

Case Name: United States v. RaPower-3, LLC, et al. Case Number: 15-cv-828
Deposition of International Automated Systems, Inc. (Neldon Johnson, designee) taken June 29, 2017

Plaintiff Designations – BLUE Defendant Completeness— PURPLE Defendant Counter-Designations – RED (at end)	Defendant Designations – RED Plaintiff Completeness— PURPLE Plaintiff Counter Designations – BLUE (at end)	Defense Objections/Responses – RED Plaintiff Objections/Responses – BLUE	Exhibits	Ruling
PLAINTIFF DESIGNATIONS	DEFENDANT -DESIGNATIONS			
<p>8: 4 NELDON JOHNSON, 5 called as a witness, having been duly sworn, 6 was examined and testified as follows: 7 8 MS. HEALY-GALLAGHER: Good morning, 9 Mr. Johnson. 10 We're on the record in the case of United 11 States v. RaPower-3 on June 29th at about 9:07 a.m. 12 We met yesterday. My name is Erin 13 Healy-Gallagher. I'm with the United States 14 Department of Justice Tax Division appearing on behalf 15 of the United States. 16 Mr. Snuffer. 17 MR. SNUFFER: Yeah, Denver Snuffer here 18 on behalf today of IAS, but on behalf of the 19 defendants Neldon Johnson, RaPower, LTB2 -- or LTB1 as 20 well.</p>				

**Plaintiff
Exhibit**

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<p>21 MS. HINES: Erin R. Hines, also on behalf 22 of the United States. 23 MS. HEALY-GALLAGHER: Not with us today 24 are Chris Moran for the United States, and Donald Reay 25 for Greg Shepard and Roger Freeborn.</p>				
<p>9: 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.</p>			486	
<p>12:20 Q. Again today, Mr. Johnson,</p>				

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<p>we're here to</p> <p>21 get as accurate a record as we can of the facts of</p> <p>22 this case as you remember them.</p> <p>23 So I'm going to ask if there's anything</p> <p>24 that would prevent you from understanding and</p> <p>25 answering my questions to the full capacity of your</p> <p>13: 1 recollection today?</p> <p>2 A. No, there isn't.</p> <p>3 Q. Are you taking any medications or drugs</p> <p>4 of any kind that might interfere with your memory?</p> <p>5 A. No.</p> <p>6 Q. Have you had anything alcoholic to drink</p> <p>7 in the last eight hours?</p> <p>8 A. No.</p> <p>9 Q. Okay. And are you currently under a</p> <p>10 doctor's care for any illness?</p> <p>11 A. No.</p>				
<p>13:17 Q. I'm handing you, Mr. Johnson, what's been</p> <p>18 marked as Plaintiff's Exhibit 2, which we looked at</p>			2	

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<p>19 yesterday. And I just had a couple of questions about</p> <p>20 IAUS.com.</p> <p>21 You testified yesterday that you are the</p> <p>22 author of the content for IAUS.com?</p> <p>23 A. That's correct.</p> <p>24 Q. That's correct, okay.</p> <p>25 How does your content get online?</p> <p>14: 1 A. I have a -- a person put it online for</p> <p>2 me.</p> <p>3 Q. Who is that person?</p> <p>4 A. It's a -- there's several. Would be</p> <p>5 Aaron Joos or Randale Johnson.</p> <p>6 Q. Could you spell the first name that you</p> <p>7 said?</p> <p>8 A. Aaron Joos, J-O-O-S.</p> <p>9 But I also have the capacity to do it</p> <p>10 myself. I am also a programmer, so very fluent in</p> <p>11 programming.</p>				
<p>15: 6 Q. Okay. And if there are pictures and</p> <p>7 videos on IAUS.com, it's either</p>				

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<p>you or Randale or Erin 8 Joos who would have -- Joos who would have posted 9 them; correct? 10 A. That's correct, yes.</p>				
<p>16: 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</p>				

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<p>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. 17: 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.</p>				

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<p>17:16 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.</p>			507	
<p>21:10 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</p>			507	

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<p>it was filed with 22: 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.</p>				
<p>23:14 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.</p>				
<p>23:22 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. 24: 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</p>				

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<p>International Automated 6 Systems. 7 Q. In exchange for what? 8 A. The right to market the product.</p>				
<p>25: 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.</p>				
<p>26:20 Q. Okay. So what's contemplated is</p>				

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<p>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? 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?</p>				
<p>32:11 Q. You testified that RaPower-3 is 12 collecting all of the money for the solar projects?</p>				

