were in contact, I think 6 it was a German company at the time, we were in 7 contact with that company to try and -- to see what it 8 would cost us to purchase that equipment in order to 9 push -- put that with our turbine. 10 And so what we did is we went down there 11 and to see what kind of maintenance that would be 12 required, what kind of land cost preparation. 13 Q. Sir, I'm going to stop you. 14 What -- you're talking about buying 15 things. 16 I'm asking what did Bill Pack sell? 17 A. Well, he didn't sell anything. But what 18 I'm telling you is what he was going to sell, and I 19 suppose that's what you wanted to know. 20 Q. Yes. What was he going to sell? 21 A. That's what I'm telling you. Okay. 22 So the company in -- that built the 23 mirror system for the company in Barstow, we were 24 going to go down and see how it operated. We were -- 25 we were offered a price.</p>
<p style="text-align: right;">Page 106</p> <p>1 sorry. Let's take a look back at the signatures. 2 For SC Systems, it looks like William 3 Pack's signature is there on behalf of SC Systems, 4 LLC; is that right? 5 A. It looks like it to me too. 6 Q. It says that on the first page: 7 "SC is interested in obtaining a 8 right to advertise and sell equipment 9 for a Solar Thermal Energy Production 10 Plant." 11 Did I read that correctly? 12 A. Where you looking at? 13 Q. The second whereas clause. 14 A. Okay. 15 Q. Did I read that correctly? 16 A. Correct. 17 Q. What equipment did this give Bill Pack 18 the ability to sell? 19 A. Whatever we had available that was in -- 20 that had to do with the solar energy -- solar energy 21 project. 22 Q. And what equipment did he actually sell? 23 A. He didn't sell any. We were -- we were 24 -- we were in contact with a company, and that's where 25 I was getting to when you stopped me.</p>	<p style="text-align: right;">Page 108</p> <p>1 Q. Sir, what is the product? What is the 2 item that he was going to sell? That's all I want to 3 know. 4 A. You have to know the whole thing. 5 Q. No, I don't. 6 Tell me the item he was going to sell. 7 A. We were going to sell -- we were going to 8 -- we were looking into obtaining the equipment. 9 Q. What equipment? 10 A. The -- the solar mirror system, the 11 parabolic solar mirror system from a German company, 12 and we were going to implement then our turbine, 13 instead of having a traditional turbine. 14 Q. Was Mr. Pack going to sell the turbine? 15 A. He was selling the entire project. 16 Q. Okay. So an entire -- 17 A. And so the entire project would have 18 been, at that particular time, basically we were 19 looking at two different types of projects. The other 20 one, the first one was the -- the -- and then this is 21 about 2002 or 2003 -- we were looking at -- at 22 purchasing the solar -- 23 Q. Sir -- 24 A. -- system. 25 Q. -- stop, please.</p>

<p style="text-align: right;">Page 109</p> <p>1 A. And we were --</p> <p>2 Q. No, I'm not interested. Please stop.</p> <p>3 A. And then -- and then -- you asked the</p> <p>4 question. I'm finishing -- I'm finishing the damn</p> <p>5 question.</p> <p>6 Q. I'm going to stop you.</p> <p>7 A. Well then take out the whole question,</p> <p>8 because you're not going to use partial questions</p> <p>9 [sic], and you're not going to stop me from telling</p> <p>10 you what the whole question is.</p> <p>11 You asked me a question, and I'm telling</p> <p>12 you the whole question. You asked me what he was</p> <p>13 going to sell, and I'm telling you where we get the</p> <p>14 product for him to sell.</p> <p>15 Q. I don't want to know where you got it. I</p> <p>16 want to know what he was going to sell.</p> <p>17 So if he was going to sell an entire</p> <p>18 system of solar energy production from mirror to</p> <p>19 generation, that's what I want to know.</p> <p>20 A. I was telling you that.</p> <p>21 Q. Is that right?</p> <p>22 A. No. We -- it isn't right. It isn't</p> <p>23 correct. Because you have to have the whole thing or</p> <p>24 you don't get it correct, then you make assumptions</p> <p>25 and then you go and draw a whole big picture out of</p>	<p style="text-align: right;">Page 111</p> <p>1 For the record, the Bates numbers are</p> <p>2 Ra3016198 through 16230.</p> <p>3 A. Okay. So what is -- what is the</p> <p>4 question?</p> <p>5 Q. So, sir, first off, your former attorneys</p> <p>6 produced this document to the United States from your</p> <p>7 records, or they represented it was from your records.</p> <p>8 Do you recognize Plaintiff's Exhibit 524?</p> <p>9 A. No, I don't. It wasn't produced by us.</p> <p>10 Q. Well, we'll sort that out with your</p> <p>11 attorney.</p> <p>12 But you see that this is a document from</p> <p>13 SC Systems, LLC, William Pack manager. You see that</p> <p>14 at the top of the first page?</p> <p>15 A. That's correct.</p> <p>16 Q. And it identifies solar power plants as</p> <p>17 the topic of the booklet on the first page.</p> <p>18 Do you see that?</p> <p>19 A. Right.</p> <p>20 Q. Then through this document Mr. Pack</p> <p>21 reports on various information from IAS. Do you</p> <p>22 happen to know where he got that information?</p> <p>23 A. No, I do not. At this point in time, I</p> <p>24 don't.</p> <p>25 Q. Can you think of where he might have</p>
<p style="text-align: right;">Page 110</p> <p>1 nothing, out of thin air that isn't even accurate.</p> <p>2 Q. Let's move on.</p> <p>3 A. I have a right -- I have a right to go</p> <p>4 through the entire question to get it clear so that</p> <p>5 you cannot go out there and put a point on a -- put a</p> <p>6 point on a mirror, or a blackboard and say this is the</p> <p>7 eye of an elephant, and this is a point on an</p> <p>8 elephant, this is his eye, and I'm going to draw the</p> <p>9 whole damn body around it.</p> <p>10 MS. HEALY-GALLAGHER: I object to the</p> <p>11 responsiveness of the answer, and I'm going to move</p> <p>12 on.</p> <p>13 THE WITNESS: Object to the whole thing,</p> <p>14 then.</p> <p>15 Q. BY MS. HEALY-GALLAGHER: If we look back</p> <p>16 at Plaintiff's Exhibit 523, we see that there was a</p> <p>17 commission anticipated for SC Systems; is that right?</p> <p>18 A. That's correct.</p> <p>19 Q. Okay. You can put that aside.</p> <p>20 MS. HEALY-GALLAGHER: Please mark next.</p> <p>21 (Exhibit 524 was marked for identification.)</p> <p>22 Q. BY MS. HEALY-GALLAGHER: Showing you,</p> <p>23 sir, what's been marked Plaintiff's Exhibit 524.</p> <p>24 Please take a look through that and let me know when</p> <p>25 you're done.</p>	<p style="text-align: right;">Page 112</p> <p>1 gotten it if not from IAS itself?</p> <p>2 A. Well, he might have got part of it from</p> <p>3 IAS, but I don't know. I -- I don't -- I'm not</p> <p>4 familiar with the document. I didn't -- I didn't -- I</p> <p>5 didn't put this document together, nor did anything --</p> <p>6 did any of my employees put this document together.</p> <p>7 I am not familiar with the document. We</p> <p>8 have never used this document. We have never -- we</p> <p>9 never generated a sale from this document. And so the</p> <p>10 document is just something someone put together that</p> <p>11 maybe wanted me to participate in, I chose not to.</p> <p>12 Q. Oh, so you believe this is a solicitation</p> <p>13 to IAS?</p> <p>14 A. Yes.</p> <p>15 Q. Why would Mr. Pack be soliciting IAS to</p> <p>16 participate in something?</p> <p>17 A. Because he wanted to make a sale.</p> <p>18 Q. But he was IAS's sales representative.</p> <p>19 How is he going to sell something to IAS on behalf of</p> <p>20 IAS?</p> <p>21 A. It's easy. All -- he's trying to sell a</p> <p>22 program that he wants me to participate in to make a</p> <p>23 sale. I chose not to.</p> <p>24 He was -- he was pitching this to me that</p> <p>25 I would go out and -- and allow him to market this,</p>

<p style="text-align: right;">Page 113</p> <p>1 probably someone else. 2 And that's all it is. And I had -- I 3 never did anything with it. I wasn't interested in it 4 and never participated in it. But none of this was my 5 -- was done by me. 6 Q. So if you take a look, please, at Bates 7 No. Ra3016215. 8 A. Ra3 what? 9 Q. 016215. Okay. Next to Number 1 there it 10 says: 11 "First year depreciation and business 12 investment tax credit." 13 Do you see that? 14 A. Yes. 15 Q. Did you ever talk to Mr. Pack about 16 depreciation and what tax benefit it might have? 17 A. He would have talked to me about it. I 18 wouldn't have talked to him. He was the one who was 19 -- was -- was known about this. I was not involved in 20 any -- any of these figures or nothing to do with me. 21 I wasn't part of the process of his 22 thinking. I wasn't involved in -- in helping him put 23 this paper together. I wasn't involved in any sales 24 that he was trying to generate using this -- this -- 25 this packet. So, no, I don't -- I don't know anything</p>	<p style="text-align: right;">Page 115</p> <p>1 500 kilowatt plant under contract." 2 Did I read that correctly? 3 A. Correct. 4 Q. In or around August 2003, did IAS have a 5 500 kilowatt plant under contract? 6 A. We may have done, but it has nothing to 7 do with this, this contract, nor does it have anything 8 to do with this paper. 9 Q. What -- 10 A. And whether I -- whether I continued with 11 the contract, it wasn't -- it wasn't a Fresnel 12 contract. 13 Q. Well, sir, what contract was it? 14 A. I don't remember the contract itself, but 15 I think it had to do with -- with something -- with 16 some other entity with the -- with the -- we were -- 17 we were providing -- we were providing -- we were 18 providing -- it wasn't -- it wasn't a solar project. 19 It was a -- it was a -- it was a 20 geothermal plant in Hawaii with the company out of 21 Connecticut that owned the rights to the geothermal 22 heat off of the Hawaii -- the Hawaiian island, big 23 island volcano, and all we were providing was the 24 turbine. 25 We weren't providing the power plant. We</p>
<p style="text-align: right;">Page 114</p> <p>1 about what you're talking about. 2 Q. So let's take a look at Page Ra3016222. 3 The title is "Frequently Asked Questions"; correct? 4 Correct, sir? 5 A. What's that? 6 Q. The title is "Frequently Asked 7 Questions"? 8 A. Yes. 9 Q. And the first question is: 10 "Is there an IAS solar plant already 11 operating?" 12 Did I read that correctly? 13 Did I read that correctly? 14 A. Is there a solar plant already operating, 15 okay. 16 Q. No, sir, that's not what it says. It 17 says, question: 18 "Is there an IAS solar plant already 19 operating?" 20 A. Okay. 21 Q. Did I read that correctly? 22 A. Yes, you did. 23 Q. The answer says: 24 "As of August, 2003, International 25 Automated Systems, Inc. (IAS) has a</p>	<p style="text-align: right;">Page 116</p> <p>1 weren't providing the generators. We weren't 2 providing the heat exchangers. We weren't providing 3 anything. And -- and the contract then was when they 4 finished their installation of the -- of all this 5 other equipment, then we would install our power 6 plant. 7 The man who came out -- 8 Q. I'm sorry. When you say "power plant," 9 do you mean turbine? 10 A. No. I mean the power plant that was 11 being built in -- a geothermal power plant by this 12 company. 13 Q. Okay. So I thought you said that IAS was 14 only providing the turbine for that project. 15 A. Exactly. The power plant is not the 16 turbine. 17 Q. Right. 18 A. The power plant is the whole project. 19 Q. Okay. So did IAS ever install or provide 20 turbines to be installed in that geothermal plant? 21 A. No. The guy died halfway through the 22 project and it went broke. The project went broke 23 because he was -- he was an expert in the -- he was an 24 expert in the field of -- 25 Q. Okay. So, sir, you never --</p>

<p style="text-align: right;">Page 117</p> <p>1 A. -- turbines. 2 Q. -- you never provided the turbines? 3 A. Well, they never provided their -- 4 their -- they didn't provide their project. 5 Q. Okay. So the project fell through? 6 A. Right. But it was nothing with solar. 7 Q. Okay. 8 A. So it wasn't anything to do with this 9 project. 10 Q. The next sentence which says: 11 "The Fresnel Lenses are being 12 manufactured in September and the 13 plant will be in operation in 14 November 2003." 15 Do you have any idea what that's about? 16 A. No, I don't know. 17 Q. So if we look at Ra3016224 through 16230, 18 it's a purchase and installation contract and a 19 promissory note. 20 Do you know who drafted those? 21 A. I do not know, but it wasn't anything to 22 do with International Automated Systems, no. 23 Q. You can put that aside, sir. 24 Did -- did or does IAS have someone named 25 Lisa Phillips working for it?</p>	<p style="text-align: right;">Page 119</p> <p>1 Q. So, Mr. Johnson, when did IAS begin 2 selling lenses? 3 A. It was in 2007, I believe. I don't think 4 it was before then. 5 Q. As part of selling the lenses, did IAS 6 advertise certain tax benefits to go along with the 7 lenses? 8 A. I think they -- I'm not positive, but I 9 -- what we wrote down was indicating that there was a 10 law passed about that time authorizing tax credits, 11 and I believe we were just focusing -- we were doing 12 the same thing as other companies selling the same -- 13 similar type of product. 14 So, yeah, I think that we were 15 advertising that there are certain tax benefits buying 16 solar energy. 17 Q. Buying solar energy or buying solar 18 lenses? 19 A. Well, solar lenses, yeah. 20 Q. And when did you start advertising that 21 depreciation was a tax benefit related to buying the 22 solar lenses? 23 A. It could have been at the same time, I 24 don't know. But you have the documents. You would 25 have them.</p>
<p style="text-align: right;">Page 118</p> <p>1 A. Yes. She was working in the bookkeeping 2 area. 3 Q. Is she still employed by IAS? 4 A. No, she is not. 5 Q. When did she stop being employed by IAS? 6 A. I don't know. Several years ago. 7 Q. And was she fired? 8 A. She was caught embezzling, is what 9 happened. But, yeah, about a quarter of a million 10 dollars worth. 11 Q. What, if any, actions did you take 12 against Ms. Phillips? 13 A. I didn't take any actions. It was -- 14 Q. Even though she stole a quarter of a 15 million dollars? 16 A. Well, any action I would have taken, I 17 would never got the quarter of a million dollars back. 18 She didn't have it. And it would have broke up a 19 family, and it would have destroyed some kids, and a 20 variety of things that we just didn't want to do and 21 be responsible for. 22 I didn't want to break up a family, cause 23 a divorce, young kids to be deprived of their mother 24 and a bunch of things, and so I didn't do it. So I 25 said, fine, I'll pay it back. So I did.</p>	<p style="text-align: right;">Page 120</p> <p>1 Q. Please don't look at your wife, sir. If 2 you don't know, just say you don't know. 3 A. Well, I don't know. But I'm sure you 4 have the documents there, so -- but I'm sure we -- we 5 would have -- we would indicate that there's certain 6 laws that they -- I think they changed the laws on 7 depreciation at the same time. 8 Q. So your recollection is that the laws on 9 depreciation changed around 2007? 10 A. I think they did. I think -- I think 11 they changed it from -- they were given a bonus 12 depreciation at the time, I think, and tax credits. 13 Q. How -- how did IAS come to learn that 14 depreciation might be a tax benefit associated with 15 buying one of the solar lenses? 16 A. Well, I studied the laws that were coming 17 out and how they were written, and I -- and I bought 18 several books that were tax -- tax books, and I read 19 the tax books and the laws associated with those. 20 And then I -- I read -- there were 21 several companies out there that were -- that were 22 putting on the website -- I'm trying to think the name 23 of the website -- these various tax benefits of using 24 renewable energy and tax credits and depreciation. 25 And I followed those items through.</p>

<p style="text-align: right;">Page 121</p> <p>1 I then bought the books that described 2 the laws on -- on all -- well, there's all kinds of 3 laws on tax laws, of course. But specifically then we 4 studied those laws that were written by congress on 5 tax credits, and then associated them with the 6 depreciation and how those laws operated. 7 I then went to several CPAs and asked 8 them about the tax laws and if I had interpreted those 9 laws correctly. And they indicated that I had. 10 Then I went to the National Association 11 of Taxpayers, and I -- and I visited with those people 12 on the subject of -- of the tax code on depreciation, 13 as well as the tax credits, and if the things that I 14 had read were accurate. 15 And I think you have the e-mails, at 16 least the government had the e-mails, from those 17 conversations from the National Taxpayers Association. 18 And they agreed that the tax statutes 19 that had been written had agreed with my 20 interpretation of what I had read. 21 After that then came the first 22 acquaintance with the Anderson Group, and they 23 validated the same things. And then McConkie 24 validated the same things. 25 So it took a long time to get all the way</p>	<p style="text-align: right;">Page 123</p> <p>1 A. Right. 2 Q. Okay. What -- if you remember, what are 3 the books that you read? 4 A. I don't know. They're just books on -- 5 on tax code. 6 Q. Do you know -- 7 A. There were several of them. 8 Q. I'm sorry. 9 A. There were several of them printed by -- 10 I know it was Thomas, the company that does the -- 11 the -- that prints out the actual log being printed, 12 or some other company like that, but... 13 Q. So did you read a book of tax codes, or 14 did you read a book interpreting the tax code? 15 A. No, I read the tax codes. 16 Q. Okay. And did -- 17 A. And then I read books on tax codes. 18 Q. Okay. So you read both the tax code -- 19 sorry, let me finish the question. 20 You read both the tax code and then books 21 interpreting the tax code? 22 A. And then we read a lot -- then we would 23 also then read the message boards about the tax codes 24 and their opinions. 25 Q. Okay. All I want to know is about the</p>
<p style="text-align: right;">Page 122</p> <p>1 through everything, but -- but my recollection is is 2 we evaluated them. 3 And then we called the IRS. The IRS then 4 told us that they couldn't give us tax advice, that I 5 needed to contact a tax opinion or tax attorney. 6 We asked them what qualifications the tax 7 attorney would have to have in order for us to get an 8 accurate depiction of what the law would indicate. 9 Thereupon, they said if the person had 10 been trained and through an accredited program 11 designated by the United States, and got a license to 12 practice in the tax laws, that they would be permitted 13 to give us an opinion that they would recognize. 14 And that's what we followed. 15 Q. All right. Let's take that piece by 16 piece. And let me just ask to double check the 17 timeframe. 18 So is this in or around 2007 that you 19 studied the tax laws? 20 A. Correct. 21 Q. And in and around 2007 that you bought 22 tax books? 23 A. Correct. 24 Q. And in and around 2007 that you reviewed 25 websites about tax benefits?</p>	<p style="text-align: right;">Page 124</p> <p>1 tax code and the books interpreting the tax code for 2 right now. 3 A. Okay. 4 Q. Do you remember the titles of any 5 books -- 6 A. I don't. 7 Q. -- interp- -- let me finish the question, 8 sir, please. 9 Do you remember the titles of any of the 10 books that you read? 11 A. No, I don't. 12 Q. Do you still have those books? 13 A. I don't -- I don't know. I don't think 14 so. 15 Q. Do you remember who the authors were of 16 those books? 17 A. I don't know. 18 Q. Do you remember the code sections that 19 you read of the tax code? 20 A. Well, they would be the -- I would 21 imagine Section 48, and other sections like that, that 22 had to deal with -- with the solar energy tax credits, 23 plus business tax credits. And then the codes on 24 depreciation, I don't -- I don't recollect those 25 codes, but they're easy to look up so I don't need to</p>