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<p>13 A. No, just for the ones that they sell.</p> <p>14 Q. I see.</p> <p>15 A. Right.</p> <p>16 Q. So RaPower-3 is collecting the money for</p> <p>17 the solar projects that will use any of the lenses</p> <p>18 that RaPower-3 sells?</p> <p>19 A. That's correct.</p>				
<p>37:21 Q. Mr. Johnson, yesterday you testified that</p> <p>22 Cobblestone was the entity that is operating and</p> <p>23 maintaining the towers and lenses on the R&D site;</p> <p>24 right?</p> <p>25 A. Cobblestone Center is the company that</p> <p>38: 1 erects and manufactures the product.</p>				
<p>38:10 Q. Who is it that hired Cobblestone to</p> <p>11 operate and maintain or construct towers, either at</p> <p>12 the R&D site or on the construction site?</p> <p>13 A. It wasn't me as a CEO of International</p> <p>14 Automated Systems.</p>				

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<p>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 39: 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</p>				

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<p>R&D site; correct?</p> <p>10 A. For a short period of time, yes.</p> <p>11 Q. Who owns the towers at the R&D site?</p> <p>12 A. I think my wife does, but I'm not</p> <p>13 positive.</p> <p>14 Q. Glenda Johnson?</p> <p>15 A. The actual towers, yeah, are owned by</p> <p>16 Glenda Johnson, but I'm not positive.</p> <p>17 Q. Why do you think that?</p> <p>18 A. Because I know they're not -- I know</p> <p>19 they're not owned by IAS, and Glenda Johnson owns</p> <p>20 everything else that -- that is owned.</p> <p>21 Q. So does Mrs. Johnson also own the land on</p> <p>22 which the towers stand?</p> <p>23 A. No. On -- on those -- that property,</p> <p>24 International Automated Systems, I think, owns the</p> <p>25 land there. But they -- they -- they do not own the</p> <p>40: 1 towers.</p>				

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<p>2 Q. So if Mrs. Johnson owns the towers, how</p> <p>3 is it that you as the manager of RaPower-3, SOLCO, and</p> <p>4 XSun Energy had the authority to hire Cobblestone to</p> <p>5 operate and maintain them?</p> <p>6 A. Because she said I could.</p>				
<p>45: 4 Does SOLCOI, LLC have any contractual</p> <p>5 relationship with International Automated Systems?</p> <p>6 A. Yes, they do.</p> <p>7 Q. What is that relationship?</p> <p>8 A. It's the same -- same contract that's</p> <p>9 involved with the RaPower.</p> <p>10 Q. Okay. So today, does SOLCOI market</p> <p>11 anything other than lenses, on behalf of IAS?</p> <p>12 A. No, they do not.</p> <p>13 Q. Has SOLCOI ever marketed any other</p> <p>14 product on behalf of IAS?</p> <p>15 A. No, they do not.</p> <p>16 Q. They have not?</p> <p>17 A. Have not.</p> <p>18 Q. In SOLCOI's royalty agreement, is it the</p>				

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<p>19 same split of 85 percent of all profits to IAS and</p> <p>20 15 percent of profits to SOLCOI's owners?</p> <p>21 A. That's correct.</p>				
<p>46:10 Q. All right. XSun Energy, LLC. Does XSun</p> <p>11 Energy, LLC have a contractual relationship with IAS?</p> <p>12 A. It does.</p> <p>13 Q. What is that relationship?</p> <p>14 A. It's the same contract as spoken of in</p> <p>15 RaPower-3.</p> <p>16 Q. Is there any other contractual</p> <p>17 relationship between XSun Energy and IAS?</p> <p>18 A. No, there is not.</p>				
<p>47: 2 Today, XSun Energy markets IAS lenses;</p> <p>3 correct?</p> <p>4 A. That's correct.</p> <p>5 Q. Does it market any other product on</p> <p>6 behalf of IAS?</p> <p>7 A. Not at the present time.</p> <p>8 Q. Has it ever marketed any other product?</p> <p>9 A. It has not.</p> <p>10 Q. Who signed the royalty</p>				

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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.				
47:24 Q. Okay. And for RaPower-3, who signed the 25 royalty agreement between RaPower-3 and IAS? 48: 1 A. Neldon Johnson. 2 Q. For both parties? 3 A. Yes.				
48:19 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. 49: 1 Q. What relationship is that? 2 A. They -- the Blacknight and				

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<p>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.</p>				
<p>50: 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.</p>				
<p>52:25 Q. Now, in 2004 IAS acquired the patents for 53: 1 the solar energy technology at issue in this case. 2 All right? 3 A. We got the license, yes, that's</p>				

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<p>correct.</p> <p>4 Q. Who did IAS get the license from?</p> <p>5 A. I think it's Johnson Family Trust or MPJ</p> <p>6 Trust.</p> <p>7 Q. Okay. So then has IAS ever made a</p> <p>8 royalty payment to Blacknight?</p> <p>9 A. No, they have not.</p> <p>10 Q. Has IAS ever made a royalty payment to</p> <p>11 Starlight?</p> <p>12 A. No, they have not.</p> <p>13 Q. Why has IAS not made a royalty payment to</p> <p>14 Blacknight?</p> <p>15 A. Because it hasn't -- there hasn't been</p> <p>16 any revenue generated, and so there was -- hasn't --</p> <p>17 hasn't been any profits reported.</p> <p>18 Q. Is the royalty agreement between IAS and</p> <p>19 Blacknight in writing?</p> <p>20 A. Yes, it is.</p> <p>21 Q. Who signed that agreement on behalf of</p> <p>22 Blacknight?</p> <p>23 A. Neldon Johnson.</p>				

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<p>24 Q. And who signed that agreement on behalf 25 of IAS? 54: 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.</p>				
<p>55:13 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</p>				

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19 for a short period of time. 20 Q. So people paid IAS directly for lenses? 21 A. That's correct.				
62:15 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? 63: 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				

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<p>6 site than the R&D site?</p> <p>7 A. No, it has not.</p> <p>8 Q. Did IAS install solar lenses at the time</p> <p>9 it constructed the towers?</p> <p>10 A. Yes, it did.</p> <p>11 Q. From the date the towers were</p> <p>12 constructed, until</p> <p>approximately when, was IAS in</p> <p>13 charge of taking care of the towers?</p> <p>14 A. I believe in 2008 or 2009, or before</p> <p>15 that, RaPower then became the sole entity that</p> <p>16 controlled the construction of the -- maybe -- it was</p> <p>17 Cobblestone that then became the sole responsibility</p> <p>18 of -- Cobblestone. I think maybe it was 2010.</p> <p>19 Q. Okay. So it's your recollection it was</p> <p>20 between 2008 and 2010 that Cobblestone became</p> <p>21 responsible for the towers?</p> <p>22 A. Yes. And you have those documents in</p> <p>23 your possession.</p>				

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<p>24 Q. Did IAS construct all of the towers that</p> <p>25 currently exist on the R&D site?</p> <p>64: 1 A. That's correct.</p>				
<p>73: 7 Q. Has any customer ever asked IAS to see</p> <p>8 their particular lens?</p> <p>9 A. I'm sure there has.</p> <p>10 Q. About how many times?</p> <p>11 A. Not aware of any, but I'm sure there has</p> <p>12 been. I just don't know. I don't keep record of</p> <p>13 something like that.</p> <p>14 Q. Okay. So you don't know --</p> <p>15 A. I wouldn't know, no.</p> <p>16 Q. Sorry, let me finish the question.</p> <p>17 So you don't know if that's happened at</p> <p>18 all?</p> <p>19 A. No, I do not.</p> <p>20 Q. Mr. Johnson, IAS purchases the lenses</p> <p>21 from Plaskolite. Isn't that right?</p> <p>22 A. Yes. Yes, it is.</p>				
<p>74:15 Q. All right. So you've been handed a copy</p>			<p>518</p> <p>519</p>	

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<p>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. 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</p>			520	

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<p>-- 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 76: 1 those triangles? 2 A. Yes. 3 Q. So with this purchase order, if IAS was 4 buying 2,100 rectangles, it</p>				

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<p>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-</p>				

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<p>GALLAGHER: Mr. Johnson, 24 you've been handed what's been marked Plaintiff's 25 Exhibit 520. For the record, the exhibit is Bates 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.</p>				
<p>78: 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.</p>				
<p>79:21 Q. Okay. It looks like IAS bought 7500 22 rectangles in summer 2012.</p>				

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<p>23 Why did it buy so much at that time?</p> <p>24 A. We were getting ready for additional</p> <p>25 projects outside of RaPower's projects.</p> <p>80: 1 Q. What projects were those?</p> <p>2 A. They were just various entities that we</p> <p>3 were getting ready for contracts for.</p> <p>4 Q. Would you please identify those.</p> <p>5 A. I think they were the -- they could have</p> <p>6 been the -- the 1603 program, and partially those and</p> <p>7 partially of the -- the -- we were getting ready to</p> <p>8 produce the project for the company, the -- out of the</p> <p>9 -- the east there, and possibly getting ready for</p> <p>10 other projects as well.</p>				
<p>80:15 Q. Any other specific projects at that time?</p> <p>16 A. Not that I know of, but -- but we were in</p> <p>17 the process of negotiating out several contracts, of</p>				