<p style="text-align: right;">Page 125</p> <p>1 remember them.</p> <p>2 Q. Okay. So then you said that you reviewed</p> <p>3 websites about tax benefits?</p> <p>4 A. Well, then there were other people then</p> <p>5 writing about their interpretation of what these codes</p> <p>6 meant.</p> <p>7 Q. Hang on a second.</p> <p>8 Which websites did you review?</p> <p>9 A. I don't remember, but they were -- they</p> <p>10 were a lot of them out there at that time.</p> <p>11 Q. Do you remember who wrote these websites?</p> <p>12 A. I don't, no.</p> <p>13 Q. Do you have any printouts from the</p> <p>14 websites?</p> <p>15 A. No, I don't.</p> <p>16 Q. So you mentioned, Mr. Johnson, that you</p> <p>17 went to several CPAs to ask whether your</p> <p>18 interpretation of the tax laws was correct?</p> <p>19 A. That's correct.</p> <p>20 Q. When did you do that?</p> <p>21 A. During the same timeframe. It would --</p> <p>22 it probably took a year or two to get through all the</p> <p>23 information that we actually did. So...</p> <p>24 Q. So around 2007-2008?</p> <p>25 A. Between 2006 and 2008 would be a good</p>	<p style="text-align: right;">Page 127</p> <p>1 myself. I have a -- I just -- it's a habit that I've</p> <p>2 acquired. It was just myself.</p> <p>3 And then I would -- then I would, after I</p> <p>4 read them, then I would invite other people to read</p> <p>5 them and see their opinion on them who were not CPAs.</p> <p>6 Q. Who was that?</p> <p>7 A. Probably my kids and other people that</p> <p>8 were working with me at the time.</p> <p>9 Q. Who were they?</p> <p>10 A. I don't know, just people that had been</p> <p>11 employed by me. And I don't know if I did or didn't,</p> <p>12 but I think I would have ran it by my two kids and see</p> <p>13 what they felt like, you know.</p> <p>14 Q. Do your two kids have federal tax</p> <p>15 experience or background?</p> <p>16 A. No, and I didn't rely upon them for their</p> <p>17 opinion either, but I want to make sure that I was at</p> <p>18 least reading the words correctly.</p> <p>19 Q. All right. Mr. Johnson, then you</p> <p>20 mentioned that you talked to NATP; correct?</p> <p>21 A. That's correct.</p> <p>22 Q. And is that the National Association of</p> <p>23 Tax Preparers?</p> <p>24 A. That is.</p> <p>25 Q. All right. Who did you talk to at NATP?</p>
<p style="text-align: right;">Page 126</p> <p>1 representation.</p> <p>2 Q. Which CPAs did you go to?</p> <p>3 A. Just a variety of CPAs that we -- that we</p> <p>4 had talked to some that we knew, some that we didn't</p> <p>5 know.</p> <p>6 Q. Do you remember any names?</p> <p>7 A. I don't, no.</p> <p>8 Q. Did the CPAs give you anything in</p> <p>9 writing?</p> <p>10 A. No. I didn't ask for anything in</p> <p>11 writing.</p> <p>12 Q. How many CPAs did you talk to?</p> <p>13 A. I don't know. Four or five, maybe six, I</p> <p>14 don't know.</p> <p>15 Q. Do you have any records of your</p> <p>16 conversations with these CPAs?</p> <p>17 A. I do not.</p> <p>18 Q. Was anybody else with you when you talked</p> <p>19 to these CPAs?</p> <p>20 A. I don't know if there was or wasn't.</p> <p>21 There could have been, but I don't remember.</p> <p>22 Q. Quick question back on the tax code and</p> <p>23 the books that you read. I think a couple times</p> <p>24 you've said "we" looked at it. Who's "we"?</p> <p>25 A. I just -- it's just the way I express</p>	<p style="text-align: right;">Page 128</p> <p>1 A. I just talked to people that would answer</p> <p>2 the phone.</p> <p>3 Q. Do you have any names?</p> <p>4 A. I don't have.</p> <p>5 Q. Did you only have verbal conversations?</p> <p>6 A. No. They would send me e-mails on the</p> <p>7 subject.</p> <p>8 Q. So what did you ask them about?</p> <p>9 A. Basically the tax code on the very --</p> <p>10 various -- various lines of code and what the codes</p> <p>11 meant line by line on depreciation and on -- on the</p> <p>12 tax credits.</p> <p>13 Q. And to your mind, NATP's answers</p> <p>14 confirmed your beliefs about how depreciation and tax</p> <p>15 credits might apply to the solar lenses?</p> <p>16 A. Yes.</p> <p>17 Q. About when did you start checking in with</p> <p>18 NATP?</p> <p>19 A. I don't know when I first started. I may</p> <p>20 have a document here that might help me out on that</p> <p>21 one.</p> <p>22 No, I thought maybe it had the date I</p> <p>23 first --</p> <p>24 MRS. JOHNSON: No, it's just a year, I</p> <p>25 think.</p>

<p style="text-align: right;">Page 129</p> <p>1 THE WITNESS: It doesn't. But it's been 2 a long time ago. 3 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson, 4 what are you looking at right now? 5 A. It's the membership for the NATP. 6 Q. Okay. 7 A. So that's what that is. 8 Q. So you don't remember when you first 9 contacted NATP to ask these questions? 10 A. No, I do not. 11 Q. After that, Mr. Johnson, you say you went 12 to -- that's when you first had contact with the 13 Anderson Law Center? 14 A. Well, I don't know exactly when I had the 15 first contact -- 16 Q. With -- 17 A. -- with respect -- 18 Q. First contact with respect to anything to 19 do with the lenses? 20 A. Right. I don't remember exactly when 21 that was. We were -- we were doing business with them 22 on other issues with the -- with Todd Anderson, but 23 they weren't related to the company, nor were they 24 related -- they were personal items. They had nothing 25 to do with the company nor with the tax -- tax laws at</p>	<p style="text-align: right;">Page 131</p> <p>1 Q. When you called the IRS, what did you 2 ask? 3 A. I asked them specifically the questions 4 that I put forth on the McConkie letter and asked them 5 if this is accurate. 6 They said we couldn't comment on those. 7 Q. So you're blending the Kirton & McConkie 8 letter in your call to the IRS, and I'm not sure I 9 understand. 10 A. No. The information -- you asked me what 11 I asked them. And basically it was the information 12 that is contained in the McConkie letter. But that 13 was before the McConkie letter was written. 14 Q. So after you gave the IRS the information 15 that you believe is in the Kirton & McConkie 16 memorandum, what did the IRS say? 17 A. They said that you would have to talk to 18 a tax opinion -- tax attorney. 19 And I says, what kind of -- what kind of 20 a tax opinion or a tax -- what kind of attorney would 21 I have to talk to? I said, would any attorney do. 22 They said, no, in order to get an 23 accurate tax opinion, you'd have to go to a licensed 24 tax attorney. 25 And I said, so what are the requirements,</p>
<p style="text-align: right;">Page 130</p> <p>1 that time. 2 Q. And, in your mind -- and, let's see. And 3 you got the letter -- you got a letter from the 4 Anderson Law Center in or around 2010? 5 A. Seems to me like about right then, yeah. 6 Q. And, in your mind, the letter from the 7 Anderson Law Center validated your beliefs as to the 8 application of depreciation and tax credits for the -- 9 A. Yes. 10 Q. -- solar lenses? 11 A. Yes, it did. 12 Q. Then I just want to be clear on this. 13 After you mentioned the Anderson Law 14 Center, you said that Kirton & McConkie validated your 15 beliefs about depreciation and the solar tax credit? 16 A. That's correct. 17 Q. As applied to the IAS lenses? 18 A. That's correct. 19 Q. Did you first come into contact with 20 Kirton & McConkie before or after you called the IRS? 21 A. It was after. 22 Q. All right. Tell me a little bit more 23 about when you called the IRS. 24 A. I'm not sure. It was probably closer to 25 2007. Around that time.</p>	<p style="text-align: right;">Page 132</p> <p>1 then, for a tax attorney to have so that when I go to 2 them I know that they have -- are qualified then to 3 give me a tax -- tax opinions on this information. 4 And then they told me that they had to 5 have an accredited course in tax that was accredited 6 by the United States Government, and then receive some 7 kind of a tax license or some kind of information that 8 indicated that they -- they had passed the course with 9 -- with a high enough ratings in order to get a 10 license. 11 Q. And you -- 12 A. And so that's what we -- so that's -- we 13 had the information so that when we visited with an 14 attorney, we could ask them about their 15 qualifications. 16 Q. And you think this call with the IRS was 17 in or around 2007? 18 A. Uh-huh. 19 Q. Yes? 20 A. Yes, it was. And I -- I'm not the only 21 one that called, either. There was other people that 22 called. 23 Q. Who else called? 24 A. I think -- I think my one son called and 25 I think Greg Shepard called, and Bill Pack may have</p>

<p style="text-align: right;">Page 133</p> <p>1 called, I don't know.</p> <p>2 Q. Did --</p> <p>3 A. But anyway, there was other people that</p> <p>4 called.</p> <p>5 Q. To your knowledge --</p> <p>6 A. They got the same information, yeah.</p> <p>7 Q. Do you have the name of the person you</p> <p>8 talked to at the IRS?</p> <p>9 A. I do not, but I don't know if Greg has it</p> <p>10 or not, the one he talked to, but I didn't take the</p> <p>11 name, no.</p> <p>12 Q. Do you recall calling any particular</p> <p>13 component of the IRS?</p> <p>14 A. No. I just called for information and I</p> <p>15 asked if I could find some information about some tax,</p> <p>16 the way to handle some -- the way they handled the tax</p> <p>17 credits and depreciation. And I got referred to an</p> <p>18 individual in -- in the IRS, and they said they were</p> <p>19 not able to do that and give out that kind of</p> <p>20 information.</p> <p>21 (Exhibit 525 was marked for identification.)</p> <p>22 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson,</p> <p>23 you've been handed what's been marked Plaintiff's</p> <p>24 Exhibit 525, which for the record is Bates numbered</p> <p>25 Ra3014005 through 008.</p>	<p style="text-align: right;">Page 135</p> <p>1 A. -- it's not something I -- the -- the</p> <p>2 basic -- the basic -- the basic concepts are something</p> <p>3 that the -- was developed by the United States</p> <p>4 Congress and -- and published that information.</p> <p>5 So I'm -- I'm not -- I'm not saying it's</p> <p>6 inaccurate. I'm just saying it's just not something I</p> <p>7 did.</p> <p>8 Q. I'm not super concerned with the math</p> <p>9 itself, but it sounds like you're saying -- and</p> <p>10 correct me if I'm wrong -- Plaintiff's Exhibit 525</p> <p>11 appears to be generally an accurate representation of</p> <p>12 what IAS had to offer at some point?</p> <p>13 A. Well, I didn't -- I didn't see anything</p> <p>14 different than what the law stated.</p> <p>15 Q. That's not --</p> <p>16 A. And so if I -- if I -- if you're asking</p> <p>17 me would I -- would I have recognized a mistake in</p> <p>18 here and -- and say that this was not accurate, I</p> <p>19 wouldn't because I would have thought that this was</p> <p>20 what the -- the tax credit was for and -- and what the</p> <p>21 congress has indicated.</p> <p>22 We also researched congress and the</p> <p>23 people that voted on the law and we tried to -- and</p> <p>24 then I think we got ahold of one of our</p> <p>25 representatives and asked them what the intent of the</p>
<p style="text-align: right;">Page 134</p> <p>1 Please let me know when you're ready to</p> <p>2 answer questions.</p> <p>3 A. Okay.</p> <p>4 Q. Do you recognize Plaintiff's Exhibit 525?</p> <p>5 A. No, this is not something I wrote.</p> <p>6 Q. I'll represent to you that this is</p> <p>7 something that your former attorneys produced to the</p> <p>8 United States and said it was from your files.</p> <p>9 A. Well, it could have been my files, but I</p> <p>10 didn't write it.</p> <p>11 Q. Any idea why International Automated</p> <p>12 Systems might have had this in its files?</p> <p>13 A. Well, it's probably information some of</p> <p>14 the salesperson gave to me of what they felt like they</p> <p>15 could -- they could put out as a sales tool to -- to</p> <p>16 sell the product. But it doesn't -- it isn't</p> <p>17 something I put together.</p> <p>18 Q. If a salesperson gave you something that</p> <p>19 was not correct, what, if any, action would you take?</p> <p>20 A. I would tell them not to use it, but I</p> <p>21 don't -- I -- I don't -- from my -- from my</p> <p>22 perspective, I don't see anything in here that -- I</p> <p>23 would have to go through the -- through the math and</p> <p>24 see whether or not their math is accurate, but --</p> <p>25 Q. Well, I'm not --</p>	<p style="text-align: right;">Page 136</p> <p>1 law was.</p> <p>2 And they told us that the intent of the</p> <p>3 law was to incentivize people to develop new solar</p> <p>4 energy projects. And by doing so, they were willing</p> <p>5 to give tax credits for companies that would be</p> <p>6 willing to risk their money in developing new -- new</p> <p>7 equipment for -- for the purpose of reducing the cost</p> <p>8 of solar energy.</p> <p>9 And so I -- I personally don't see</p> <p>10 anything that the congressmen didn't -- didn't --</p> <p>11 didn't tell me, and so I wouldn't -- I wouldn't have</p> <p>12 known on my own that that was inaccurate. But I did</p> <p>13 not write that.</p> <p>14 Q. Okay. But you believe that the</p> <p>15 statements in Plaintiff's Exhibit 525 are accurate?</p> <p>16 A. I believe they are. I believe that's</p> <p>17 what the code indicated. I believe that was the</p> <p>18 intent of the law and the studies I made from the</p> <p>19 people I talked to, including the congressman.</p> <p>20 And we met with -- with the Senator</p> <p>21 Hatch, actually, office on the same subject, to tell</p> <p>22 you the truth.</p> <p>23 Q. This Plaintiff's Exhibit 525 identifies a</p> <p>24 lease sales presentation.</p> <p>25 A. Right.</p>

Page 137

1 Q. And it features an equipment lease
 2 agreement?
 3 A. Right.
 4 Q. Then an equipment sublease agreement?
 5 A. Right.
 6 Q. What was the -- tell me about a lease
 7 agreement being involved with IAS.
 8 A. I don't know anything about the -- that's
 9 what I'm saying, I don't know anything about the
 10 numbers and the things that they were creating as far
 11 as a sales program was going, but I -- but if you're
 12 talking about the tax credits and depreciation, I see
 13 no problem.
 14 The lease agreement has always created a
 15 problem for me in -- in -- with respect to with
 16 depreciation, and so I wasn't -- I wasn't -- I wasn't
 17 interested in that program, as far as I know.
 18 Q. Handing you what's been marked
 19 Plaintiff's Exhibit 462.
 20 A. Right.
 21 Q. For the record, Plaintiff's 462 is Bates
 22 numbered Ra3717 through 723.
 23 Mr. Johnson, Plaintiff's Exhibit 462
 24 appears to be an equipment lease agreement between
 25 Greg Shepard and International Automated Systems, Inc.

Page 138

1 Do you see that?
 2 A. Yeah, I do.
 3 Q. And that's dated 28 December 2005;
 4 correct?
 5 A. That's correct.
 6 Q. And you signed this equipment lease
 7 agreement on behalf of IAS; correct?
 8 A. Correct.
 9 Q. And Plaintiff's Exhibit 462 generally has
 10 the look and appearance of other equipment lease
 11 agreements that IAS entered around December 28, 25 --
 12 2005; correct?
 13 A. No. This -- I don't know exactly what
 14 this is, and I'd have to --
 15 Q. Nonetheless, sir, you signed it on behalf
 16 of IAS; correct?
 17 A. Oh, yes, I signed it, yes.
 18 Q. Okay. Showing you what has been marked
 19 Plaintiff's Exhibit 464.
 20 Actually, I see you're still on
 21 Plaintiff's Exhibit 462.
 22 A. Well, there's an item in here that --
 23 that is something that I'm reading that I'm not
 24 familiar with is all.
 25 Q. Well, I'd like to direct your attention,

Page 139

1 please, to Paragraph 2A.
 2 A. On -- on the next page, on this next one
 3 here.
 4 Q. No. Take a look at the same exhibit you
 5 had in your hand, which is 462 -- I mean -- yeah.
 6 A. Okay.
 7 Q. Let's take a look at Paragraph 1.
 8 A. On what page again?
 9 Q. 717. First page.
 10 A. Oh, first page. Okay.
 11 Q. Paragraph 1.
 12 A. Okay.
 13 Q. Now, the lessor, which is IAS; correct?
 14 A. I think so. Right, okay.
 15 Q. "Is the owner of certain proprietary
 16 alternative energy technology..."
 17 A. Okay.
 18 Q. "...hereinafter, IAS technology,
 19 which technology relates to solar
 20 energy collection, and which
 21 technology is utilized for the design
 22 and fabrication of certain components
 23 which are identified below, and which
 24 are hereinafter collectively referred
 25 to as 'the alternative energy

Page 140

1 system."
 2 Did I read that correctly?
 3 A. You're looking at A?
 4 Q. Paragraph 1, sir.
 5 A. Oh, Paragraph 1.
 6 Q. Did I read that correctly?
 7 A. I think so, yes.
 8 Q. What was the alternative energy system?
 9 A. This one, I think, was -- I'm not
 10 positive, but I think it was a geothermal energy
 11 system. I'm not positive.
 12 Q. So in Paragraph 1 it talks about solar
 13 energy collection?
 14 A. Okay.
 15 Q. Does that refresh your recollection at
 16 all?
 17 A. Could be. It could have been -- it could
 18 have been that mirror system out there in Yermo that
 19 had been shut down, and this fellow Greg was -- was
 20 trying to buy the Yermo property and install our --
 21 our turbine in the system, from what I remember.
 22 And I'm not positive about this, but I
 23 think that's -- this -- this is the -- the old Yermo
 24 mirror system had a tower out there and everything was
 25 in place, still in place. They had just set it up.