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<p>18 which we decided not to enter into at that time.</p> <p>19 Q. What were the projects you were in the</p> <p>20 process of negotiating?</p> <p>21 A. I think there was one in Yermo in</p> <p>22 California. There was -- there was one in -- in -- I</p> <p>23 think there's some -- there's some ones in Texas.</p> <p>24 There's some -- there's some in</p> <p>25 California. Maybe two or three in California. And</p> <p>81: 1 there are -- I think there may be four or five or six.</p> <p>2 One in Nevada.</p> <p>3 And those contracts went on -- I put on</p> <p>4 hold because I wanted to do some other things first.</p> <p>5 But we had bought -- we had contemplated entering into</p> <p>6 the agreements with those people.</p> <p>7 Q. And this is all in or around the summer</p> <p>8 of 2012?</p> <p>9 A. Yeah. It was roughly all -- all the way</p>				

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<p>10 through that period of time. I 11 think that's when some 12 problems with -- with the -- 13 with -- with the DOJ took 14 place, and I think there was 15 some indications that I 16 just chose until we got through 17 all of the problems 18 with -- with the government 19 entities, we chose not to 20 -- to do any more until we were 21 sure that the way we 22 were -- the way we were selling 23 them wouldn't come 24 back on us. 25 I think that's why we partially backed away from those contracts. We wanted to see more where the government was focusing their attention to and why. We're still not clear on that issue. So the big projects are -- basically we went on hold for that reason. Q. So big projects went on hold, but entities continued to sell lenses to individuals?</p>				

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<p>82: 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.</p>				
<p>86:14 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</p>				

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25 people that are doing this. 87: 1 And yet you know what, you know there's a 2 company called Amerex over in -- in Arizona --				
98:24 Q. Has IAS ever paid the owner of a lens any 25 rent for that lens? 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.				
100:14 To your knowledge, have you signed every 15 10-K that IAS has submitted to the SEC? 16 A. Yes.				
103: 7 You mentioned a demonstration in 8 Mesquite, Nevada, yesterday. 9 A. Yes. 10 Q. Remind me again when that demonstration 11 was.				

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<p>12 A. It was right around 2005. 13 Q. Okay. So -- and I believe you said that 14 the demonstration in Mesquite, Nevada, had to do with 15 lenses that you purchased; correct? 16 A. Correct. 17 Q. But you used your turbine? 18 A. Correct.</p>				
<p>119: 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</p>				

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<p>companies selling the same --</p> <p>13 similar type of product.</p> <p>14 So, yeah, I think that we were</p> <p>15 advertising that there are</p> <p>certain tax benefits buying</p> <p>16 solar energy.</p> <p>17 Q. Buying solar energy or</p> <p>buying solar</p> <p>18 lenses?</p> <p>19 A. Well, solar lenses, yeah.</p> <p>20 Q. And when did you start</p> <p>advertising that</p> <p>21 depreciation was a tax benefit</p> <p>related to buying the</p> <p>22 solar lenses?</p> <p>23 A. It could have been at the</p> <p>same time, I</p> <p>24 don't know. But you have the</p> <p>documents. You would</p> <p>25 have them.</p>				
<p>120: 8 Q. So your recollection is that</p> <p>the laws on</p> <p>9 depreciation changed around</p> <p>2007?</p> <p>10 A. I think they did. I think -- I</p> <p>think</p> <p>11 they changed it from -- they</p> <p>were given a bonus</p> <p>12 depreciation at the time, I think,</p> <p>and tax credits.</p>				

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<p>122:15 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? 123: 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 --</p>				

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<p>11 the -- that prints out the actual log being printed, 12 or some other company like that, but...</p>				
<p>123:25 Q. Okay. All I want to know is about the 124: 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.</p>				

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<p>18 Q. Do you remember the code sections that</p> <p>19 you read of the tax code?</p> <p>20 A. Well, they would be the -- I would</p> <p>21 imagine Section 48, and other sections like that, that</p> <p>22 had to deal with -- with the solar energy tax credits,</p> <p>23 plus business tax credits. And then the codes on</p> <p>24 depreciation, I don't -- I don't recollect those</p> <p>25 codes, but they're easy to look up so I don't need to</p> <p>125: 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>				

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<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>126: 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>				

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<p>5 know. 6 Q. Do you remember any names? 7 A. I don't, no. 8 Q. Did the CPAs give you anything in 9 writing? 10 A. No. I didn't ask for anything in 11 writing. 12 Q. How many CPAs did you talk to? 13 A. I don't know. Four or five, maybe six, I 14 don't know. 15 Q. Do you have any records of your 16 conversations with these CPAs? 17 A. I do not.</p>				
<p>126:22 Q. Quick question back on the tax code and 23 the books that you read. I think a couple times 24 you've said "we" looked at it. Who's "we"? 25 A. I just -- it's just the way I express 127: 1 myself. I have a -- I just -- it's a habit that I've 2 acquired. It was just myself.</p>				

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<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>				