<p style="text-align: right;">Page 141</p> <p>1 And I think Greg indicated that he had a 2 way to get that, and then we could install our turbine 3 on it, and then it would probably operate. 4 But for some reason they sold it to -- 5 they sold that to a university and they used the 6 mirrors to track stars with. 7 Q. Who is "they"? 8 A. Okay. The people that owned the Yermo 9 thermal energy system was in contact with Greg Shepard 10 on buying the Yermo mirror system, from what I 11 remember -- I may be wrong -- but I think this is what 12 Greg Shepard was trying to get me into. 13 Q. Why would IAS be leasing alternative 14 energy equipment? 15 A. This was before lenses were done. 16 Q. Sir -- sir, why would IAS be leasing 17 alternative energy equipment to Greg Shepard if that 18 equipment was owned by someone else? 19 A. He wanted me to buy it. 20 Q. Mr. Shepard wanted you to buy? 21 A. Yeah, and then he signed a lease on it. 22 And I says, well, I'll see what I can do. 23 So he gave me a good price on it because 24 they closed it down, but I got -- I'm not positive, 25 but this is -- there's -- this is one -- this is one</p>	<p style="text-align: right;">Page 143</p> <p>1 I don't know. But I know -- I know that nothing came 2 of it. I don't think anything ever happened. Not on 3 our side. 4 So we didn't -- and I think it says in 5 here he had some kind of a -- a document in 29 on the 6 last page, Page 6, in Paragraph 29: 7 "Lessor and lessee acknowledge that 8 they each understand and expect that 9 the alternative energy system may 10 qualify for certain tax incentives 11 and may benefit under the 2005 Energy 12 Policy Act and other statutes. 13 Lessee acknowledged that it has 14 received a tax opinion letter 15 obtained by lessor from lessor's 16 accountant. 17 "However, lessee acknowledges and 18 agrees that the tax opinion letter of 19 lessor's accountant was prepared for 20 the sole use of lessor and that 21 lessee shall not rely on the content 22 of that opinion letter. 23 "Lessee agrees to obtain the 24 evaluation and opinion of its own tax 25 attorney or accountant as to any tax</p>
<p style="text-align: right;">Page 142</p> <p>1 of the things he did do -- did do and -- and so we had 2 the turbine and we could have made it profitable with 3 the turbine because the mirror system was discounted 4 pennies on the dollar. 5 And it appeared to be a pretty good deal 6 until I got down there and saw the cost of maintaining 7 the mirrors. And we -- 8 Q. So your testimony, sir, is that this 9 equipment lease agreement does not have to do with any 10 solar lenses? 11 A. Well, it had to do with the solar 12 mirrors, I think. The Yermo plant is in -- is the 13 mirrors -- is the mirror system. And I think that is 14 the -- because we went -- did you go with us? You 15 went with us down there, and we got the guy -- 16 Q. Sir -- 17 A. -- the person that owned the system. 18 Q. Nonetheless, sir, there never was any 19 power produced by IAS or anyone else in Yermo, 20 California; correct? 21 A. No, we didn't produce anything, and this 22 was before. I think this was before the tax credits 23 even came out in 2005. 24 I don't know the tax credits were even 25 available in 2005, were they? They may have been, but</p>	<p style="text-align: right;">Page 144</p> <p>1 matter relating to this agreement." 2 Q. And -- 3 A. So I don't even -- but I don't even 4 remember I had a tax -- he's kind of created that 5 point. 6 Q. So the lessor in this contract is IAS; 7 correct? 8 A. I think it is, but I -- I don't remember 9 it, yes. 10 Q. And what you just read says that lessor 11 had a tax opinion letter that the lessee reviewed; 12 correct? 13 A. From an accountant, yeah. And it may 14 have been an accountant that gave me a tax opinion 15 letter at that time, but I didn't give it to anybody 16 to rely upon. 17 Q. Take a look, please, at Plaintiff's 18 Exhibit 22 from yesterday. 19 That's the letter from Hansen Barnett & 20 Maxwell; correct? 21 A. Yes. 22 Q. And the date on that is August 2005; 23 right? Right? 24 A. What's that? 25 Q. The date on that is August 2005; right?</p>

<p style="text-align: right;">Page 145</p> <p>1 A. Yes, uh-huh.</p> <p>2 Q. Okay. You can put that aside.</p> <p>3 A. So what is -- this is a tax opinion</p> <p>4 solely on --</p> <p>5 Q. There's no question pending, sir.</p> <p>6 A. Let's see. I'm going to -- I never used</p> <p>7 it for anything.</p> <p>8 Q. All right. Sir, handing you what's been</p> <p>9 marked Plaintiff's Exhibit 463. Would you please take</p> <p>10 a look at that.</p> <p>11 A. What was that again?</p> <p>12 Q. 463. Please -- take a look at that,</p> <p>13 please.</p> <p>14 A. Okay.</p> <p>15 Q. For the record, 463 is Bates No. Ra3551</p> <p>16 through 557.</p> <p>17 A. Okay.</p> <p>18 Q. Do you recognize Plaintiff's Exhibit 463,</p> <p>19 sir?</p> <p>20 A. I believe so, yes.</p> <p>21 Q. This is an Independent Representative</p> <p>22 Agreement between Greg Shepard and IAS; correct?</p> <p>23 A. Correct. This was never signed. So...</p> <p>24 Q. To your understanding, was Greg Shepard</p> <p>25 actually an independent representative of IAS?</p>	<p style="text-align: right;">Page 147</p> <p>1 Q. It's dated --</p> <p>2 MR. SNUFFER: This is -- this has a real</p> <p>3 low Bates number. Was this produced by Sam Alba or...</p> <p>4 MS. HEALY-GALLAGHER: Let's go off the</p> <p>5 record for a second.</p> <p>6 (There was a discussion held off the record.)</p> <p>7 Q. BY MS. HEALY-GALLAGHER: This letter was</p> <p>8 dated October 5, 2005.</p> <p>9 Mr. Johnson, do you recognize this</p> <p>10 document?</p> <p>11 A. No, I don't.</p> <p>12 Q. Do you have any reason to think it was</p> <p>13 not sent on or around October 5, 2005?</p> <p>14 A. No, but I just don't recognize it.</p> <p>15 Q. So just take a look, please, at the</p> <p>16 bottom of the first page --</p> <p>17 A. Okay.</p> <p>18 Q. -- where it says:</p> <p>19 "A simple schematic of a standalone</p> <p>20 project development process would be</p> <p>21 as follows:"</p> <p>22 Did I read that correctly?</p> <p>23 A. Correct, yes.</p> <p>24 Q. "IAS (with my active assistance)</p> <p>25 develops a renewable project;</p>
<p style="text-align: right;">Page 146</p> <p>1 A. I don't know if he was or wasn't. But I</p> <p>2 imagine he was, but this one isn't signed. And I'm</p> <p>3 not sure that this would be the same -- same one, but</p> <p>4 I don't have a problem with it. I'm just saying I</p> <p>5 don't see it signed.</p> <p>6 Q. So, in fact, your testimony is that Greg</p> <p>7 Shepard was an independent representative of IAS;</p> <p>8 correct?</p> <p>9 A. I believe he was, yes.</p> <p>10 MS. HEALY-GALLAGHER: Next, please.</p> <p>11 (Exhibit 526 was marked for identification.)</p> <p>12 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson,</p> <p>13 please take a look at what's been marked Plaintiff's</p> <p>14 Exhibit 526, which is right here (indicating).</p> <p>15 Plaintiff's 526 is Bates marked Ra3565</p> <p>16 through 566.</p> <p>17 Again, I'll represent to you that your</p> <p>18 attorneys produced this document. It appears to be to</p> <p>19 Randy Johnson as the VP of business development for</p> <p>20 International Automated Systems, Inc.</p> <p>21 Do you see that at the top?</p> <p>22 A. I do.</p> <p>23 Q. And it's from a company called ECI</p> <p>24 International, Inc.?</p> <p>25 A. Okay.</p>	<p style="text-align: right;">Page 148</p> <p>1 "A. Secures Site and Environmental</p> <p>2 and Other Permits."</p> <p>3 Did I read that correctly?</p> <p>4 A. Yes.</p> <p>5 Q. As of October 5, 2005, did IAS have any</p> <p>6 experience with securing environmental permits?</p> <p>7 A. Yes. We knew how to -- how to go about</p> <p>8 getting the proper agencies to evaluate for -- for a</p> <p>9 site for environmental impact statements.</p> <p>10 Q. Had IAS ever done that before?</p> <p>11 A. It wasn't necessary for what we were</p> <p>12 doing.</p> <p>13 Q. So, no, it had never done that before?</p> <p>14 A. It wasn't necessary, no.</p> <p>15 Q. And since October 5, 2005, has IAS</p> <p>16 actually secured environmental authorization to</p> <p>17 conduct any project involving solar energy technology?</p> <p>18 A. From what I understand, the environmental</p> <p>19 impact statement is only required if fell -- if</p> <p>20 federal loan -- loans are going to be involved, or</p> <p>21 federal land.</p> <p>22 Q. So the answer's no?</p> <p>23 A. So we weren't required to, no. And that</p> <p>24 has been evaluated by the IRS, by the way, or the</p> <p>25 IRS's attorney.</p>

Page 149	<p>1 Q. So the next sentence there is: 2 "Negotiates PPA with credit worthy 3 energy off-taker." 4 On or before October 5, 2005, had IAS 5 engaged in -- entered into a Power Purchase Agreement? 6 A. We had -- we had prepared one for a 7 California project. 8 Q. That's not my question. 9 A. But -- but we haven't -- it isn't 10 necessary, no. 11 Q. Had IAS entered into a Power Purchase 12 Agreement on or before October 5, 2005? 13 A. No, because it wasn't necessary. 14 Q. Has IAS entered into a Power Purchase 15 Agreement since October 5, 2005? 16 A. No. 17 Q. Next line: "Negotiates 18 Transmission/Interconnection Agreement." 19 A. No. 20 Q. Before October 5, 2005, had IAS ever 21 entered a transmission agreement? 22 A. No. 23 Q. Had IAS ever entered an interconnection 24 agreement? 25 A. No.</p>	Page 151	<p>1 generating plant that's mentioned in this letter? 2 A. I decided to back away from it because 3 the price wouldn't -- wouldn't work out with the 4 numbers that they were offering, and so -- 5 Q. So -- 6 A. -- they were offering for -- the actual 7 contracts were not what -- what we could afford to do 8 for the price, so we -- we booked away from that. 9 Q. So that power plant never happened? 10 A. No, it did not, no. 11 Q. With that power plant -- does "power 12 plant" in that instance in Plaintiff's 527, does that 13 mean a whole system or does that mean just turbines? 14 A. No, that would be -- that would be the 15 whole system. But we couldn't have done it with the 16 lens -- with -- the cost of the lenses at that time 17 were extremely expensive. 18 And so we hadn't -- we hadn't -- I don't 19 think we had developed the -- the new lenses at that 20 point. I'm not positive, but I think that's my 21 recollection. 22 (Exhibit 528 was marked for identification.) 23 Q. BY MS. HEALY-GALLAGHER: Handing you 24 what's been marked Plaintiff's Exhibit 528. 25 For the record, Plaintiff's 528 is</p>
Page 150	<p>1 Q. Since October 5, 2005, has IAS entered 2 any transmission agreement? 3 A. No. 4 Q. Has IAS entered an interconnection 5 agreement? 6 A. No. 7 Q. Did IAS ever enter any agreements with 8 ECI International, Inc.? 9 A. Not that I'm aware of. 10 (Exhibit 527 was marked for identification.) 11 Q. BY MS. HEALY-GALLAGHER: Please take a 12 look, sir, at Plaintiff's Exhibit 527. 13 For the record, Plaintiff's 527 is Bates 14 marked Ra3608. 15 Mr. Johnson, do you recognize Plaintiff's 16 Exhibit 527? 17 A. I don't remember doing it, but I -- I -- 18 I assume that I must have. 19 Q. You recognize IAS's letterhead at the 20 top? 21 A. I do. 22 Q. And your signature is at the bottom? 23 A. Yes, I do. 24 Q. What, if anything, ever happened with 25 regard to the hundred megawatt solar thermal power</p>	Page 152	<p>1 Bates-labeled Ra3680 through 688. 2 Mr. Johnson, do you recognize Plaintiff's 3 Exhibit 528? 4 A. Not offhand, but I -- I imagine it was 5 probably something to do with what I've -- what I've 6 done. 7 Q. So the letter in Plaintiff's Exhibit 527 8 is directed to the company Solar Renewable Energy 1, 9 LLC; is that right? 10 A. Right. 11 Q. Okay. And the purchase and installation 12 contract in Plaintiff's Exhibit 528 is between Solar 13 Renewable Energy 1, LLC and IAS; correct? 14 A. Right. 15 Q. And you signed Plaintiff's Exhibit 528 on 16 behalf of International Automated Systems; correct? 17 A. Right. 18 Q. So even though you had signed a purchase 19 and installation contract, Mr. Johnson, you say you 20 decided to back out? 21 A. Well, yeah, because they -- we didn't 22 have the -- the other lenses were not complete. We 23 had a -- we had a -- we hired an outside firm to -- to 24 develop the Fresnel lens in a real plastic situation. 25 And from my understanding, the contact</p>

Page 153

1 was supposed to have been done in the end of 2005, but
 2 in fact it wasn't done. And so the lenses would have
 3 been -- that I would have had to buy to finish this
 4 project would have been prohibitive in my costs.
 5 Q. So you backed out?
 6 A. Well, yeah, I think we did. I think we
 7 backed out on that basis. I'm not positive exactly
 8 what happened, but I think that's right.
 9 (Exhibit 529 was marked for identification.)
 10 Q. BY MS. HEALY-GALLAGHER: Handing you
 11 Plaintiff's Exhibit 529.
 12 A. I'd forgotten all this stuff.
 13 Q. For the record, Bates marked Ra3768
 14 through 784.
 15 Take a look at that, please, and let me
 16 know when you've had a chance to review.
 17 A. Yeah, go ahead.
 18 Q. Do you recognize Plaintiff's Exhibit 529?
 19 A. Yes -- yes, I think I do.
 20 Q. What is it?
 21 A. I think this is a project in Boulder
 22 City.
 23 Q. And why do you think that?
 24 A. Well, because I think this is the name of
 25 the company in Boulder City.

Page 154

1 Q. Kokopelli is the name of a company in
 2 Boulder City?
 3 A. Well, I think it was -- it was something
 4 like that. I'm just trying to remember my mind on it.
 5 But I think it had something to do with Boulder City.
 6 City of Boulder, yeah, on this next page.
 7 Q. So if you take a look at --
 8 A. 10066769.
 9 Q. Okay. And if you take a look at Page
 10 Ra3772.
 11 A. 000772?
 12 Q. Yes. And 73, the images on those pages
 13 look an awful lot like images from IAS; right?
 14 A. That's correct, yes.
 15 Q. Did IAS create this document?
 16 A. Yes, we did.
 17 Q. Who wrote it?
 18 A. I probably wrote it, and I probably drew
 19 this as well.
 20 Q. And what was the purpose of this
 21 document?
 22 A. Provide information for a -- Boulder City
 23 was interested in doing some business with us. They
 24 had some property that was outside that was designated
 25 for solar energy projects, and they asked -- they had

Page 155

1 come out to see our system in -- in Mesquite.
 2 And they saw the system working there
 3 producing power, and they become very interested in
 4 working with us in a -- on a development project in
 5 Boulder City out there in about 300 acres. Yeah,
 6 about 300 acres of land that they owned, Boulder City
 7 owned.
 8 Q. And did you ever -- did IAS ever
 9 engage -- actually create any project outside of
 10 Boulder City?
 11 A. On, no. And the reason was is they
 12 wanted more money from the land than they wanted to
 13 pay, and so I didn't do it. That's what happened.
 14 But they wanted me to go out there and do this.
 15 But that's what -- I think that's how it
 16 came about. They're actually good friends of mine
 17 still. I mean, they -- they still like me, actually,
 18 so I must not have yelled at them too hard.
 19 But anyway, that -- this is what -- this
 20 was the -- showing something that we would have done
 21 out there in some kind of -- and they want us to do
 22 it, but I wasn't -- I decided I wasn't going to pay
 23 for the ground that much, pay for the ground they
 24 wanted. I could get it cheaper somewhere else.
 25 Q. So you never did a project with Boulder

Page 156

1 City?
 2 A. No, but we were invited to. We just
 3 didn't do it.
 4 Q. Handing you, sir, what's been marked
 5 Plaintiff's Exhibit 94. Take I look at that, please.
 6 Do you recognize Plaintiff's Exhibit 94?
 7 A. Yeah, it looks like something that was
 8 done by -- by Greg Shepard.
 9 Q. This is an Equipment Purchase
 10 Agreement --
 11 A. Right.
 12 Q. -- between International Automated
 13 Systems and MJM Holding; correct?
 14 A. Right.
 15 Q. When you say this looks like something
 16 Greg Shepard would have done --
 17 A. No, it's something that Greg Shepard
 18 purchased. I'm just saying that --
 19 Q. Okay. So who -- who wrote this Equipment
 20 Purchase Agreement?
 21 A. One of -- probably an attorney of mine.
 22 Q. Do you remember who?
 23 A. It wasn't Denver. I don't -- I don't
 24 know exactly who. I think it was -- could have been
 25 Dave, but I'm not sure.

<p style="text-align: right;">Page 157</p> <p>1 Q. Nonetheless, you provided the form of the 2 Equipment Purchase Agreement; right? 3 A. I did. I did that, yes. 4 Q. Okay. I'd like you to take a look, 5 please, at Paragraph 1 under "Agreement." 6 A. Under "Agreement," okay. 7 Q. Yeah. It says, Number 1: 8 "Seller" agree -- "hereby sells to 9 purchaser and purchaser hereby 10 purchases from seller the alternative 11 energy system consisting of the 12 system components identified on the 13 attached Exhibit A." 14 Did I read that correctly? 15 A. Yes, you did. 16 Q. Please turn to the last page of this 17 exhibit. All the way last. Here we see Exhibit A; 18 correct? 19 A. Okay. 20 Q. And Exhibit A is blank. 21 A. Okay. 22 Q. So what was the alternative energy system 23 that MJM Holding purchased? 24 A. I don't know. I don't know that we ever 25 did purchase it, but I don't know -- I don't know --</p>	<p style="text-align: right;">Page 159</p> <p>1 Exhibit 530? 2 A. No, I don't. I don't recognize it. 3 Q. Okay. Well, let's take a look, please, 4 at Page 2098. And you mentioned that IAS.com has been 5 hosted by Gmail for quite some time; right? 6 A. I believe so, yes. 7 Q. And we see at the top, Lisa@IAUS.com; 8 correct? 9 A. I'm sorry, what was the question? 10 Q. You see at the top, Lisa@IAUS.com? 11 A. That's correct, yes. 12 Q. And below that the body of the e-mail is 13 from Bill Pack, e-mail address Pack@IAUS.com; right? 14 A. Bill Pack, right. 15 Q. So Bill Pack had an IAUS.com e-mail 16 address; correct? 17 A. It appears so. 18 Q. Okay. 19 A. I wasn't aware of it, though, until this. 20 Q. But it looks like Bill Pack e-mailed your 21 son Randy; correct? 22 A. Looks like that. Right, okay. 23 Q. And before that he had e-mailed your son 24 LaGrand; right? LaGrand@IAUS.com? 25 A. Correct, uh-huh.</p>
<p style="text-align: right;">Page 158</p> <p>1 I'm not -- I don't recollect how the transaction 2 turned out. 3 Q. Take a look at the second to last page, 4 please, sir. 5 A. Second to last page, yes, okay. 6 Q. That's your signature on behalf of IAS; 7 correct? 8 A. Yes, it is. 9 Q. Okay. 10 A. But I still don't remember how the -- the 11 deal went. I'd have -- I'd have to ask Greg, because 12 I'm not really familiar with it. 13 Q. Mr. Johnson, did Lisa Phillips have an 14 e-mail address for IAUS.com? 15 A. Now that I don't know. 16 Q. Does Lisa at IAUS ring a bell? 17 A. Yeah, I know Lisa, but I don't know 18 the -- the e-mail address. I never -- I've never 19 looked at it, as far as I know. 20 MS. HEALY-GALLAGHER: Mark next, please. 21 (Exhibit 530 was marked for identification.) 22 Q. BY MS. HEALY-GALLAGHER: Please take a 23 look at Plaintiff's Exhibit 530, which is Bates marked 24 Ra32097 through 2098. 25 Mr. Johnson, do you recognize Plaintiff's</p>	<p style="text-align: right;">Page 160</p> <p>1 Q. And the e-mail says, if you flip the 2 page, perfect: 3 "Lessees have called this a.m. 4 needing the letter from IAS stating 5 the solar lens was placed in service 6 and qualifies for the tax credit for 7 2006 so they can file their tax 8 return." 9 A. Okay. 10 Q. Says: 11 "Please address a letter to each 12 lessee." 13 A. Okay. 14 Q. What's your understanding, Mr. Johnson, 15 of a "placed in service letter"? 16 A. If I -- if I would have gotten that it 17 would have -- it would have qualified under the -- the 18 tax code that I used that provided for the in-service 19 letter to be done. 20 However, I don't recollect doing it. 21 Whether I did or didn't, I don't know. I may have 22 done, but I don't know. But it would have -- it would 23 have had a statement telling what reference, I think, 24 to the tax code. I would hope I would do that. 25 Q. And I'm showing you what was marked</p>

Page 161

1 yesterday -- not yesterday -- earlier as Plaintiff's
 2 Exhibit 103.
 3 Would you take a look at that.
 4 A. Okay.
 5 MR. SNUFFER: Is this one I've already
 6 got?
 7 MS. HEALY-GALLAGHER: Yes.
 8 MR. SNUFFER: Okay.
 9 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson, is
 10 Plaintiff's Exhibit 103 an example of a "placed in
 11 service" letter?
 12 A. Yes, I believe it is. Uh-huh, yes.
 13 Q. And you signed that letter on IAS
 14 letterhead; correct?
 15 A. I did, uh-huh. You want it back?
 16 Q. You can put that right there. Thank you.
 17 A. Did I misquote the law?
 18 (Exhibit 531 was marked for identification.)
 19 MS. HEALY-GALLAGHER: You know what,
 20 we've been going for about 90 minutes. Let's take
 21 five.
 22 MR. SNUFFER: Okay.
 23 (There was a break taken.)
 24 MS. HEALY-GALLAGHER: Let's go back on
 25 the record, please.

Page 162

1 Q. So, Mr. Johnson, before the break you
 2 were handed a copy of -- you were handed Plaintiff's
 3 Exhibit 531; correct?
 4 A. Correct, uh-huh.
 5 Q. Do you recognize Plaintiff's Exhibit 531?
 6 A. I do. Yes, I do, actually.
 7 Q. What is it?
 8 A. This is a document that was prepared to
 9 develop sales materials and -- and then the sales
 10 program showing what we had had -- had researched and
 11 had validated by somebody else.
 12 Q. Who drafted this, Mr. Johnson?
 13 A. I think I did, and it was followed by
 14 this and these people.
 15 Q. I'm sorry. I'm sorry.
 16 So you said that you drafted Plaintiff's
 17 Exhibit 531? Yes?
 18 A. I believe I did, yes.
 19 Q. And then you believe that Hansen Barnett
 20 & Maxwell followed Plaintiff's Exhibit 531 and --
 21 A. No, I followed them.
 22 Q. Hang on -- in Plaintiff's Exhibit 522?
 23 A. No. I -- it's the opposite.
 24 Q. Okay.
 25 A. I followed their recommendations and

Page 163

1 developed this solar unit purchase overview from the
 2 information received from -- these are -- these are
 3 public accountants.
 4 Q. Okay. So let me -- let me make sure I
 5 get -- make sure I understand.
 6 You used the information from Hansen
 7 Barnett & Maxwell in Plaintiff's Exhibit 22 as one of
 8 the things to help you write Plaintiff's Exhibit 531?
 9 A. Exactly.
 10 Q. Okay. Thank you.
 11 A. And other things as well, but, yeah,
 12 basically we validated through that effort.
 13 Q. Sure.
 14 A. And you noticed the disclaimers that I
 15 put in.
 16 Q. Sure.
 17 When did you draft this?
 18 A. It was somewhere in 2000 -- early 2006 or
 19 mid 2006, and I'm not positive exactly when the date
 20 was, but it was --
 21 Q. And you --
 22 A. -- in 2006, I believe.
 23 Q. Sorry about that.
 24 You said that you drafted this to help
 25 build sales presentations?

Page 164

1 A. Yes.
 2 Q. Who did you show this document to?
 3 A. Probably everybody.
 4 Q. About how many people do you think?
 5 A. I don't know exactly, but there's
 6 probably everybody I know.
 7 Q. More than ten?
 8 A. Probably, yes.
 9 Q. More than 50?
 10 A. I doubt it would be more than 50, but it
 11 was more than ten. I would have been proud of this
 12 one, because I actually spelled everything correctly.
 13 Q. Do you think you showed it to 25 or more
 14 people?
 15 A. Probably. Probably.
 16 Q. More than 40 people?
 17 A. No, it wouldn't be more than that. But
 18 it would have been about 25 people.
 19 Q. Does that include Greg Shepard?
 20 A. Yes, it would be to Greg Shepard.
 21 Q. Does that include Roger Freeborn?
 22 A. Probably, yes, uh-huh.
 23 Q. What are some other names of people that
 24 you showed it to?
 25 A. My kids. Roger Hamblin, probably, and

Page 165	<p>1 other people that we know. 2 Q. Did you show it to Monty Hamilton? 3 A. Might have done. I believe I would have 4 done, yes. And this is accurate. That was a good 5 piece of work, actually. 6 Q. And I'm sorry, you just said your 7 testimony today is Plaintiff's Exhibit 531 is 8 accurate? 9 A. I believe so, yes. 10 Q. So, Mr. Johnson, if you take a look at 11 the page marked Ra313965, it's the second page of 12 Plaintiff's 531. 13 A. Yes. 14 Q. Under "Solar Equipment IAS Financing" -- 15 A. Where -- let's see. 16 Q. About the top third of the page. 17 A. Yes, okay. All right. 18 Q. I'm sorry. I withdraw that. 19 A. Okay. 20 Q. Well, it says: 21 "IAS's solar unit can be purchased 22 with a down payment of \$9,000." 23 Did I read that correctly? 24 A. Correct. 25 Q. What was the solar unit that IAS was</p>	Page 167	<p>1 Did I read that correctly, more or less? 2 A. Yes, I think so. 3 Q. So the solar unit that IAUS was selling 4 was a set of 17 lenses plus the receiver and heat 5 exchanger? 6 A. No, I don't -- I don't think it was that. 7 And if I -- I never sold anything like that, but this 8 was a sales material that I put together. 9 But that's not -- that doesn't represent 10 what I -- what I've ever sold. This was more of an 11 example of what -- what would happen if you bought -- 12 this was just a generic purchase overview of what 13 could have taken place. And this is before we 14 actually came up with the prices of what we were 15 doing. 16 Q. Okay. Well, I just -- I just want to -- 17 A. And so I don't -- I don't -- it would 18 have been -- this is not -- this is an example of a -- 19 of a possibility that we were doing. This is brand 20 new. This was -- this was just when we've got -- we 21 just barely got the -- the solar -- probably the solar 22 -- we got the solar lenses in, finally. We got it all 23 done. 24 Q. So, sir -- 25 A. We hadn't -- we hadn't gone through and</p>
Page 166	<p>1 selling at the time? 2 A. I'm not positive. It was a -- it was 3 different than what it was later on, but it wasn't -- 4 it's not the same as the one we're selling now. 5 Q. Okay. If we take a look -- if we take a 6 look above, actually under "Solar Equipment: 7 Purchase." 8 A. Okay. 9 Q. It says: 10 "The new IAUS solar lenses are shaped 11 like a slice of pie. Seventeen of 12 these lenses together create a 13 circular shape that is 22 feet across 14 in diameter. Included with the lens 15 is the receiver/heat exchanger that 16 converts the solar energy into a 17 super-heated water/steam." 18 A. Okay. 19 Q. "The lens and receiver has a 35 20 plus year life. IAUS is selling a 21 lens and receiver, which comprises 22 one solar unit capable of producing 23 approximately 250 million British 24 Thermal Units (BTUs) per year, for a 25 price of \$30,000."</p>	Page 168	<p>1 actually priced out and firmed up on the price. This 2 was just an overview of what if you -- if this 3 happened, then this is what would take place. It was 4 a speculative -- speculative over -- overview of what 5 -- what we possibly could do. 6 Q. Here's my question: Did IAUS ever sell 7 anything with a \$9,000 down payment? 8 A. It might have done, but it wasn't this. 9 Q. What was it? 10 A. It -- I don't know exactly, but it was -- 11 it was different than this. I'll have to go back and 12 check. I'm not sure exactly what it was, but it 13 wasn't -- I don't believe it was this. 14 Q. So I'll refer you again, sir, to 15 Plaintiff's Exhibit 94 and ask you to take a look at 16 Paragraph 3. 17 A. Right. But it wasn't -- I don't think it 18 was -- 19 Q. I'll -- 20 A. -- that piece of equipment. 21 Q. I'm going to ask you a couple questions, 22 sir. 23 A. Okay. 24 Q. So in Paragraph 3, this Equipment 25 Purchase Agreement identifies that something is being</p>

<p style="text-align: right;">Page 169</p> <p>1 sold for \$30,000 total with a \$9,000 down payment; 2 right? 3 A. Correct. 4 Q. And this Equipment Purchase Agreement is 5 dated in late 2006; right? 6 A. Okay. 7 Q. And you said that you wrote Plaintiff's 8 Exhibit 531 in 2006? 9 A. Correct. I think that's when I wrote it. 10 But I probably wrote it after I -- after this, or 11 before this, I don't know. 12 Q. Nonetheless, Mr. Johnson, even if you 13 can't recall what the solar unit is that you're 14 talking about in Plaintiff's Exhibit 531, the -- the 15 remaining information in 531 is, in fact, the 16 arrangement that IAS made with its customers? 17 A. I don't -- I don't recall it. I don't 18 recall doing it. So if I did, it wouldn't have been 19 more than one or two. So -- but it wasn't something I 20 got involved with selling. I -- it wouldn't have been 21 something I would have -- would have been comfortable 22 with doing that way. 23 Q. Right. But you showed Plaintiff's 531 to 24 other people; right? 25 A. Yeah, but not for the point of sale. I</p>	<p style="text-align: right;">Page 171</p> <p>1 through and I make sure that I finish all of my 2 statements so you can't be putting dots around and 3 claiming it's an elephant. 4 So I will correct -- I will correct the 5 first statement I made and say I showed it to 6 individuals, not for the purpose of selling the 7 product, but for the purpose of evaluating how -- how 8 the -- how the sales material looks and how they would 9 -- how they would feel about that. 10 MS. HEALY-GALLAGHER: Please mark next. 11 (Exhibit 532 was marked for identification.) 12 Q. BY MS. HEALY-GALLAGHER: Showing you 13 what's been marked Plaintiff's Exhibit 532. Would you 14 please take a look at this document and let me know 15 when you've had a chance to review it. 16 A. Okay. 17 Q. For the record, the Bates number is 18 Ra313993 through 14004. 19 A. Okay. Okay. 20 Q. Do you recognize this document, 21 Mr. Johnson? 22 A. Yes, I do. 23 Q. What is it? 24 A. This is the -- the same document prepared 25 in just a Photoshop way to -- to make a sales -- sales</p>
<p style="text-align: right;">Page 170</p> <p>1 wasn't selling. I was just showing. 2 Q. Sir, you just said -- you just said that 3 you wrote Plaintiff's Exhibit 531 to assist in sales 4 of IAUS items. 5 A. Right. But I didn't say that I showed it 6 to those people for the purpose of making sales. I 7 showed it for the purpose to have their input on what 8 they felt about the program. 9 Q. Why were you asking them? 10 A. I asked people how they feel about what 11 I'm -- about the program and -- and see how I might 12 change it later. I do that all the time. I do that 13 to everything I do. 14 I don't just go with my feelings on my 15 own. I go by my -- a variety of people. I always 16 have. So you -- you misinterpreted what I said. 17 Q. I don't think I did, sir. The transcript 18 will reflect what you said. 19 A. Well, you must have interpreted it wrong, 20 because I didn't say that. I said I showed it to -- 21 you asked me how many people I showed it to, not how 22 many people I sold it to. 23 There was two different issues, and 24 that's what I mean by putting a little dot in an eye 25 and saying this is an elephant. That's why I go</p>	<p style="text-align: right;">Page 172</p> <p>1 presentation material for my solar energy project. 2 Q. And do you mean Plaintiff's Exhibit 532 3 has the same information as Plaintiff's Exhibit 531? 4 A. These were -- these were developed, I 5 think, at the same period of time, yes. 6 Q. And did you create Plaintiff's 7 Exhibit 532? 8 A. I did. 9 Q. Did you create Plaintiff's Exhibit 532, 10 you said around the same time as 531. So that would 11 have been in or around 2006; correct? 12 A. Yes. They were -- they actually were -- 13 went together. You would have -- you would have had 14 these -- these together. This would have been just an 15 overview. This would have had the disclaimers in it 16 together and so they would have been together. 17 Q. Can I see those two? 18 A. Yes, ma'am, you can. 19 Q. Thank you. 20 A. But they were -- they were just 21 preliminary -- preliminary -- 22 Q. I see. 23 A. -- statements that we put together to see 24 how people would -- would feel about purchasing them 25 and what the response would be to the people that I</p>

<p style="text-align: right;">Page 173</p> <p>1 showed it to.</p> <p>2 Q. So, Mr. Johnson, if you take a look at</p> <p>3 the last page of Plaintiff's Exhibit 531, which is</p> <p>4 Ra313992.</p> <p>5 A. Okay.</p> <p>6 Q. And the first page of Plaintiff's</p> <p>7 Exhibit 532, the Bates number for the first page is</p> <p>8 the next page number; correct?</p> <p>9 A. Yeah.</p> <p>10 Q. Yeah. So I see what you're saying. So</p> <p>11 these two would have been together?</p> <p>12 A. Right.</p> <p>13 Q. Okay. Who, if anyone, did you show</p> <p>14 Plaintiff's Exhibit 532 to?</p> <p>15 A. The same group of people that would be</p> <p>16 around me, and I would have shown it to them</p> <p>17 and -- and sought their input into what had been</p> <p>18 developed and what other changes we may do, and how</p> <p>19 the best way to present a marketing program to sell --</p> <p>20 to sell the equipment and test the sales, basically.</p> <p>21 Q. Are the people you showed it to the</p> <p>22 people who were marketing for IAS?</p> <p>23 A. At the time, I think Greg Shepard was the</p> <p>24 only one that was -- was -- he claimed to want to</p> <p>25 market it.</p>	<p style="text-align: right;">Page 175</p> <p>1 crunched the numbers. I hadn't -- I hadn't fully</p> <p>2 developed the pricing structure.</p> <p>3 It was just the way to do the numbers,</p> <p>4 and we may have sold one or two this way, but it</p> <p>5 wouldn't have been more than that, because I -- it</p> <p>6 wouldn't have been something that I would have made</p> <p>7 money at.</p> <p>8 Q. But you set the price; correct?</p> <p>9 A. I'm the one who set the price, but it was</p> <p>10 before we actually crunched the numbers using the</p> <p>11 statistical models that we had developed to actually</p> <p>12 create the price.</p> <p>13 Q. Take a look, please, at Ra314001.</p> <p>14 A. Okay.</p> <p>15 Q. Which says "First year return \$11,355. "</p> <p>16 A. Right. And those are based on the</p> <p>17 numbers of these -- of the value of what the system</p> <p>18 would have done under these circumstances.</p> <p>19 But it no way -- it no way is a -- is</p> <p>20 anything more than just an example of what would</p> <p>21 happen under these circumstances. It doesn't mean I</p> <p>22 was going to stay in this model. In fact, I didn't.</p> <p>23 Q. Well, I'm just curious where you got this</p> <p>24 number?</p> <p>25 A. I just pulled it out of my head. It</p>
<p style="text-align: right;">Page 174</p> <p>1 Q. Let's take a look, please, at Bates No.</p> <p>2 Ra13998.</p> <p>3 A. Okay.</p> <p>4 Q. And that's where you identify, in simple</p> <p>5 terms, how the system will work and how money will</p> <p>6 flow from the power purchaser to the purchaser of the</p> <p>7 solar unit; correct?</p> <p>8 A. Right, right. But it doesn't indicate</p> <p>9 that this would be the only -- only way to create</p> <p>10 income from the system. All it does is -- is put a --</p> <p>11 put a way that -- that you could use it in order to</p> <p>12 convert it into money.</p> <p>13 Q. Okay.</p> <p>14 A. But it wasn't limited to just this. This</p> <p>15 didn't limit the -- the system to just that.</p> <p>16 Q. Understood.</p> <p>17 A. Okay.</p> <p>18 Q. On the next page --</p> <p>19 A. Oh, sorry.</p> <p>20 Q. -- you identify the value of one solar</p> <p>21 unit at \$30,000?</p> <p>22 A. That's correct.</p> <p>23 Q. How did you arrive at that?</p> <p>24 A. It was just -- it was just a guess. Like</p> <p>25 I said, we hadn't gone through the numbers. We hadn't</p>	<p style="text-align: right;">Page 176</p> <p>1 wasn't a number I had even crunched to see if it would</p> <p>2 make any money. I just put the things together.</p> <p>3 Q. So what -- what was going to generate the</p> <p>4 first year return?</p> <p>5 A. Well, it was -- under these</p> <p>6 circumstances, if we would have done that and the</p> <p>7 electricity prices were at what we calculated to be,</p> <p>8 that this was the potential of a project being</p> <p>9 developed anyplace.</p> <p>10 It wasn't -- it wasn't even designated as</p> <p>11 even where I was going to put it. We may have put it</p> <p>12 in Texas. We may have put it in -- we owned property</p> <p>13 in Delta within five -- 500 feet of the -- of all</p> <p>14 major grids. We owned thousands of acres over there.</p> <p>15 So it could have been anyplace. It could</p> <p>16 have been in Hawaii. Hawaii was wanting us to go over</p> <p>17 there at 25 cents a kilowatt. We could have went</p> <p>18 to -- American Samoa wanted us over there.</p> <p>19 There was a lot of people, not just</p> <p>20 Boulder City, that were wanting us to -- to enter into</p> <p>21 some contracts at that particular time.</p> <p>22 Q. So at the time that you wrote Plaintiff's</p> <p>23 Exhibit 531 and 532, there -- there were no lenses</p> <p>24 installed on towers; correct?</p> <p>25 A. Well, you saw the one lens. It was a</p>

Page 177

1 single tower.
 2 Q. Okay. So you're referring to the photos
 3 in 532?
 4 A. Right. It was a single unit back then.
 5 That was what we did.
 6 Q. So that was the only one that was up?
 7 A. Right. But that's what we did. We put
 8 several of them up that way. We decided that it -- it
 9 was -- it was a difficult way to handle the situation.
 10 It put it too close to the ground. It
 11 was -- it was a hazard as to people walking around it
 12 because of the way the focal lengths were. We decided
 13 that we didn't want that to -- to be that close to the
 14 ground because of the danger, so we went to another
 15 system.
 16 But it worked. It worked fine. It
 17 heated water and it -- we had water, little
 18 concentrated there, and it worked fine.
 19 Q. I'm going to show you, sir, what was
 20 marked previously in this case as Plaintiff's
 21 Exhibit 181. And we talked about that yesterday.
 22 Plaintiff's Exhibit 181, if we take a
 23 look at the top, is dated 18 December 2008.
 24 Do you see that?
 25 A. I do.

Page 178

1 Q. And this is the Equipment Purchase
 2 Agreement between IAS and iLios, LLC; right?
 3 A. Okay.
 4 Q. Now, this contract states that it is for
 5 50 alternative energy systems. Do you see that? It's
 6 on the first page under "Agreement," Paragraph 1.
 7 Under "Agreement," Paragraph 1. Nope,
 8 first page. About halfway down the page do you see
 9 the word "Agreement" in bold caps?
 10 A. Uh-huh.
 11 Q. And you see Paragraph 1 underneath that?
 12 A. Uh-huh.
 13 Q. Yes?
 14 A. Yeah, I see it. Right, okay.
 15 Q. Okay. So go ahead and read Paragraph 1
 16 to yourself, please.
 17 A. Okay. I got it.
 18 Q. This Equipment Purchase Agreement is for
 19 50, five zero, alternative energy systems.
 20 Do you see that?
 21 A. Uh-huh.
 22 Q. Yes?
 23 A. Right.
 24 Q. What are the alternative energy systems
 25 subject to this contract?