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<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>128: 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>129:11 Q. After that, Mr. Johnson, you say you went</p> <p>12 to -- that's when you first had contact with the</p> <p>13 Anderson Law Center?</p> <p>14 A. Well, I don't know exactly when I had the</p> <p>15 first contact --</p> <p>16 Q. With --</p> <p>17 A. -- with respect --</p> <p>18 Q. First contact with respect to anything to</p> <p>19 do with the lenses?</p> <p>20 A. Right. I don't remember exactly when</p> <p>21 that was. We were -- we were</p>				

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<p>doing business with them</p> <p>22 on other issues with the -- with Todd Anderson, but</p> <p>23 they weren't related to the company, nor were they</p> <p>24 related -- they were personal items. They had nothing</p> <p>25 to do with the company nor with the tax -- tax laws at 130: 1 that time.</p> <p>2 Q. And, in your mind -- and, let's see. And</p> <p>3 you got the letter -- you got a letter from the</p> <p>4 Anderson Law Center in or around 2010?</p> <p>5 A. Seems to me like about right then, yeah.</p>				
<p>133:21 (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>134: 1 Please let me know when you're ready to</p> <p>2 answer questions.</p>			525	

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<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 -</p> <p>- 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>				

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<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>135: 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>136:14 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>			525	

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<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> <p>137: 1 Q. And it features an equipment lease</p> <p>2 agreement?</p> <p>3 A. Right.</p> <p>4 Q. Then an equipment sublease agreement?</p> <p>5 A. Right.</p>				
<p>146: 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>146:11 (Exhibit 526 was marked for identification.)</p>			526	

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<p>12 Q. BY MS. HEALY-</p> <p>GALLAGHER: Mr. Johnson,</p> <p>13 please take a look at what's</p> <p>been marked Plaintiff's</p> <p>14 Exhibit 526, which is right here</p> <p>(indicating).</p> <p>15 Plaintiff's 526 is Bates marked</p> <p>Ra3565</p> <p>16 through 566.</p> <p>17 Again, I'll represent to you that</p> <p>your</p> <p>18 attorneys produced this</p> <p>document. It appears to be to</p> <p>19 Randy Johnson as the VP of</p> <p>business development for</p> <p>20 International Automated</p> <p>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</p> <p>called ECI</p> <p>24 International, Inc.?</p> <p>25 A. Okay.</p>				
<p>147: 7 Q. BY MS. HEALY-</p> <p>GALLAGHER: This letter was</p> <p>8 dated October 5, 2005.</p> <p>9 Mr. Johnson, do you recognize</p> <p>this</p> <p>10 document?</p> <p>11 A. No, I don't.</p>				

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<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>148: 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>				

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<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>				

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<p>24 has been evaluated by the IRS, by the way, or the 25 IRS's attorney. 149: 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</p>				

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<p>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. 150: 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.</p>				
<p>156: 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?</p>			94	

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<p>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>				

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157: 1 Q. Nonetheless, you provided the form of the 2 Equipment Purchase Agreement; right? 3 A. I did. I did that, yes.				
158: 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.				
158:22 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 159: 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.			530	

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<p>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. 160: 1 Q. And the e-mail says, if</p>				

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<p>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.</p>				
<p>161: 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?</p>			103	
<p>162: 1 Q. So, Mr. Johnson, before the break you 2 were handed a copy of -- you</p>			531	

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<p>were handed Plaintiff's</p> <p>3 Exhibit 531; correct?</p> <p>4 A. Correct, uh-huh.</p> <p>5 Q. Do you recognize Plaintiff's Exhibit 531?</p> <p>6 A. I do. Yes, I do, actually.</p> <p>7 Q. What is it?</p> <p>8 A. This is a document that was prepared to</p> <p>9 develop sales materials and -- and then the sales</p> <p>10 program showing what we had had -- had researched and</p> <p>11 had validated by somebody else.</p>				
<p>162:15 Q. I'm sorry. I'm sorry.</p> <p>16 So you said that you drafted Plaintiff's</p> <p>17 Exhibit 531? Yes?</p> <p>18 A. I believe I did, yes.</p>			531	
<p>163:16 Q. Sure.</p> <p>17 When did you draft this?</p> <p>18 A. It was somewhere in 2000 -- early 2006 or</p> <p>19 mid 2006, and I'm not positive exactly when the date</p> <p>20 was, but it was --</p> <p>21 Q. And you --</p> <p>22 A. -- in 2006, I believe.</p> <p>23 Q. Sorry about that.</p>				

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<p>24 You said that you drafted this to help 25 build sales presentations? 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.</p>				
<p>164:13 Q. Do you think you showed it to 25 or more 14 people? 15 A. Probably. Probably.</p>				
<p>164:19 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 165: 1 other people that we know. 2 Q. Did you show it to Monty</p>			531	