Page 179

1 A. I'm not sure.
 2 Q. I'll represent to you that I did not see
 3 a definition of that term in this contract.
 4 A. Well, I'd have to -- I'd have to go back
 5 to see if there's any documents with it to refresh my
 6 memory, because I'm not positive what that is.
 7 Q. Well, I'll ask you this: What, if
 8 anything, was IAS selling in December 2008?
 9 A. I thought I was selling the -- the other
 10 -- the other lenses.
 11 Q. What do you mean "the other lenses"?
 12 A. Just the triangle lenses.
 13 Q. Oh, the triangle lenses that we talked
 14 about yesterday?
 15 A. Right.
 16 Q. Let's take a look, please, at the last
 17 sentence of Paragraph 1.
 18 A. Okay.
 19 Q. Which says:
 20 "Seller" -- IAS -- "shall furnish,
 21 deliver, install and startup the
 22 Alternative Energy System at a site
 23 provided by Seller in Delta, Utah,
 24 hereinafter referred to as the
 25 "Installation Site."

Page 180

1 Did I read that correctly?
 2 A. Uh-huh.
 3 Q. Yes?
 4 A. Yes. Right.
 5 Q. Then Paragraph 2A says:
 6 "Seller shall furnish, deliver,
 7 install and startup each Alternative
 8 Energy System at the Installation
 9 Site by December 31, 2008."
 10 A. Right.
 11 Q. Did I read that correctly?
 12 A. Right. What -- where are you looking at?
 13 Q. You were just looking at it.
 14 Paragraph 2A under "Agreement."
 15 A. Okay. Yeah, okay.
 16 Q. So did IAS in fact furnish, deliver,
 17 install, and start up 50 energy systems, alternative
 18 energy systems on behalf of iLios, LLC by December 31,
 19 2008?
 20 A. Probably if the towers were up, there's
 21 no question about that. But I'm not sure -- I
 22 don't -- I'm not sure that this -- this thing was ever
 23 consummated. I just -- I'll have to check that out.
 24 Q. You see your signature on the last page
 25 of Plaintiff's Exhibit 181; right?

<p style="text-align: right;">Page 181</p> <p>1 A. Yes, I see the signature, but I -- I 2 don't recall the names. I'm just looking at the name. 3 Q. And so take a look, please, at 4 Paragraph 3 on the first page of the exhibit. 5 A. What am I looking at again? I'm sorry. 6 Q. Paragraph 3, first page. 7 A. Okay. 8 Q. Just read that to yourself, please. 9 Mr. Johnson, Paragraph 3 states a total 10 price of \$30,000 for each alternative energy system; 11 correct? 12 A. Right. 13 Q. And Paragraph 3A identifies a down 14 payment of \$9,000 for each alternative energy 15 system -- 16 A. Correct. 17 Q. -- correct? 18 A. Okay. 19 Q. So, again, any recollection of what IAS 20 was selling in December 2008 for \$30,000 total and a 21 \$9,000 down payment? 22 A. Yeah. It would have been -- it would 23 have been one of those -- the lenses, the full -- the 24 full triangle would have been, instead of having two 25 lenses, it would have been one. That's what that is.</p>	<p style="text-align: right;">Page 183</p> <p>1 A. Right. 2 Q. Your signature appears on behalf of IAS; 3 correct? 4 A. Correct. 5 Q. All right. Let's look back, please, at 6 the first page of 533. 7 MRS. JOHNSON: At what? 8 Q. BY MS. HEALY-GALLAGHER: Sir, the first 9 page of Exhibit 533. 10 A. Okay. 11 Q. Under "Agreement" in all caps. 12 A. Okay. 13 Q. Paragraph 1. 14 A. Okay. 15 Q. First sentence. 16 A. Okay. 17 Q. "Seller hereby sells to Purchaser 18 and Purchaser hereby is" purchase -- 19 "purchases from Seller the 20 Alternative Energy System consisting 21 of the system components identified 22 on the attached Exhibit A." 23 Did I read that correctly? 24 A. Right. 25 Q. More or less.</p>
<p style="text-align: right;">Page 182</p> <p>1 Q. So for one triangular lens, IAS was 2 charging \$30,000 total? 3 A. At this time, yeah, I think it was right. 4 Yep, I think that's what it was. Yeah, I'm sure 5 that's what it is. 6 Let me have a pen and I'll figure it out 7 now that I see it. Okay. 8 MS. HEALY-GALLAGHER: Let's go off the 9 record. 10 (There was a discussion held off the record.) 11 THE WITNESS: We had them all up at that 12 time. We had them all up by that time. That was 13 those -- the 20 hours out there, there would have been 14 plenty of those out there. 15 MS. HEALY-GALLAGHER: Please mark next. 16 (Exhibit 533 was marked for identification.) 17 Q. BY MS. HEALY-GALLAGHER: All right. I've 18 handed you what's been marked Plaintiff's Exhibit 533, 19 which is Bates numbered Ra33526 through 3532. 20 Do you recognize Plaintiff's Exhibit 533? 21 A. Yes. 22 Q. It's an Equipment Purchase Agreement 23 between IAS and Roger Freeborn; correct? 24 A. Correct, uh-huh. 25 Q. If we look at Page Ra33531.</p>	<p style="text-align: right;">Page 184</p> <p>1 Take a look, please, at the last page of 2 the exhibit. 3 A. Okay. 4 Q. This is Exhibit A; correct? 5 A. Correct, uh-huh. 6 Q. And the description of the component is: 7 "Solar lens concentrators to produce" 8 20 -- "250 million BTUs per year." 9 A. Correct, yeah. 10 Q. Okay. So what does that mean to you? 11 A. Two lenses. Two -- to triangles. 12 Q. I'm sorry. Let's make sure that's clear. 13 I see that the quantity two is next to 14 the description. Okay. So do you mean a solar 15 lens -- a single solar lens concentrator? 16 A. No. It been -- it actually had been what 17 we sell for four right now, this would be two. 18 Q. So do you mean -- 19 A. One -- one complete triangle. There's 20 two of those. 21 Q. Okay. So the double layer as we 22 identified yesterday? 23 A. Right. 24 Q. Okay. So this -- this on Exhibit A would 25 have been a total of four triangles?</p>

<p style="text-align: right;">Page 185</p> <p>1 A. Right.</p> <p>2 Q. Got it.</p> <p>3 And again back to the first page of 533.</p> <p>4 If you look at Paragraph 3 and 3A, the total cost for</p> <p>5 each alternative energy system is \$30,000 and</p> <p>6 requiring of a \$9,000 down payment each?</p> <p>7 A. Correct. At the time we were building</p> <p>8 everything by hand and we didn't know what the costs</p> <p>9 were going to be, and so it was -- it was a -- it was</p> <p>10 a guess. That's what it was.</p> <p>11 Q. So, Mr. Johnson, did IAS ever sell, as a</p> <p>12 unit, a circle of lenses plus a collector and a</p> <p>13 receiver?</p> <p>14 A. No, not like that.</p> <p>15 Q. IAS has only sold --</p> <p>16 A. Sold lenses. Sorry.</p> <p>17 Q. Let me ask the question.</p> <p>18 IAS has only sold lenses; correct?</p> <p>19 A. Correct.</p> <p>20 Q. Which, by your definition, are two</p> <p>21 triangles put together?</p> <p>22 A. In this situation, that's correct.</p> <p>23 Q. Oh, for 2009?</p> <p>24 A. Right.</p> <p>25 Q. Did that change at any time?</p>	<p style="text-align: right;">Page 187</p> <p>1 Q. Until RaPower came on the scene --</p> <p>2 A. Right.</p> <p>3 Q. -- did IAS sell any other solar energy</p> <p>4 product besides two triangles put together which made</p> <p>5 one lens?</p> <p>6 A. No.</p> <p>7 Q. What changed with RaPower?</p> <p>8 A. Oh, just the way we decided to market. I</p> <p>9 just -- this wasn't working out the way I wanted it to</p> <p>10 and I felt like that it would be better to market it</p> <p>11 the other way, and it would reduce the price and</p> <p>12 everything. So it worked out better for everybody, I</p> <p>13 think.</p> <p>14 Q. Real quick, when RaPower came on the</p> <p>15 scene, what, if anything, changed about the actual</p> <p>16 lens that was sold?</p> <p>17 A. Nothing, really. I mean, we just -- we</p> <p>18 were just doing the same thing. We just -- we were</p> <p>19 automating certain things and making things so that we</p> <p>20 could put them up faster and be more efficient what we</p> <p>21 were doing.</p> <p>22 Q. Okay. So the lens itself did not change?</p> <p>23 A. No, the lens itself didn't change, no.</p> <p>24 Q. Has the lens itself ever changed since</p> <p>25 2010?</p>
<p style="text-align: right;">Page 186</p> <p>1 A. Yes, it did.</p> <p>2 Q. When did it change?</p> <p>3 A. I'm not sure, but it was right around --</p> <p>4 little bit after this when we started RaPower, we</p> <p>5 changed it to lower the price and do this other --</p> <p>6 this other way of selling it. And it actually lowered</p> <p>7 the cost to have -- of the whole system down, and so</p> <p>8 it was a little better deal later. So that's what</p> <p>9 that was.</p> <p>10 Q. Okay. Give me one second to make sure I</p> <p>11 understand.</p> <p>12 A. When we started RaPower, we lowered -- we</p> <p>13 changed the way we were selling the working product.</p> <p>14 Q. And RaPower started in about 2010;</p> <p>15 correct?</p> <p>16 A. Right around then. 2009, yeah, about</p> <p>17 2010, yeah.</p> <p>18 Q. Okay. Because this Equipment Purchase</p> <p>19 Agreement in Plaintiff's Exhibit 533 is dated</p> <p>20 August 2009?</p> <p>21 A. Right. So it was -- it would have been</p> <p>22 in probably 2010, yeah.</p> <p>23 Q. Okay. So RaPower would have been -- come</p> <p>24 on the scene in about 2010?</p> <p>25 A. Yes, I think so.</p>	<p style="text-align: right;">Page 188</p> <p>1 A. Just the thickness is all.</p> <p>2 Q. But when we talk about a lens for the</p> <p>3 life of lenses being sold, it means two triangles put</p> <p>4 together?</p> <p>5 A. Right.</p> <p>6 Q. Great.</p> <p>7 A. Yes.</p> <p>8 Q. Okay. All right.</p> <p>9 You just said, quote/unquote, "this was</p> <p>10 not working out the way I wanted it to" and that was</p> <p>11 one of the reasons you made a change with RaPower-3.</p> <p>12 So --</p> <p>13 A. That's correct.</p> <p>14 Q. So what was not working out?</p> <p>15 A. Oh, it was just more difficult to market</p> <p>16 it this way. We changed some of the things when we</p> <p>17 did it, so that's why.</p> <p>18 Q. Was the price too high? Was it hard to</p> <p>19 reach people? What was -- what was hard about it?</p> <p>20 A. Well, we had -- we had gone through the</p> <p>21 analysis by then. We looked at the -- the way we were</p> <p>22 selling it and the market size, and we felt like that</p> <p>23 by changing some things we would -- we would make it</p> <p>24 more -- a better marketing program than this one.</p> <p>25 And this was a trial. This was all</p>

<p style="text-align: right;">Page 189</p> <p>1 trial. We hadn't -- we didn't even know exactly what 2 we were doing during this period of time, and so it 3 wasn't something that we were going to continue. 4 It was just something we wanted to see 5 how it's going to work, what modifications we would 6 have to make in order to reach a bigger market is all. 7 Q. When you say "we," who do you mean? 8 A. Oh, myself, I'm sorry. I -- that's me. 9 Q. Okay. So what did you -- well, first 10 off, why create a separate company with RaPower-3? 11 A. I was always going to separate out the 12 marketing from International Automated Systems. We 13 just hadn't finished getting all of the documentation 14 completed in -- in the marketing companies and getting 15 it approved to sell it in the way that we wanted to 16 sell it. It just took a little bit longer than we 17 anticipated. 18 Q. Who is it that made the decision to 19 change the way the lenses were marketed? 20 A. I did. 21 Q. What did you decide to change? 22 A. I just -- mostly the pricing and -- and 23 how the lenses were divided up. 24 Q. When you say "how the lenses were divided 25 up," what do you mean?</p>	<p style="text-align: right;">Page 191</p> <p>1 A. Right. 2 Q. -- in a frame -- 3 A. Right. 4 Q. -- correct? 5 A. Right. 6 Q. From what I'm hearing from you, there 7 have been two pieces of plastic within a single 8 triangular frame since 2010? 9 A. Since -- from the very beginning, even 10 from 2007. That hasn't changed. 11 Q. Okay. Then I'm not understanding why 12 there's one triangle versus two triangles at some 13 point in time? 14 A. Well, I -- I -- I just changed the 15 interpretation of -- of the -- of the triangle into 16 two lenses rather than one from 2000 when we started 17 RaPower-3, and we did it because we needed a lower 18 price and that made it easier to market. 19 And so that's the why we did it. That's 20 -- the analysis of the program, the statistical 21 analysis of the program that I developed to evaluate 22 the price structure to give me a return on the money 23 that I had paid, and the research and development over 24 a period of so many years, to recover -- recover my 25 losses on that product.</p>
<p style="text-align: right;">Page 190</p> <p>1 A. There was two lenses per triangle rather 2 than one. That's how we made the change on that. And 3 we were able to lower the price to about half or -- 4 you know, to do it that way, so it worked out better. 5 Q. I thought you just said that lenses have 6 always been two triangles put together? 7 A. No. These were -- these were just the 8 single triangle together, and that's how they did it. 9 Q. When you say "these," what do you mean? 10 You were pointing to a document. 11 A. The \$9,000 ones were a full triangle. 12 They were two lenses instead of one in this one. This 13 -- so this one in what we're selling here, when we say 14 that this one had -- was a -- actually had two 15 triangles, so this one had four triangles rather than 16 -- than two, given the new way we were selling them. 17 MRS. JOHNSON: She's confused. 18 THE WITNESS: Okay. 19 MS. HEALY-GALLAGHER: I am confused. 20 THE WITNESS: Okay. Well -- 21 MS. HEALY-GALLAGHER: You're not wrong. 22 Q. So on April 4th when we visited the site 23 and saw lenses tacked up along the ground -- 24 A. Correct. 25 Q. -- there were two pieces of plastic --</p>	<p style="text-align: right;">Page 192</p> <p>1 Q. Okay. So, nonetheless, since 2010 -- 2 A. Right. 3 Q. -- when we talk about a lens -- 4 A. It's two. 5 Q. -- we're talking about one triangular 6 frame with two pieces of plastic inside it? 7 A. That's -- that's two lenses in each 8 frame. 9 Q. Okay. 10 A. Right. 11 Q. Now I'm getting it. 12 A. Okay. 13 Q. Each piece of plastic is -- 14 A. A lens. 15 Q. -- is a lens? 16 A. Uh-huh. 17 Q. Since 2010? 18 A. Since 2010, yes. 19 Q. Okay. Before 2010? 20 A. It was just one lens that was more money. 21 It was 9,000 instead of 7. See, different price 22 structure. 23 Q. Okay. Well, I think I'm tracking with 24 respect to 2010. We'll just keep it that way. 25 A. All right.</p>

<p style="text-align: right;">Page 193</p> <p>1 Q. So, in theory -- since 2010, in theory, 2 within one triangular frame, there could be lenses 3 owned by two different people? 4 A. That's correct. 5 Q. But before 2010? 6 A. They would have been owned by just one 7 individual. 8 Q. Okay. So that's how you changed how the 9 lenses were divided up? Yes? 10 A. That's correct, yes. 11 Q. Okay. And -- 12 A. And lowered the price. 13 Q. What, if anything, changed about -- let 14 me -- I'll withdraw that. Let me ask it this way: 15 Who is it that decided that RaPower-3 16 should take over marketing? 17 A. Me. Yeah, Neldon Johnson, yeah. Not -- 18 not the CEO of -- of the company. I decided that it 19 would be better for the company and the sales to be 20 divided, but that was an individual decision based 21 upon my -- the rights that I had, and so I did that. 22 Q. Did you decide to continue letting people 23 know about depreciation and the tax credit with the 24 transition to RaPower-3? 25 A. Yes, I think we used a lot of the similar</p>	<p style="text-align: right;">Page 195</p> <p>1 Q. -- Bates marked Ra33988 through 3990. 2 A. Correct. 3 Q. Do you recognize the letters that are in 4 Plaintiff's 534? 5 A. Yes, I do. 6 Q. These are all letters from IAS; correct? 7 A. Correct. 8 Q. And I realize there's not much of a 9 signature, but your name's on the bottom there. Do 10 you believe you signed these letters? 11 A. I signed them, yes, I did. 12 Q. And did IAS, or you, send them out on or 13 about December 2009? 14 A. Yes, I did. 15 Q. And these are letters that were sent to 16 folks who had purchased alternative energy systems 17 from IAS? 18 A. Yes. 19 Q. Mr. Johnson, I'm curious, actually, 20 thinking back about 530 -- Plaintiff's Exhibit 531 and 21 532. 22 Did you create any other marketing 23 materials for IAS? 24 A. No. I -- after that I didn't do any 25 more. I decided that I was too busy to -- to put any</p>
<p style="text-align: right;">Page 194</p> <p>1 stuff I developed here. We took out the -- a lot of 2 the material in this and probably changed this 3 material. We no longer gave this out with the package 4 and -- yeah, so we changed the marketing material to 5 match the actual product being sold. 6 Q. And you're pointing to Plaintiff's 7 Exhibit 531 and 532? 8 A. Correct. 9 Q. That's the material that you used to 10 start the marketing material for RaPower-3? 11 A. Right. It was a very limited amount of 12 marketing. We just -- I just wanted to see if -- if 13 it would be attractive, yeah. At what level it would 14 be attractive. What would be the resistance to the 15 sales and -- and -- and all the marketing information 16 that we could gather -- I could gather together to put 17 a statistical model together to show what price breaks 18 would change and what market -- how that would affect 19 my market penetration by the experience that we had 20 just gone through. 21 MS. HEALY-GALLAGHER: Please mark next. 22 (Exhibit 534 was marked for identification.) 23 Q. BY MS. HEALY-GALLAGHER: Mr. Johnson, I'm 24 handing you what's marked Plaintiff's Exhibit 534 -- 25 A. Okay.</p>	<p style="text-align: right;">Page 196</p> <p>1 more -- I don't think that I did, anyway. I was 2 really busy getting these towers up at that time, and 3 we were working 10-, 12-hour days and -- and getting 4 all those structures up in that length of time that we 5 did it, so that's basically where I was at. 6 Q. And -- 7 A. I really didn't have time to spend 8 anyplace. 9 Q. And are -- are you the one who created 10 marketing materials for RaPower-3 using the IAS 11 promotional materials, or did somebody else do it? 12 A. Well, I did these. Obviously I had help 13 doing -- doing them, but I laid out the basic 14 structure. I did most the mathematics on it, and I 15 laid out most of the wording. 16 The actual -- the actual drawings and the 17 things, I may have had somebody there do for me that 18 was working on Word Perfect, I think, is what that -- 19 not Word Perfect, but Word back then. 20 (Exhibit 535 was marked for identification.) 21 Q. BY MS. HEALY-GALLAGHER: Handing you 22 what's been marked Plaintiff's Exhibit 535, Ra338005 23 through 8008. 24 Take a look at Plaintiff's 535, please, 25 Mr. Johnson, and let me know when you're done.</p>

Page 197

1 A. Okay.
 2 Q. Do you recognize Plaintiff's Exhibit 535?
 3 A. No, not really, but I'm sure it's
 4 something I should have known.
 5 Q. Do you see at the top there there's a
 6 Google web address that includes IAUS.com?
 7 A. Okay.
 8 Q. And I will represent to you that we
 9 received this from your prior attorneys.
 10 A. Okay.
 11 Q. Mr. Johnson, this looks to me like a list
 12 of contracts --
 13 A. Okay.
 14 Q. -- or people with whom IAS may have had
 15 contracts.
 16 A. Okay.
 17 Q. In fact, we look up at the top left, it
 18 says "Copy of solar contracts 2009.XLS."
 19 Do you see that?
 20 A. Okay.
 21 Q. Do you see that?
 22 A. Where at again?
 23 Q. Top left.
 24 A. On the front page?
 25 Q. Yes.

Page 198

1 A. Okay.
 2 Q. Actually, it's on all the pages.
 3 A. Okay.
 4 Q. Do you -- take a look at the names.
 5 A. Okay.
 6 Q. Do you recognize these names as people
 7 who had contracts with IAS?
 8 A. I -- I looked at some of them.
 9 Q. Do you recognize some of them?
 10 A. I do.
 11 Q. On the top of the second page we see
 12 Neldon Johnson, Randale Johnson, and LaGrand Johnson.
 13 Do you see that?
 14 A. I do.
 15 Q. Do you have any reason to believe that
 16 this is not a list of contracts that IAS had entered
 17 as of the end of the year 2009?
 18 A. No, I don't have any reason to doubt it.
 19 I don't have any reason to doubt it at all.
 20 Q. Okay. You can put that aside.
 21 Mr. Johnson, we talked yesterday about a
 22 bonus program that IAS offered over the course of
 23 time.
 24 A. Uh-huh.
 25 Q. You recall that?

Page 199

1 A. That's correct, yes.
 2 Q. I'm going to show you what's previously
 3 been marked Plaintiff's Exhibit 108. And feel free to
 4 take a look at this, but I'm interested in drawing
 5 your attention to Paragraph 1.
 6 A. Okay. This is the RaPower.
 7 Q. True.
 8 Well, I'm going to ask you if you are
 9 aware whether RaPower ever issued any bonus contracts?
 10 A. The bonus contracts are Neldon Johnson's,
 11 and they're not -- they don't come from RaPower.
 12 They're different. So I'm -- I'm personally liable
 13 for those. I receive, through my other -- through the
 14 companies that go back to Blacknight and Starlight, a
 15 10 percent royalty on gross sales.
 16 I had figured that if I reached about six
 17 percent of gross sales, I would have that much income
 18 to pay those bonuses out. But they are -- they are my
 19 personal responsibility and I'm personally liable for
 20 those.
 21 Q. Okay. Then do you have any understanding
 22 of why Greg Shepard might have been sending out a
 23 bonus referral fee contract on behalf of RaPower-3?
 24 A. Well, if you want to get inside of that
 25 boy's head, go ahead. I guarantee you're not going to

Page 200

1 come out sane. So I apologize for that.
 2 But, no, I don't. It -- it -- I told --
 3 I've told him and told him that the bonus program is
 4 something that I -- I personally guarantee under my
 5 own personal signatures. It's neither International
 6 Automated Systems, nor RaPower's, nor XSun's, nor
 7 Solstice's.
 8 Q. Did you ever talk to Mr. Shepard about
 9 the relative importance of the bonus contract as it
 10 had to do with the tax benefits of buying the lens?
 11 A. No. The reason why we introduced it was
 12 to add value to the sales of the product. We felt
 13 like that in order to -- in order to make -- make the
 14 system valuable and salable for the person that
 15 invested in the program, we wanted to make sure they
 16 -- they had -- I --
 17 The reason why I entered the program is
 18 because I made the products so that you could resell
 19 the product and not get hurt on buying these at this
 20 particular time.
 21 In case we had made some kind of a
 22 mistake or wasn't able to deliver the product properly
 23 or some other way, we could take your product and
 24 resell it to someone else, and then they could get
 25 their money back without having any losses.

<p style="text-align: right;">Page 201</p> <p>1 Obviously they wouldn't get the tax 2 credits and then -- and any depreciation, if they did 3 that, and we told people that. 4 But the reason -- but I told people the 5 reason why I'm doing this is because I intend to 6 decrease the bonus value down as -- as the sales 7 increased so that the first people that bought in had 8 a more valuable product than the people that bought 9 over here, see. 10 But I also knew that I could resell that 11 product as if -- if I got into problems, I could 12 resell the product, because I was that much further 13 along, in case I'd made some mistakes in -- in my R&D 14 where I needed to see something better and chose to -- 15 to take time to do this -- do a better project. 16 For example, we had a problem -- 17 Q. Actually, sir, I'm going to stop you 18 there. Because what I need to know is what, if any, 19 impact do you understand the bonus contract has on any 20 taxpayer's ability to claim depreciation with respect 21 to a lens? 22 A. That wasn't the primary purpose of this. 23 Q. Well, what impact may it have? 24 A. Well, you'd have to go to a tax person to 25 do that and -- and we have done that, and we've given</p>	<p style="text-align: right;">Page 203</p> <p>1 the sale of any product lines that we -- that we 2 produce. 3 Q. Sure. 4 A. So that -- and that was the reason why we 5 did it. And that's the reason why we can't sustain 6 it. 7 Q. Okay. What, if anything, did -- have you 8 told people about the impact of the bonus contract on 9 their ability to claim a tax credit as a result of 10 purchasing a lens? 11 A. No more than what I've put out in this 12 information here. I haven't -- I haven't pursued 13 anything above that. 14 Q. Did you tell Greg Shepard this 15 information about the impact of the bonus contract? 16 A. I did on both sides. I said there is -- 17 there is the opportunity to receive depreciation, but 18 that's not -- is not the purpose of why the bonus 19 program is there, because it also goes to the 20 salesperson, this bonus program does, and they don't 21 get any depreciation at all for that -- that bonus. 22 And so it was an incentive for the 23 salesperson to sell the product, and it was an 24 incentive for the people to buy the product based upon 25 a value that was it more likely to generate income,</p>
<p style="text-align: right;">Page 202</p> <p>1 out that information. But we've said this is 2 something that we have received from these people -- 3 Q. And what -- 4 A. -- as a bonus -- as an additional bonus. 5 But that wasn't the reason why I did it. 6 Q. What information have you given out to 7 people about the effect of the bonus contract on their 8 ability to claim depreciation with respect to the 9 lens? 10 A. I'm not sure that I identified anything 11 directly, other than what I've put in that -- in that 12 -- in this material here. 13 Q. In Plaintiff's 531 and 532? 14 A. Yeah. It would have been -- it would 15 have been related to this. 16 Q. Okay. 17 A. But that wasn't the primary reason for 18 doing this. 19 Q. Okay. 20 A. And -- and so -- and I've told people 21 that. I've said the reason why I'm doing this is 22 because if you choose that you would prefer to get out 23 of it -- and this was even the early people -- that 24 this gives a value, because you -- you're not only 25 getting the sale of solar energy, but you're getting</p>	<p style="text-align: right;">Page 204</p> <p>1 and it would pay -- the bonus program itself would pay 2 the more value than they put into the lens back. 3 Q. And you -- you've been saying "we" 4 received -- 5 A. I -- well, I said to myself. I apologize 6 again. 7 Q. Let me finish the question so that we're 8 clear for the record. 9 You keep saying that "we" received this, 10 "we" shared it back out. Who is "we"? 11 A. It's Neldon Johnson and myself, three, 12 four times together in all the different management 13 positions I hold, and that's how I come to we. 14 It's up to where I get -- I get -- 15 and -- and the biggest reason is because I -- I do a 16 lot of -- I do most the inventing myself, and it seems 17 a little bit -- to say that I did it all myself, and 18 the "I" is a little bit irritating to me in that 19 respect, and so I got used to saying -- it was easier 20 to say "we." It didn't seem grotesque. 21 MS. HEALY-GALLAGHER: Okay. When you're 22 ready. 23 (Exhibit 536 was marked for identification.) 24 Q. BY MS. HEALY-GALLAGHER: All right. 25 Mr. Johnson, I'm handing you what's been marked</p>

<p style="text-align: right;">Page 205</p> <p>1 Plaintiff's Exhibit 536, Bates marked Ra31980 through 2 2102. 3 A. Okay. 4 Q. Mr. Johnson, do you recognize Plaintiff's 5 Exhibit 536? 6 A. 536, yes. 7 Q. What is it? 8 A. Power Purchase Agreement. 9 Q. And this appears to be a draft; right? 10 A. That is correct. 11 Q. Do you know who wrote this draft? 12 A. There's a group of people in Green River 13 that had a ranch, and they couldn't get any water. 14 And they wanted me to come over and produce water and 15 power, I believe. 16 I'm not positive of that, but it seemed 17 that's what it was. I believe this was developed by 18 them to me. I don't think that I would have taken the 19 time to write this. 20 Q. So you think that this draft Power 21 Purchase Agreement came from folks in Green River 22 City? 23 A. Yes. I -- I don't think it was -- it was 24 -- I don't believe it was myself. It could have been. 25 Q. Do you know --</p>	<p style="text-align: right;">Page 207</p> <p>1 was -- I had too many contracts at the time and I 2 wasn't going to be able to get to it in the -- in the 3 timeframe that they're asking me to get to the 4 project. 5 Q. Okay. So you never entered this Power 6 Purchase Agreement? 7 A. No, I didn't. No. And it's -- and I 8 think that was why, because I just said I don't think 9 I have the resources to meet the needs that you're 10 asking me to do. 11 (Exhibit 537 was marked for identification.) 12 Q. BY MS. HEALY-GALLAGHER: Handing you, 13 Mr. Johnson, what's been marked Plaintiff's 14 Exhibit 537, which is Ra38144 through 8159. 15 A. Okay. 16 Q. Do you recognize Plaintiff's Exhibit 537? 17 A. Operation and Maintenance Agreement. I 18 believe so, yes. 19 Q. Do you know who drafted the original text 20 for the Operation and Maintenance Agreement? 21 A. I think there was an attorney involved, 22 but I'm not positive of that. Not something that I 23 would have written myself. 24 Q. Did you ask an attorney to draft this? 25 A. I believe I did.</p>
<p style="text-align: right;">Page 206</p> <p>1 A. But I don't believe that it was. 2 Q. Okay. Do you know whose comments appear 3 in the bubbles on the right-hand side of the page? 4 A. No. I'm not aware who prepared this 5 document, but it isn't something that I -- that I 6 would have -- I don't believe I would have used 7 bubbles. I've never done it before. 8 So that's why I -- I don't -- I don't 9 feel like that I had written this myself. It would 10 have been the -- the company that wanted me to put the 11 -- the deal together for the Green River, and I think 12 they wanted to have it so that the extra power they 13 produced, they would have an access to -- to market 14 the excess power. 15 But I do not believe that I personally 16 was involved in -- in writing this. 17 Q. Did you see this draft, though, in or 18 around 2008? 19 A. I think I've seen it. I recognize -- I 20 think I recognize what initiated the -- this thing, 21 yes. 22 Q. Okay. What, if anything, happened 23 with -- with this Power Purchase Agreement? 24 A. I'm not sure how -- why it -- why it 25 dissolved, but I believe that I -- I told them that I</p>	<p style="text-align: right;">Page 208</p> <p>1 Q. Whose handwriting appears on Plaintiff's 2 Exhibit 537? 3 A. I don't know. It's not mine. Can't read 4 mine. 5 MRS. JOHNSON: I was going to say, you 6 can read this. 7 THE WITNESS: Huh? 8 MRS. JOHNSON: I was going to say, you 9 can read this. 10 THE WITNESS: So I'm not sure exactly 11 this handwriting. 12 Q. BY MS. HEALY-GALLAGHER: Do you 13 remember -- oh, sorry. 14 A. But I would have been the one to 15 eventually have -- you know, let -- you know, do the 16 -- to make sure that everything was correct, and so I 17 would have -- I would have looked at all of this and 18 visited with the attorney that eventually wrote up the 19 contract that was needed. 20 MS. HEALY-GALLAGHER: All right. I'm 21 going to ask that this be marked Plaintiff's 16 -- 22 16A. 23 (Exhibit 16A was marked for identification.) 24 THE WITNESS: Would it be possible to 25 take a break?</p>

<p style="text-align: right;">Page 209</p> <p>1 MS. HEALY-GALLAGHER: Sure. 2 (There was a break taken.) 3 MS. HEALY-GALLAGHER: Back on the record, 4 please. 5 Q. Mr. Johnson, we just took a short break. 6 Did you talk to anyone about the facts of this case -- 7 A. No. 8 Q. -- while we were on the break? 9 A. No, I didn't. 10 Q. Are there any answers that you've given 11 so far today that you wish to change or supplement? 12 A. No. I think I'm pretty fine with what 13 we've done. 14 Q. Okay. You've had the chance to take a 15 look at Plaintiff's Exhibit 16A. 16 Do you see that? 17 A. Yes. 18 Q. Do you recognize Plaintiff's Exhibit 16A? 19 A. I do. 20 Q. What is it? 21 A. This is an executive summary that -- that 22 I wrote for our internal use to evaluate the position 23 we were at with everyone involved looking at what we 24 need -- what we've accomplished. 25 The -- what we intend to accomplish and</p>	<p style="text-align: right;">Page 211</p> <p>1 A. Probably Dave Nelson, and I don't know, 2 there may have been some others, but mostly him. 3 Q. So you can't recall showing this to other 4 attorneys besides David Nelson? 5 A. I don't think -- I may have given it to 6 Birrell and -- but I don't remember doing that, so I 7 don't -- I can't say. But it's a confidential draft. 8 It wasn't -- it's not to be used to disseminate -- 9 it's not a marketing tool. 10 Q. Okay. So you mentioned David Nelson as 11 someone you showed this to? 12 A. Right. 13 Q. Who else did you show this executive 14 summary to? 15 A. Well, all of the people that were 16 involved in the company, obviously, and -- 17 Q. Who is that? 18 A. These -- mostly the people that were 19 executives at the company had a -- were involved in 20 decisionmaking. And I probably shared with Greg 21 Shepard and Roger Hamblin, and maybe some other 22 associates. Maybe some stockholders of International 23 Automated Systems as well. 24 We've since, I think, put this on the 25 website since it's got out so far.</p>
<p style="text-align: right;">Page 210</p> <p>1 how -- how we intend to fulfill all our obligations. 2 Including in this is the white papers developed by 3 people that we hired to evaluate our technology. 4 Q. So the white papers we took a look at 5 yesterday, and it looks like those white papers are 6 pretty much replicated from Pages Ra38178 through 7 8233; is that right? 8 A. That's correct. 9 Q. Okay. So you wrote the executive summary 10 that preface the white papers in Plaintiff's 11 Exhibit 16A? 12 A. That is correct, yes. 13 Q. And you said you wrote it for internal 14 use? 15 A. Basically, yes. This was a -- this was 16 for Teresa. We had -- used to have a thing across 17 here that says "Confidential." 18 Q. You said it's for attorneys? 19 A. It was for -- it was for our -- it was 20 for -- to work with our patent people and evaluating 21 them and evaluating where we were at, making sure that 22 we were on track and any advice that we might need 23 from -- from various attorneys, we would also share 24 this with them. 25 Q. Which attorneys did you show this to?</p>	<p style="text-align: right;">Page 212</p> <p>1 Q. Which website? 2 A. International Automated Systems. I think 3 this is on that. I'm not positive, but I think that 4 we did put that on there. 5 Q. Do you think -- 6 A. I can't be certain. But, again, it 7 wasn't for the purpose of -- it was mostly just -- 8 mostly to indicate where we had been, what -- why -- 9 why it's taking longer than we anticipated, because we 10 weren't aware that we were going to have to invent 11 everything that had to do with production of energy. 12 We thought that there were things that we 13 could buy in the market. But nothing on the market 14 would -- would create the price breaks that we wanted 15 to meet in producing solar energy and other energy 16 sources. 17 Q. Do you recall when you wrote this 18 executive summary? 19 A. I don't know exactly when. There'd 20 probably be some dates somewhere in here that would 21 indicate what timeframe it was done, but I'm not 22 positive. 23 Q. At the bottom of the third page of the 24 exhibit, which is Ra38177. 25 A. 8177.</p>

<p style="text-align: right;">Page 213</p> <p>1 Q. There you go.</p> <p>2 A. There we go. Copyright 2010. So it</p> <p>3 would have been right in that neighborhood -- probably</p> <p>4 2009 is when it was actually written in.</p> <p>5 Q. Okay.</p> <p>6 A. I would think so, but I'm not positive,</p> <p>7 but I think that's what it was. I know it was a lot</p> <p>8 of work, I can tell you that right now. There's</p> <p>9 things I don't like to do.</p> <p>10 If you want me to tell you why we kept</p> <p>11 this mostly within -- within our own internal use is</p> <p>12 because we have such a small float in our stock on</p> <p>13 the -- on the exchange, we really kept the company</p> <p>14 very lightly diluted in comparison with most other</p> <p>15 public companies.</p> <p>16 And so any kind of excited buying will</p> <p>17 double the price of shares. A million shares go</p> <p>18 through our market and they double the price.</p> <p>19 And -- and the problem with getting this</p> <p>20 out earlier, it could appear that -- that we were</p> <p>21 closer to the other people than we actually were to</p> <p>22 accomplishing all the things we wished to accomplish</p> <p>23 with this draft, and in so doing it would have -- it</p> <p>24 could have -- my stock would start to bounce and</p> <p>25 create problems.</p>	<p style="text-align: right;">Page 215</p> <p>1 A. Okay.</p> <p>2 Q. You sent Plaintiff's Exhibit 185 on</p> <p>3 behalf of International Automated Systems; correct?</p> <p>4 A. Yes.</p> <p>5 Q. I'm handing you what's previously been</p> <p>6 marked Plaintiff's Exhibit 186. Would you take a</p> <p>7 look, please, at Plaintiff's Exhibit 186, and let me</p> <p>8 know when you're ready.</p> <p>9 A. Okay. Yes.</p> <p>10 Q. This is a letter from Roger Halverson;</p> <p>11 correct?</p> <p>12 A. Correct.</p> <p>13 Q. And he sent it to IAS?</p> <p>14 A. Correct.</p> <p>15 Q. And he cc's at the bottom there,</p> <p>16 Ms. Patricia Lambrecht, member, iLios, LLC?</p> <p>17 A. Right.</p> <p>18 Q. And that letter's dated September 24,</p> <p>19 2010; correct?</p> <p>20 A. Right.</p> <p>21 Q. Showing you, sir, what's previously been</p> <p>22 marked Plaintiff's Exhibit 188.</p> <p>23 Do you recognize Plaintiff's Exhibit 188?</p> <p>24 A. Yes, I do.</p> <p>25 Q. What is it?</p>
<p style="text-align: right;">Page 214</p> <p>1 What we're after is a sustainable market,</p> <p>2 something that -- that as the price rises, we can</p> <p>3 sustain that price by sales and marketing.</p> <p>4 And so this, we felt like, may have --</p> <p>5 have warranted a different outlook than that was</p> <p>6 actually there, you see, and -- in getting all of</p> <p>7 these items into a final production stage where we</p> <p>8 could actually start mass producing the system.</p> <p>9 And people don't understand how difficult</p> <p>10 it is to move from an R&D company into a mass</p> <p>11 production facility, and all the costs and things that</p> <p>12 have to be done and all the connection that have to be</p> <p>13 made in order for this to take place.</p> <p>14 And so people would get a different point</p> <p>15 of view of that, so we wanted to keep that internal.</p> <p>16 Q. Mr. Johnson, in 2010 was International</p> <p>17 Automated Systems' address 326 North SR-198?</p> <p>18 A. Yes, that's a correct address.</p> <p>19 Q. And that's in Salem, Utah 84653?</p> <p>20 A. That's correct, yes.</p> <p>21 Q. Mr. Johnson, I'm showing you a document</p> <p>22 we looked at yesterday --</p> <p>23 A. Okay.</p> <p>24 Q. -- which is marked Plaintiff's</p> <p>25 Exhibit 185.</p>	<p style="text-align: right;">Page 216</p> <p>1 A. It's a check to Patty Lambrecht.</p> <p>2 Q. And it's on RaPower-3, LLC letterhead;</p> <p>3 correct?</p> <p>4 A. Right, uh-huh.</p> <p>5 Q. The correspondence regarding Patty</p> <p>6 Lambrecht had been with IAS. So do you understand --</p> <p>7 do you have any reason to understand why RaPower-3 was</p> <p>8 sending a check?</p> <p>9 A. Yes. All of these contracts were moved</p> <p>10 to RaPower-3 with the audits and all the agreements, I</p> <p>11 think, in 2010, or something like that.</p> <p>12 Q. Are you --</p> <p>13 A. And so that's why the -- they were -- the</p> <p>14 money was coming out of RaPower-3 rather than</p> <p>15 International Automated Systems.</p> <p>16 Q. Are you testifying, sir, that Patricia</p> <p>17 Lambrecht's contract, which we looked at earlier</p> <p>18 today, was transferred from IAS to RaPower-3?</p> <p>19 A. I believe -- I believe it was. I believe</p> <p>20 that the contracts were all changed. I'm not</p> <p>21 positive, but I recollect something like that to take</p> <p>22 place. I'd have to make sure, but I believe that</p> <p>23 that's the case.</p> <p>24 Q. Do you have any -- any idea whether any</p> <p>25 of the non-IAS parties to those contracts were ever</p>