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<p>Hamilton?</p> <p>3 A. Might have done. I believe I would have</p> <p>4 done, yes. And this is accurate. That was a good</p> <p>5 piece of work, actually.</p> <p>6 Q. And I'm sorry, you just said your</p> <p>7 testimony today is Plaintiff's Exhibit 531 is</p> <p>8 accurate?</p> <p>9 A. I believe so, yes.</p>				
<p>171:12 Q. BY MS. HEALY-GALLAGHER: Showing you</p> <p>13 what's been marked Plaintiff's Exhibit 532. Would you</p> <p>14 please take a look at this document and let me know</p> <p>15 when you've had a chance to review it.</p> <p>16 A. Okay.</p> <p>17 Q. For the record, the Bates number is</p> <p>18 Ra313993 through 14004.</p> <p>19 A. Okay. Okay.</p> <p>20 Q. Do you recognize this document,</p> <p>21 Mr. Johnson?</p> <p>22 A. Yes, I do.</p> <p>23 Q. What is it?</p>			<p>532</p> <p>531</p>	

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<p>24 A. This is the -- the same document prepared</p> <p>25 in just a Photoshop way to -- to make a sales -- sales</p> <p>172: 1 presentation material for my solar energy project.</p> <p>2 Q. And do you mean Plaintiff's Exhibit 532</p> <p>3 has the same information as Plaintiff's Exhibit 531?</p> <p>4 A. These were -- these were developed, I</p> <p>5 think, at the same period of time, yes.</p> <p>6 Q. And did you create Plaintiff's</p> <p>7 Exhibit 532?</p> <p>8 A. I did.</p> <p>9 Q. Did you create Plaintiff's Exhibit 532,</p> <p>10 you said around the same time as 531. So that would</p> <p>11 have been in or around 2006; correct?</p> <p>12 A. Yes. They were -- they actually were --</p> <p>13 went together. You would have -- you would have had</p> <p>14 these -- these together. This would have been just an</p> <p>15 overview. This would have</p>				

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<p>had the disclaimers in it 16 together and so they would have been together.</p>				
<p>173: 2 Q. So, Mr. Johnson, if you take a look at 3 the last page of Plaintiff's Exhibit 531, which is 4 Ra313992. 5 A. Okay. 6 Q. And the first page of Plaintiff's 7 Exhibit 532, the Bates number for the first page is 8 the next page number; correct? 9 A. Yeah. 10 Q. Yeah. So I see what you're saying. So 11 these two would have been together? 12 A. Right. 13 Q. Okay. Who, if anyone, did you show 14 Plaintiff's Exhibit 532 to? 15 A. The same group of people that would be 16 around me, and I would have shown it to them 17 and -- and sought their input into what had been 18 developed and what other changes we may do, and how</p>			<p>531 532</p>	

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<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>176:22 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> <p>177: 1 single tower.</p> <p>2 Q. Okay. So you're referring to the photos</p> <p>3 in 532?</p> <p>4 A. Right. It was a single unit back then.</p> <p>5 That was what we did.</p>			<p>531</p> <p>532</p>	
<p>177:19 Q. I'm going to show you, sir, what was</p> <p>20 marked previously in this case as Plaintiff's</p> <p>21 Exhibit 181. And we talked about that yesterday.</p> <p>22 Plaintiff's Exhibit 181, if we take a</p> <p>23 look at the top, is dated 18 December 2008.</p> <p>24 Do you see that?</p> <p>25 A. I do.</p>			<p>181</p>	

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<p>178: 1 Q. And this is the Equipment Purchase</p> <p>2 Agreement between IAS and iLios, LLC; right?</p> <p>3 A. Okay.</p> <p>4 Q. Now, this contract states that it is for</p> <p>5 50 alternative energy systems. Do you see that? It's</p> <p>6 on the first page under "Agreement," Paragraph 1.</p> <p>7 Under "Agreement," Paragraph 1. Nope,</p> <p>8 first page. About halfway down the page do you see</p> <p>9 the word "Agreement" in bold caps?</p> <p>10 A. Uh-huh.</p> <p>11 Q. And you see Paragraph 1 underneath that?</p> <p>12 A. Uh-huh.</p> <p>13 Q. Yes?</p> <p>14 A. Yeah, I see it. Right, okay.</p> <p>15 Q. Okay. So go ahead and read Paragraph 1</p> <p>16 to yourself, please.</p> <p>17 A. Okay. I got it.</p> <p>18 Q. This Equipment Purchase Agreement is for</p> <p>19 50, five zero, alternative energy</p>				

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<p>systems. 20 Do you see that? 21 A. Uh-huh. 22 Q. Yes?</p>				
<p>179: 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.</p>				
<p>180:24 Q. You see your signature on the last page 25 of Plaintiff's Exhibit 181; right? 181: 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.</p>			181	

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<p>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.</p>				

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That's what that is.				
182:16 (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. 183: 1 A. Right. 2 Q. Your signature appears on behalf of IAS; 3 correct? 4 A. Correct.			533	
183: 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.			533	

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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. 184: 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.				

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<p>10 Q. Okay. So what does that mean to you?</p> <p>11 A. Two lenses. Two -- to triangles.</p> <p>12 Q. I'm sorry. Let's make sure that's clear.</p> <p>13 I see that the quantity two is next to</p> <p>14 the description. Okay. So do you mean a solar</p> <p>15 lens -- a single solar lens concentrator?</p> <p>16 A. No. It been -- it actually had been what</p> <p>17 we sell for four right now, this would be two.</p> <p>18 Q. So do you mean --</p> <p>19 A. One -- one complete triangle. There's</p> <p>20 two of those.</p> <p>21 Q. Okay. So the double layer as we</p> <p>22 identified yesterday?</p> <p>23 A. Right.</p> <p>24 Q. Okay. So this -- this on Exhibit A would</p> <p>25 have been a total of four triangles?</p> <p>185: 1 A. Right.</p>				
185:18 IAS has only sold lenses;				

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correct? 19 A. Correct. 20 Q. Which, by your definition, are two 21 triangles put together? 22 A. In this situation, that's correct. 23 Q. Oh, for 2009? 24 A. Right. 25 Q. Did that change at any time? 186: 1 A. Yes, it did.				
186:12 A. When we started RaPower, we lowered -- we 13 changed the way we were selling the working product. 14 Q. And RaPower started in about 2010; 15 correct? 16 A. Right around then. 2009, yeah, about 17 2010, yeah. 18 Q. Okay. Because this Equipment Purchase 19 Agreement in Plaintiff's Exhibit 533 is dated 20 August 2009? 21 A. Right. So it was -- it would have been 22 in probably 2010, yeah.			533	
187: 1 Q. Until RaPower came on the scene --				

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<p>2 A. Right. 3 Q. -- did IAS sell any other solar energy 4 product besides two triangles put together which made 5 one lens? 6 A. No. 7 Q. What changed with RaPower? 8 A. Oh, just the way we decided to market. I 9 just -- this wasn't working out the way I wanted it to 10 and I felt like that it would be better to market it 11 the other way, and it would reduce the price and 12 everything. So it worked out better for everybody, I 13 think. 14 Q. Real quick, when RaPower came on the 15 scene, what, if anything, changed about the actual 16 lens that was sold? 17 A. Nothing, really. I mean, we just -- we 18 were just doing the same thing. We just -- we were 19 automating certain things and making things so that we</p>				

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<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>188: 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>190:22 Q. So on April 4th when we visited the site</p> <p>23 and saw lenses tacked up along the ground --</p> <p>24 A. Correct.</p> <p>25 Q. -- there were two pieces of plastic --</p>				

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<p>191: 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.</p>				
<p>192: 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.</p>				

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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.				
193: 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			531 532	

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<p>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 194: 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</p>				

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<p>5 match the actual product being sold.</p> <p>6 Q. And you're pointing to Plaintiff's</p> <p>7 Exhibit 531 and 532?</p> <p>8 A. Correct.</p> <p>9 Q. That's the material that you used to</p> <p>10 start the marketing material for RaPower-3?</p> <p>11 A. Right. It was a very limited amount of</p> <p>12 marketing. We just -- I just wanted to see if -- if</p> <p>13 it would be attractive, yeah. At what level it would</p> <p>14 be attractive. What would be the resistance to the</p> <p>15 sales and -- and -- and all the marketing information</p> <p>16 that we could gather -- I could gather together to put</p> <p>17 a statistical model together to show what price breaks</p> <p>18 would change and what market -- how that would affect</p> <p>19 my market penetration by the experience that we had</p> <p>20 just gone through.</p>				
194:23 Q. BY MS. HEALY-			534	

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<p>GALLAGHER: Mr. Johnson, I'm 24 handing you what's marked Plaintiff's Exhibit 534 -- 25 A. Okay. 195: 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?</p>				

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18 A. Yes.				
<p>196:21 Q. BY MS. HEALY-GALLAGHER: Handing you</p> <p>22 what's been marked Plaintiff's</p> <p>Exhibit 535, Ra338005</p> <p>23 through 8008.</p> <p>24 Take a look at Plaintiff's 535,</p> <p>please,</p> <p>25 Mr. Johnson, and let me know</p> <p>when you're done.</p> <p>197: 1 A. Okay.</p> <p>2 Q. Do you recognize Plaintiff's</p> <p>Exhibit 535?</p> <p>3 A. No, not really, but I'm sure it's</p> <p>4 something I should have known.</p> <p>5 Q. Do you see at the top there</p> <p>there's a</p> <p>6 Google web address that</p> <p>includes IAUS.com?</p> <p>7 A. Okay.</p> <p>8 Q. And I will represent to you that</p> <p>we</p> <p>9 received this from your prior</p> <p>attorneys.</p> <p>10 A. Okay.</p> <p>11 Q. Mr. Johnson, this looks to me</p> <p>like a list</p> <p>12 of contracts --</p> <p>13 A. Okay.</p> <p>14 Q. -- or people with whom IAS</p>			535	