<p style="text-align: right;">Page 217</p> <p>1 notified?</p> <p>2 A. Yes, I think they all were. They all had</p> <p>3 to been in order for it to take place.</p> <p>4 Q. Do you have copies of that notification?</p> <p>5 A. I would hope so. I assume I do, but I</p> <p>6 don't know.</p> <p>7 Q. If you do, will you produce them to the</p> <p>8 United States?</p> <p>9 A. Yes, I will. But I think that's -- I'm</p> <p>10 not positive, but I think that's what happened.</p> <p>11 Q. So in Plaintiff's Exhibit 188 --</p> <p>12 A. Okay.</p> <p>13 Q. -- there's a note from Mrs. Johnson at</p> <p>14 the top.</p> <p>15 Do you see that?</p> <p>16 A. Okay. Yes.</p> <p>17 Q. It says:</p> <p>18 "Please find enclosed a check for</p> <p>19 \$7,500 for the third quarter's power</p> <p>20 purchase."</p> <p>21 A. Right, right.</p> <p>22 Q. Did I read that correctly?</p> <p>23 A. Yes, uh-huh.</p> <p>24 Q. What does that mean?</p> <p>25 A. It means I did produce some power during</p>	<p style="text-align: right;">Page 219</p> <p>1 bought some -- we had bought some -- we had bought</p> <p>2 some, we thought from a company that promised that</p> <p>3 they -- the coating -- the coating on it would survive</p> <p>4 the heat.</p> <p>5 We put those on the towers, the drive --</p> <p>6 we could put water directly through them. And -- and</p> <p>7 so we ran, I believe, the water through them. Could</p> <p>8 have been oil.</p> <p>9 But anyway, it ran my turbine, and with</p> <p>10 the combination of the turbine running and the -- the</p> <p>11 gas going through the system produced that much power</p> <p>12 over the -- the months that we had it operating and</p> <p>13 filling -- filling up the ponds that we -- that are</p> <p>14 out there. They're like -- they're big ponds. They</p> <p>15 hold, like, some -- several -- several acre feet of</p> <p>16 water, and so we used it to water some of the property</p> <p>17 with.</p> <p>18 Q. Okay. Mr. Johnson, so you believe that</p> <p>19 RaPower-3 was reimbursed for this payment to Patty</p> <p>20 Lambrecht, yes?</p> <p>21 A. I'm pretty sure they were.</p> <p>22 Q. Was it IAS who reimbursed them?</p> <p>23 A. No. It would have been myself.</p> <p>24 Q. So you as Neldon Johnson personally?</p> <p>25 A. Yes, Neldon Johnson personally would have</p>
<p style="text-align: right;">Page 218</p> <p>1 that quarter, and that it was bought by -- it was --</p> <p>2 it was bought by the research -- my -- I guess it must</p> <p>3 have been myself, or something like that, to run some</p> <p>4 pumps, I think, on the property.</p> <p>5 And we filled the ponds up out in the</p> <p>6 property with the energy that we developed, and -- and</p> <p>7 so we paid -- paid for that amount of money for the</p> <p>8 irrigation, and we wanted to demonstrate the -- that</p> <p>9 it would work for irrigation and developing water.</p> <p>10 And I -- and I think this is what the</p> <p>11 cost that we did with the power, and I had forgotten</p> <p>12 all about that, actually. But that's -- I think</p> <p>13 that's what it was. But I'm not even positive about</p> <p>14 that, but I think that's what it is.</p> <p>15 Q. Okay. So let me make sure I understand.</p> <p>16 Your recollection is that what we see</p> <p>17 here is that RaPower-3 is paying Patty Lambrecht for</p> <p>18 the purchase of power; correct?</p> <p>19 A. Correct, yes.</p> <p>20 Q. Was it RaPower-3 that bought the power</p> <p>21 that was generated somewhere?</p> <p>22 A. I probably reimbursed RaPower, but -- but</p> <p>23 that's -- I think that's what took place is -- is a --</p> <p>24 is the -- we had the towers working to drive the</p> <p>25 turbine. The -- what happened, we had -- we had</p>	<p style="text-align: right;">Page 220</p> <p>1 reimbursed them, yes. But that's -- I think that's</p> <p>2 where that came from.</p> <p>3 Q. And you just said that you had the system</p> <p>4 running for months?</p> <p>5 A. Yes, I did. It was producing power to</p> <p>6 drive a pump.</p> <p>7 Q. And were those months in the third</p> <p>8 quarter of 2010?</p> <p>9 A. Basically, yeah.</p> <p>10 Q. Do you have any records whatsoever of the</p> <p>11 system running in the third quarter of 2010?</p> <p>12 A. No. And it wasn't third quarter. Would</p> <p>13 have been -- would have been the middle -- it would</p> <p>14 have been the end of the first quarter through the</p> <p>15 third quarter. Would have been all the way through</p> <p>16 the whole time period.</p> <p>17 Q. So, Mr. Johnson, you're telling me that</p> <p>18 your system operated for -- from the end of the first</p> <p>19 quarter of 2010 through the third quarter of 2010?</p> <p>20 A. Well, I don't know --</p> <p>21 Q. Yes?</p> <p>22 A. -- exactly how long it was, but it was --</p> <p>23 it was enough to generate \$7,500 worth of energy. We</p> <p>24 paid for it, so that's what it was.</p> <p>25 Q. Yeah, that's a lot of energy.</p>

<p style="text-align: right;">Page 221</p> <p>1 A. Not when you're talking about a big pump. 2 Q. It's expensive energy. 3 A. Not when it goes for a pump. 4 Q. Was this energy production constant or 5 was it intermittent? 6 A. It was basically constant. We had it 7 running over the actual -- the actual turbine was over 8 by the pump, so it was right there. 9 Q. Who else saw this happening? 10 A. I don't think anybody did. I didn't want 11 anybody to see it. 12 Q. Just you? 13 A. That's right. I said it would introduce 14 a problem for me I didn't want. 15 Q. Do you have any records of this 16 production of energy during 2010? 17 A. No, I don't, but it's -- it's what I did 18 and so... 19 Q. Do you have any records of the -- 20 A. I didn't think I even had that. So... 21 Q. Sir, let me -- let me finish the 22 question, please. 23 Did you keep any records of any water 24 produced in 2010? 25 A. No. We just went out and swam in it, and</p>	<p style="text-align: right;">Page 223</p> <p>1 to do. 2 Q. Mr. Johnson, did you ever take any videos 3 of the system as it was working when it generated the 4 power that you paid Patty Lambrecht for? 5 A. If I did, they were close-up videos and 6 you wouldn't -- all you'd have just seen is just the 7 turbine running. But I didn't -- I didn't want 8 anybody to know about it, so I didn't use it for that 9 purpose. 10 Q. Why didn't you want anybody to know about 11 it? 12 A. Because it would have activated some 13 contracts that I didn't want activated, that I felt 14 that were -- would have been detrimental to me and my 15 company. You couldn't -- I don't think we could have 16 reacted as fast as they would have demanded it to do 17 that and would have put me into a situation that I 18 couldn't -- couldn't control. But that's what that 19 was. 20 Q. Mr. Johnson, if Greg Shepard has made 21 statements about the status of IAS technology, would 22 he have any source for those statements, other than 23 you? 24 A. No. 25 Q. Mr. Johnson, in the past has a mailing</p>
<p style="text-align: right;">Page 222</p> <p>1 we -- we -- and I irrigated some property with it, 2 but -- my horses. 3 Q. Is there any situation, other than this 4 one, where you or any entity under your control has 5 paid anyone for power? 6 A. No, I think that would be the only one. 7 I hope that's the only one. I can't think of any 8 more. 9 Q. Also, sir, you said you could not 10 remember what heat transfer fluid you used? 11 A. No. I could have used oil and -- and 12 that and -- 13 Q. But to this day, right now, testifying 14 today, you can't identify specifically what heat 15 transfer fluid you were using? 16 A. No. It was probably oil, but I'm not 17 positive. But you could see the circles out there on 18 the ground where I had them. They were all black, and 19 the -- and their heat exchangers didn't last as they 20 claimed they would, and it was -- they created a 21 problem for me. 22 So rather than keep it running, we took 23 the -- took them out and had to replace them. So we 24 had to develop new -- new types of heat exchangers 25 that would meet the heat requirements that we needed</p>	<p style="text-align: right;">Page 224</p> <p>1 address for IAS been 326 North Highway 6? 2 A. Yes. 3 (Exhibit 538 was marked for identification.) 4 Q. BY MS. HEALY-GALLAGHER: For the record, 5 Plaintiff's 538 is Ra36353. 6 A. Okay. 7 Q. Do you recognize this document, sir? 8 A. I -- I don't -- I don't recognize it, but 9 it's probably something that I read. I just don't 10 reading it. 11 Q. Did Richard Blake have a contract with 12 IAS? 13 A. Must have done. Like I said, I don't 14 know, but I would assume that he did. I don't know 15 how come a \$10,000 contract would have been there, but 16 -- but that's not normal. 17 Q. What, if anything, did you or IAS do in 18 response to Mr. Blake's letter? 19 A. I responded to someone and I said I would 20 be happy to pay your -- back and resell your equipment 21 to someone else, if that's -- if there's a problem 22 with -- with your investment. 23 Q. Mr. Johnson, has anyone ever taken you up 24 on your offer to buy back the lenses that they 25 purchased?</p>

<p style="text-align: right;">Page 225</p> <p>1 A. Yes.</p> <p>2 Q. About how many people?</p> <p>3 A. Two or three.</p> <p>4 Q. Do you remember their names?</p> <p>5 A. I don't. I don't know the names, but I</p> <p>6 believe there's been two or maybe three.</p> <p>7 Q. Mr. Johnson, when you were testifying</p> <p>8 about the transition between IAS and RaPower-3, I</p> <p>9 believe you made a statement of something like you</p> <p>10 wanted to separate out the marketing to RaPower-3, and</p> <p>11 then you said something about "we were approved to</p> <p>12 sell it."</p> <p>13 Who is it that approved something to be</p> <p>14 sold?</p> <p>15 A. Oh, there -- in developing an MLM</p> <p>16 company, you have to be registered in all the states</p> <p>17 that you're selling into through a company that takes</p> <p>18 care of all of the stuff, all of the MLM paperwork,</p> <p>19 with the various states. And that's what we're</p> <p>20 waiting for is approval. So we're approved in 50</p> <p>21 states as an MLM working.</p> <p>22 Q. Mr. Johnson, did anyone, other than you,</p> <p>23 do work through IAS or on behalf of IAS to learn about</p> <p>24 and write about the tax benefits related to purchasing</p> <p>25 a lens?</p>	<p style="text-align: right;">Page 227</p> <p>1 Q. Who did you notify?</p> <p>2 A. I'm not positive whether the stockholders</p> <p>3 and the -- and the customers or -- or whether we</p> <p>4 just -- stockholder in the company. I don't know. I</p> <p>5 don't even know if we did it, but it seemed to me like</p> <p>6 we did something like that, but I can't be positive.</p> <p>7 Q. And the raid happened, correct, during a</p> <p>8 RaPower-3 national convention?</p> <p>9 A. Yeah. They pretty well timed it to make</p> <p>10 the -- the event as embarrassing as possible, yes.</p> <p>11 Q. What, if anything, did you say to the</p> <p>12 people at the convention about it?</p> <p>13 A. I told them not to -- they were out in</p> <p>14 front, they looked like they could become very</p> <p>15 volatile in protesting the event. And I just went out</p> <p>16 and told them that -- that we ought not to do anything</p> <p>17 that would be rash and cause problems in this event.</p> <p>18 And basically they all agreed and disbursed.</p> <p>19 Q. Did anyone ask you why the IRS was</p> <p>20 raiding your property?</p> <p>21 A. I'm sure they did, but I didn't spend</p> <p>22 time with them. I just said that they felt like that</p> <p>23 I was doing a tax scheme, is what they told me. And I</p> <p>24 said, but I don't believe that's right and we have --</p> <p>25 I think we followed the rules according to the</p>
<p style="text-align: right;">Page 226</p> <p>1 A. Well, I -- I -- I'm not sure I understand</p> <p>2 what you're talking about. If you're talking about</p> <p>3 the information you showed me, then that information</p> <p>4 was definitely produced by my -- myself.</p> <p>5 If there's other people that are writing</p> <p>6 information that I'm not aware of without my control,</p> <p>7 then, no, I don't know how that would -- how that</p> <p>8 would work.</p> <p>9 Q. Mr. Johnson, asking you as the</p> <p>10 representative of IAS, what was IAS's first notice</p> <p>11 that the IRS was disallowing the deductions and</p> <p>12 credits that people had claimed related to the solar</p> <p>13 lenses?</p> <p>14 A. I'm -- I'm not sure of the date. I don't</p> <p>15 know when exactly the IRS began to target the company.</p> <p>16 Q. Was it before -- did you learn about the</p> <p>17 audits and the disallowables before or after the</p> <p>18 summer 2012 raid?</p> <p>19 A. It was after that. I don't -- it didn't</p> <p>20 start before that, I don't believe, that I recollect.</p> <p>21 Q. What, if anything, did IAS do differently</p> <p>22 after the IRS raid in summer 2012?</p> <p>23 A. We never did anything different. I think</p> <p>24 we notified the people that were -- there was a raid</p> <p>25 and what the raid was about.</p>	<p style="text-align: right;">Page 228</p> <p>1 statutes that were given by the congress.</p> <p>2 And later I guess it was proved that I</p> <p>3 was accurate in what I told them, because they quit</p> <p>4 pursuing a criminal investigation.</p> <p>5 Q. So during summer 2012 after the raid, you</p> <p>6 told people at the convention, or otherwise, about</p> <p>7 your understanding of why the IRS was there?</p> <p>8 A. Well, the IRS came after the convention</p> <p>9 when the people were down at the site and they were</p> <p>10 all there. So they already -- they knew what was</p> <p>11 going on. They had talked -- a lot of them had talked</p> <p>12 to the agents and they told them what was going on, so</p> <p>13 I didn't even have to say anything.</p> <p>14 And the IRS made it clear that it was a</p> <p>15 public knowledge, a DOJ. Advertised what they did and</p> <p>16 why they did it. It wasn't something that they kept</p> <p>17 quiet.</p> <p>18 They never apologized, by the way. I</p> <p>19 never got the front page of any newspaper, exonerated</p> <p>20 from the criminal investigation, nor have we pursued</p> <p>21 anything in disseminating that same information.</p> <p>22 Q. So if you first learned -- so then you</p> <p>23 first learned that the IRS was disallowing deductions</p> <p>24 and credits after summer '12; right?</p> <p>25 A. Correct. They weren't -- I didn't --</p>

<p style="text-align: right;">Page 229</p> <p>1 they weren't successful at the criminal attempt, so I 2 assume that they -- they decided that they were going 3 to go after the customer base and try -- and they -- 4 the first incident didn't have a great impact on my 5 company. 6 The -- and so they -- I suppose they 7 decided to pursue a different avenue and -- and create 8 upheaval amongst the customer base in hoping that they 9 would get together and try to sue me. 10 But it wouldn't have mattered, because 11 the -- the product has a value to it, and that's what 12 -- and the company has a value. We have a lot of 13 technology that we don't -- we have 30 patents. There 14 isn't many companies out there that have the 15 equivalent technology that we have. 16 Q. Okay. So when you -- well, let me ask 17 you this: So you testified yesterday that you hired 18 Paul Jones to represent customers in tax court; 19 correct? 20 A. We actually hired Paul Jones to -- to 21 intervene with the audits and try to -- to work with 22 the people being audited and trying to show that the 23 laws to the people auditing the product were there, 24 and the -- the audit agencies were calling me a scam 25 and a scheme without having ever seen the product, nor</p>	<p style="text-align: right;">Page 231</p> <p>1 with Greg Shepard with respect to the audits? 2 A. What -- what audit are you talking about? 3 Q. The IRS audits of your customers. 4 A. He was the one approached me, actually. 5 Q. He let you know? 6 A. Yeah, I didn't know. He was the one who 7 got the information first. 8 Q. What -- 9 A. That's when I said I'll hire an attorney 10 and then we'll see what happens. And then if we have 11 to -- to buy -- buy systems back, then we'll pursue 12 that avenue if we have to, because we certainly don't 13 want to put somebody in a position where they're going 14 to be detrimental. 15 And I felt like I'd been offered -- I had 16 been offered quite a bit of money for my company, and 17 I think the offer would have been -- the offer that we 18 had -- my wife was with me when I made the offer -- it 19 was close to \$5 billion. So I think that we could 20 probably meet whatever damages that would occur. 21 Q. Who made you that offer? 22 A. I'm not at liberty to say, but it was a 23 valid offer and they gave the reasons why they -- why 24 they wanted to do it and -- 25 Q. Mr. Johnson, you're here to testify under</p>
<p style="text-align: right;">Page 230</p> <p>1 having any expert witness determine that the product 2 was not what it was claimed to be. 3 Q. So my question, Mr. Johnson, is -- 4 A. And so we sent out Paul Jones to 5 intervene with those and -- 6 Q. Okay. 7 A. -- and to see how if they -- who wanted 8 to sell, who wanted to get out, who felt like they 9 needed to get away from the system. 10 And so that's -- or if they wanted -- if 11 they wanted Paul Jones' assistance in the audit and in 12 pursuing it into a tax court and into a court from 13 there where we had a jury. 14 Q. So my question is: Are you personally 15 paying Neldon Johnson, or is IAS paying Neldon 16 Johnson? 17 A. It's me personally. It could be RaPower. 18 RaPower may be paying for it. 19 Q. You don't know? 20 A. I don't know. I think RaPower's paying 21 for it and it's expensive, and it's discouraging to 22 see government that would bully someone like that and 23 not do -- and not do it according to law. 24 Q. There's no question pending. Thank you. 25 What, if anything, did you talk about</p>	<p style="text-align: right;">Page 232</p> <p>1 oath. Who made the offer? 2 A. Well, it was a company, it was a group of 3 people in -- in -- in -- in -- in some other countries 4 that made the offer, made a phone call to us. 5 Q. What country? 6 A. I think it was the Philippines, at the 7 time. 8 Q. You think it was the Philippines? 9 A. Uh-huh. They had -- they had gotten some 10 gold and some kind of a deal, and they wanted to 11 invest it in this company and buy it. And they said 12 they offered -- if you -- they asked if I would take 13 \$5 billion, and I said no. 14 Q. When was this offer made? 15 A. It was before the raid on us. It was 16 back in 2010 or 2011. 17 Q. What's the name of the company? 18 A. I don't know the name of it. I don't 19 remember anything about it. 20 Q. You can't remember the name of the 21 company that made you a \$5 million offer for your 22 company? 23 A. 5 billion. \$5 billion offer. 24 Q. With a B? 25 A. Uh-huh.</p>

<p style="text-align: right;">Page 233</p> <p>1 Q. A company made you a \$5 billion offer for 2 your company and you can't remember their name? 3 A. Didn't pay attention to it. 4 Q. I'm sorry? 5 A. I didn't pay any attention to it. Wasn't 6 going to take it, so it didn't matter. But it was on 7 the phone. It was on the speakerphone and they 8 offered it, and we just said no. 9 So I wasn't too worried. I'm not too 10 worried about that. I could sell my company for what 11 -- whatever -- whatever you think, you know. 12 Q. Did that company have any past experience 13 with solar energy technology? 14 A. Not that I'm aware of. I don't -- I 15 don't even remember what the company's name is, but it 16 was -- I think they said they were out of the 17 Philippines. They had some gold or something, and I 18 don't know exactly what it was. We didn't take it and 19 we're not -- we don't have to take it. 20 Q. Who else was on that call? 21 A. Just me and my wife and the -- and the 22 parties that were -- that they were engaged with. 23 Q. Do you remember the names of any of the 24 people who offered you \$5 billion for IAS? 25 A. No, I don't.</p>	<p style="text-align: right;">Page 235</p> <p>1 A. Right. 2 Q. For the record, Plaintiff's Exhibit 483 3 is Ra36356 through 6427. 4 A. Okay. 5 Q. Do you recognize this document? 6 A. Yes, I do. 7 Q. What is it? 8 A. I don't -- I've never seen this before, 9 actually. This is something I've never done and I 10 haven't -- I haven't -- I wasn't involved in any of it 11 -- of any of this here. 12 Q. I'll represent to you that your prior 13 attorneys produced it to the United States. 14 A. Well, they could have done, but they 15 didn't produce it to me, so I haven't seen it. 16 Q. At the bottom of the first page there's a 17 name that appears, Dr. Sterling Rigby. 18 Do you recognize that name? 19 A. I do. 20 Q. Who is that? 21 A. He's just a friend of mine that I -- I've 22 known for 20 years. 23 Q. Did he ever sell anything on behalf of 24 IAS? 25 A. If he did, he didn't -- didn't sell very</p>
<p style="text-align: right;">Page 234</p> <p>1 Q. Had you ever met them before? 2 A. No. But I did get -- we did get a visit 3 from a company in -- from Iran, oh, it's been about 4 three -- about three or four years ago. 5 Q. Hang on, sir. 6 Are the companies in Iran and the company 7 in the Philippines, are they connected in any way? 8 A. No, they're not connected. 9 Q. Thank you. 10 A. This was a representative from a company 11 that came from Iran -- Iran government, and they 12 wanted to get involved with the company. They said 13 that because of the -- the way the structure of the 14 way they tied up the funds of Iran was \$150 billion, 15 and if I could produce water and power, that they had 16 100 -- \$100 billion to go toward that project, and 17 that I was authorized by this -- by -- they had got me 18 authorized to travel to Iran. 19 So that was -- that was the deal. We 20 sent a representative to a company called -- in Saudi 21 Arabia. 22 Q. Sir, I'm going to stop you there, because 23 I'm not interested in Saudi Arabia. 24 Would you please take a look at what's 25 been marked Plaintiff's Exhibit 483.</p>	<p style="text-align: right;">Page 236</p> <p>1 much. 2 Q. Do you recognize the photos that are on 3 Pages Ra36359 and 6360? 4 A. What's that again? 5 Q. Would you take a look, please, at the 6 photo that's on Page 6359 to 6350 -- no, wait. No, I 7 said that wrong. 8 6359 to 6360. 9 A. Okay. 10 Q. Mr. Johnson, do you have an idea of when 11 -- when these -- this picture -- these pictures would 12 have been taken? 13 A. No, I don't have any idea, no. 14 Q. Does this appear to be a true and 15 accurate depiction of the R&D site at some point in 16 time? 17 A. Yes, uh-huh. 18 Q. And how about the photos on the following 19 page -- pages? 20 A. Okay. 21 Q. Can you give me an idea of what we're 22 looking at here? 23 A. Yes. That's when I put the towers up, 24 yeah. 25 Q. On the R&D site?</p>

<p style="text-align: right;">Page 237</p> <p>1 A. Correct, yes.</p> <p>2 Q. Okay.</p> <p>3 A. But I don't know the dates, so when -- I</p> <p>4 didn't even know we had any pictures of that. I never</p> <p>5 take any pictures, so I just work. Other people come</p> <p>6 down, they get down there and take pictures.</p> <p>7 Q. Would you take a look, please, at</p> <p>8 Ra36372.</p> <p>9 A. What's this?</p> <p>10 Q. 6372.</p> <p>11 A. Okay.</p> <p>12 Q. The bottom picture on that page, the</p> <p>13 title above it is called "New Solar Energy System Heat</p> <p>14 Exchanger, the Magic Ball."</p> <p>15 Do you see that?</p> <p>16 A. Right.</p> <p>17 Q. Can you explain that picture to me?</p> <p>18 A. I don't know what it is. I know what the</p> <p>19 ball is.</p> <p>20 Q. What is it?</p> <p>21 A. It's a -- it's a concentrator where I --</p> <p>22 I wanted some -- I wanted to see how high a</p> <p>23 temperature I could produce. I could produce a</p> <p>24 zinc -- solar zinc process that we developed using</p> <p>25 iron, powdered iron and powdered zinc.</p>	<p style="text-align: right;">Page 239</p> <p>1 decided that we -- that I got -- I got my patents on</p> <p>2 it, which I wanted for zinc oxide, the battery system.</p> <p>3 MS. HEALY-GALLAGHER: Okay. Off the</p> <p>4 record, please.</p> <p>5 (There was a break taken.)</p> <p>6 MS. HEALY-GALLAGHER: Back on the record.</p> <p>7 Q. All right. Mr. Johnson, we talked a</p> <p>8 little bit about Paul Jones. Is -- so to your</p> <p>9 knowledge, IAS is not paying Paul Jones at all?</p> <p>10 A. No, he isn't paid by IAS, no.</p> <p>11 Q. Okay. Is Don Reay being paid by IAS?</p> <p>12 A. No, he's not being paid by IAS either.</p> <p>13 Q. What, if anything, did IAS change about</p> <p>14 its practices after the complaint was filed in this</p> <p>15 case?</p> <p>16 A. In what case?</p> <p>17 Q. In this case that we're here for.</p> <p>18 A. Nothing. I changed the way I'm selling</p> <p>19 the product, but not because of this case. It's</p> <p>20 because we were selling too many -- too many items the</p> <p>21 other way and it was -- it was pushing up the limits</p> <p>22 what we said. So we changed the program.</p> <p>23 Q. What did you change?</p> <p>24 A. We just changed the way we were marketing</p> <p>25 the -- the product.</p>
<p style="text-align: right;">Page 238</p> <p>1 When you take powdered iron to</p> <p>2 temperature of 1900 degrees Fahrenheit, the oxygen</p> <p>3 then comes off the iron and make the iron rust and</p> <p>4 then makes pure iron. And the oxygen then reacts with</p> <p>5 the zinc oxide as you -- as the temperature drops to</p> <p>6 below 1600, the oxygen then reacts with the zinc --</p> <p>7 no, let's see. Okay.</p> <p>8 Q. Actually, Mr. Johnson, I'm going to stop</p> <p>9 you there.</p> <p>10 Are you still using this item as part of</p> <p>11 a heat exchanger?</p> <p>12 A. No. We -- we -- I did what I wanted it</p> <p>13 to do and so I -- I -- I went -- I wasn't producing</p> <p>14 power. I was producing zinc from zinc oxide.</p> <p>15 Q. Okay. And do you recall when you were</p> <p>16 using this magic eight ball?</p> <p>17 A. Two or three years ago, at least.</p> <p>18 Q. And you're not still using it?</p> <p>19 A. No. It worked and we were -- and we</p> <p>20 found that -- the problem with this are the</p> <p>21 temperatures were so hot that it would melt stainless</p> <p>22 steel and create a problem with us.</p> <p>23 And so we decided to -- that we had no</p> <p>24 way of controlling that temperature or using it, other</p> <p>25 than for the -- for the iron zinc process. So we</p>	<p style="text-align: right;">Page 240</p> <p>1 Q. What product?</p> <p>2 A. The solar lenses. I'm sorry.</p> <p>3 We're changing the way we're marketing</p> <p>4 the solar lenses into a different marketing procedure.</p> <p>5 Q. What -- what does that change involve?</p> <p>6 A. It just -- it just makes it so that we</p> <p>7 take less of the tax credits and we just split -- we</p> <p>8 let them take part of the tax credits. And there</p> <p>9 isn't any depreciation that -- that we -- that we</p> <p>10 offer.</p> <p>11 The way it's done, if they take</p> <p>12 depreciation, it's not -- I don't see how they could</p> <p>13 make that work, actually.</p> <p>14 But, you know, that's between them -- I</p> <p>15 haven't told them they can or can't. I'm just saying</p> <p>16 that we don't advertise that its even possible.</p> <p>17 Q. So let's back that up.</p> <p>18 You said that IAS has stopped advertising</p> <p>19 that depreciation is possible?</p> <p>20 A. Well, we -- we did this on the new</p> <p>21 program.</p> <p>22 Q. No, sir. Sir, is it IAS?</p> <p>23 A. I mean, no, not IAS, I'm sorry. It's</p> <p>24 RaPower. I apologize. I've got the wrong hat on</p> <p>25 here.</p>

Page 241

1 Q. Okay. Okay.
 2 A. Yeah, it's RaPower.
 3 MR. SNUFFER: The question, again, was
 4 what had been done to change marketing since the case
 5 began?
 6 THE WITNESS: Nothing that we would have.
 7 MR. SNUFFER: As far as IAS, your answer
 8 is nothing?
 9 THE WITNESS: Nothing. IAS doesn't
 10 market the product anymore at all.
 11 MR. SNUFFER: Okay.
 12 THE WITNESS: Not involved in any sort of
 13 marketing. But that was done a long time before even
 14 the raid, I believe, you know. It was --
 15 International Automated Systems was no longer in the
 16 marketing of any products.
 17 MS. HEALY-GALLAGHER: Understood.
 18 Q. We talked a little bit about the
 19 interviews that you've been giving on KNRS. We talked
 20 about that yesterday.
 21 Do you remember that?
 22 A. I do.
 23 Q. Are you appearing on behalf of IAS in
 24 those --
 25 A. No, I'm not.

Page 242

1 Q. Sorry. Let me finish the question.
 2 A. Sorry.
 3 Q. Are you appearing on behalf of IAS in
 4 those interviews?
 5 A. No. Neither RaPower. I'm totally doing
 6 that as Neldon Johnson. I put a disclaimer, most the
 7 time -- I try to remember to put the disclaimer ahead
 8 of time saying that this is Neldon Johnson and not
 9 speaking in behalf of any of the companies.
 10 (Exhibit 539 was marked for identification.)
 11 Q. BY MS. HEALY-GALLAGHER: Showing you,
 12 Mr. Johnson, what's been marked as Plaintiff's
 13 Exhibit 539.
 14 A. Right.
 15 Q. Do you know what this is?
 16 A. Yes. It's a seminar I put on.
 17 Q. Right. It's a screen shot of a video
 18 from YouTube; correct?
 19 A. Yeah, but I didn't do that. I don't know
 20 how that got on there.
 21 Q. But that's you at the whiteboard;
 22 correct?
 23 A. Yes. That's a pretty good looking guy.
 24 I didn't realize I was that good looking.
 25 Q. And you're talking -- there's text that

Page 243

1 appears on the left-hand side --
 2 A. Yes.
 3 Q. -- that talks about advantages of IAUS
 4 lenses; correct?
 5 A. That's correct.
 6 Q. So in what capacity are you conducting
 7 this seminar?
 8 A. As the inventor of the product.
 9 Q. As you personally?
 10 A. Personally. I'm personally representing
 11 my abilities to invent. I could be looking for work
 12 because -- I don't know, I'm trying to make the best
 13 portfolio I can.
 14 Q. And the word behind you, I believe it's
 15 "ClearLink." Do you have an understanding of what
 16 "ClearLink" is or does?
 17 MRS. JOHNSON: That's just part of
 18 their --
 19 THE WITNESS: Yeah, I didn't put that up
 20 there. Somebody else did that. I --
 21 MRS. JOHNSON: That's the radio station.
 22 THE WITNESS: I didn't.
 23 MRS. JOHNSON: That's the radio station.
 24 THE WITNESS: That's the radio. But I
 25 didn't -- I didn't do it. But I didn't even know it

Page 244

1 was there until you told me.
 2 Q. BY MS. HEALY-GALLAGHER: Okay. So the
 3 radio station is part of the "ClearLink" network or
 4 why -- what is --
 5 A. Well, you can advertise -- you could
 6 advertise Coca-Cola behind there, and that doesn't
 7 mean I'm representing Coca-Cola.
 8 Q. Okay.
 9 A. So that's just -- that's just an
 10 advertising space there.
 11 But myself, what I'm doing is I'm -- and
 12 it's not -- it's not because of RaPower or IAS. If I
 13 would represent anybody it would have been RaPower, in
 14 marketing a product, because IAS doesn't market a
 15 product.
 16 But the reason why I would not have --
 17 would not have represented IAS in particular as this
 18 is because International Automated Systems, being a
 19 public company, you have to be extremely careful of
 20 what you say and you have to clarify everything ten
 21 times and make sure you say these are disclaimers and
 22 we're not interested in you buying stock.
 23 Now, I -- at the beginning of this I
 24 think, or -- and -- beginning of the show, I try to
 25 get in there and I say, even though the show is

Page 245

1 introduced as a CEO of International Automated
 2 Systems, I clarify.
 3 I try to clarify and remember to clarify
 4 that this is not to be used to buy stock. That I'm
 5 representing myself as the inventor of the project and
 6 I'd like to explain to people how the project works,
 7 that it's real, that we -- what we've accomplished
 8 and -- and so that they can understand what the
 9 advantages that we have in various aspects.
 10 We're -- we -- we talk about motor homes,
 11 we talk about the voltage control board, we talk about
 12 the advantage of having an operation that you can
 13 become totally isolated from the grid.
 14 Q. So --
 15 A. So it's -- it's just something that I --
 16 that I would -- I wanted to get out as far as the
 17 various projects that we have available.
 18 Q. And IAUS logo appears over your head;
 19 correct?
 20 A. That's correct. But like I said,
 21 Coca-Cola could have been there just as well. It's
 22 just an advertising space. It has nothing to do with
 23 what I was presenting.
 24 Q. When did you do this seminar that you're
 25 presenting in Plaintiff's Exhibit 539?

Page 246

1 A. I do it twice a month on KNRS at 2:00, I
 2 believe.
 3 MR. SNUFFER: She's asking about this
 4 seminar. This --
 5 THE WITNESS: Oh, I just did this one
 6 time. I don't -- this is a one-time thing.
 7 Q. BY MS. HEALY-GALLAGHER: And when did you
 8 do that?
 9 A. I believe it was in March. I'm not
 10 positive, but I think it was March.
 11 Q. 2017?
 12 A. 2017. March 2017.
 13 Q. And when did you start the KNRS
 14 interviews?
 15 A. At the same time, I think, yeah. I --
 16 well, no, no. I started -- I did this first, then a
 17 few weeks later -- or a month later I then began doing
 18 the -- the KNR -- KNRS radio program.
 19 I'm finding I'm quite good at it, too,
 20 actually. I got -- we were -- we're the second
 21 highest rated show now on their -- on their radio
 22 station, actually.
 23 (Exhibit 540 was marked for identification.)
 24 Q. BY MS. HEALY-GALLAGHER: All right.
 25 Showing you, Mr. Johnson, what's been marked as

Page 247

1 Plaintiff's Exhibit 540. Bates numbers Bank of
 2 American Fork-1 through 3.
 3 Mr. Johnson, Plaintiff's Exhibit 540
 4 appears to be a corporate banking resolution.
 5 Do you see that at the top?
 6 A. Right.
 7 Q. For IAS; correct?
 8 A. Correct.
 9 Q. And is your signature over your name
 10 where it says Neldon Johnson?
 11 A. Yes, uh-huh, that is my name.
 12 Q. And on Page 2 -- Page 2, not Page 3.
 13 A. Oh, sorry, Page 2. On the back of this,
 14 okay.
 15 Q. We see again your signature as an
 16 authorized individual to sign checks on behalf of IAS;
 17 correct?
 18 A. That's correct.
 19 Q. Are you a signatory on all bank accounts
 20 for IAS?
 21 A. Yes, I am.
 22 Q. Who are other people authorized to sign
 23 checks for IAS?
 24 A. LaGrand Johnson and Glenda Johnson.
 25 Q. Is that it?

Page 248

1 A. That's it, I think.
 2 Q. Have there ever been any other people
 3 authorized to sign checks on behalf of IAS?
 4 A. That I don't remember. I can't tell you
 5 that for sure. I don't know, but I don't think so.
 6 Oh, yes, Ina -- Ina Marie Johnson, or
 7 Jolly Johnson was one time authorized to sign checks.
 8 Q. And that's your ex-wife?
 9 A. That is my ex-wife.
 10 MS. HEALY-GALLAGHER: All right. I
 11 believe those are all the questions I have for right
 12 now.
 13 We'd like the witness to read and sign,
 14 please.
 15 MR. SNUFFER: Yes.
 16 THE REPORTER: Do you need a copy of this
 17 transcript?
 18 MR. SNUFFER: I do, yeah.
 19 MS. HEALY-GALLAGHER: Pass the witness.
 20 We are off the record.
 21 MR. SNUFFER: Yeah, let's go off the
 22 record.
 23 (The deposition was concluded at 4:34 p.m.)
 24 * * *
 25

1 Case: USA v. RaPower-3, et al.
2 Case No.: 2:15-cv-00828-DN-EJF
3 Date: June 29, 2017
Reporter: Vickie Larsen, CSR/RMR

4

WITNESS CERTIFICATE

5

6

7

8

NELDON JOHNSON

9

SUBSCRIBED and SWORN to before me on this _____ day of

10 _____, 2017, by NELDON JOHNSON.

11

Notary Public

12

Notary Public

13

14

15

16

17

18

19

20

21

22

23

24

25

1 Reporter's Certificate

2

3 State of Utah)

4 County of Salt Lake)

5

6 I, Vickie Larsen, Certified Shorthand

7 Reporter and Registered Merit Reporter, in the State of

8 Utah, do hereby certify:

9 THAT the foregoing proceedings were taken

10 before me at the time and place set forth herein; that

11 the witness was duly sworn to tell the truth, the whole

12 truth, and nothing but the truth; and that the

13 proceedings were taken down by me in shorthand and

14 thereafter transcribed into typewriting under my

15 direction and supervision;

16 THAT the foregoing pages contain a true

17 and correct transcription of my said shorthand notes so

18 taken.

19 IN WITNESS WHEREOF, I have subscribed my

20 name this 10th day of July, 2017.

21

22

23

24

Vickie Larsen, CSR/RMR

25