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<p>may have had</p> <p>15 contracts.</p> <p>16 A. Okay.</p> <p>17 Q. In fact, we look up at the top left, it</p> <p>18 says "Copy of solar contracts 2009.XLS."</p> <p>19 Do you see that?</p> <p>20 A. Okay.</p> <p>21 Q. Do you see that?</p> <p>22 A. Where at again?</p> <p>23 Q. Top left.</p> <p>24 A. On the front page?</p> <p>25 Q. Yes.</p> <p>198: 1 A. Okay.</p> <p>2 Q. Actually, it's on all the pages.</p> <p>3 A. Okay.</p> <p>4 Q. Do you -- take a look at the names.</p> <p>5 A. Okay.</p> <p>6 Q. Do you recognize these names as people</p> <p>7 who had contracts with IAS?</p> <p>8 A. I -- I looked at some of them.</p> <p>9 Q. Do you recognize some of them?</p> <p>10 A. I do.</p> <p>11 Q. On the top of the second page we see</p> <p>12 Neldon Johnson, Randale</p>				

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<p>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.</p>				
<p>203: 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 --</p>				

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<p>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, 204: 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</p>				

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<p>8 clear for the record.</p> <p>9 You keep saying that "we" received this,</p> <p>10 "we" shared it back out. Who is "we"?</p> <p>11 A. It's Neldon Johnson and myself, three,</p> <p>12 four times together in all the different management</p> <p>13 positions I hold, and that's how I come to we.</p> <p>14 It's up to where I get -- I get --</p> <p>15 and -- and the biggest reason is because I -- I do a</p> <p>16 lot of -- I do most the inventing myself, and it seems</p> <p>17 a little bit -- to say that I did it all myself, and</p> <p>18 the "I" is a little bit irritating to me in that</p> <p>19 respect, and so I got used to saying -- it was easier</p> <p>20 to say "we." It didn't seem grotesque.</p>				
<p>207:11 (Exhibit 537 was marked for identification.)</p> <p>12 Q. BY MS. HEALY-GALLAGHER: Handing you,</p> <p>13 Mr. Johnson, what's been marked Plaintiff's</p>			537	

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<p>14 Exhibit 537, which is Ra38144 through 8159.</p> <p>15 A. Okay.</p> <p>16 Q. Do you recognize Plaintiff's Exhibit 537?</p> <p>17 A. Operation and Maintenance Agreement. I</p> <p>18 believe so, yes.</p> <p>19 Q. Do you know who drafted the original text</p> <p>20 for the Operation and Maintenance Agreement?</p> <p>21 A. I think there was an attorney involved,</p> <p>22 but I'm not positive of that. Not something that I</p> <p>23 would have written myself.</p> <p>24 Q. Did you ask an attorney to draft this?</p> <p>25 A. I believe I did.</p>				
<p>209:14 Q. Okay. You've had the chance to take a</p> <p>15 look at Plaintiff's Exhibit 16A.</p> <p>16 Do you see that?</p> <p>17 A. Yes.</p> <p>18 Q. Do you recognize Plaintiff's Exhibit 16A?</p> <p>19 A. I do.</p> <p>20 Q. What is it?</p> <p>21 A. This is an executive summary</p>			16A	

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<p>that -- that</p> <p>22 I wrote for our internal use to evaluate the position</p> <p>23 we were at with everyone involved looking at what we</p> <p>24 need -- what we've accomplished.</p> <p>25 The -- what we intend to accomplish and</p> <p>210: 1 how -- how we intend to fulfill all our obligations.</p> <p>2 Including in this is the white papers developed by</p> <p>3 people that we hired to evaluate our technology.</p> <p>4 Q. So the white papers we took a look at</p> <p>5 yesterday, and it looks like those white papers are</p> <p>6 pretty much replicated from Pages Ra38178 through</p> <p>7 8233; is that right?</p> <p>8 A. That's correct.</p> <p>9 Q. Okay. So you wrote the executive summary</p> <p>10 that preface the white papers in Plaintiff's</p> <p>11 Exhibit 16A?</p> <p>12 A. That is correct, yes.</p>				
<p>211:10 Q. Okay. So you mentioned</p>			16A	

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<p>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. 212: 1 Q. Which website? 2 A. International Automated Systems. I think 3 this is on that. I'm not positive, but I think that</p>				

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<p>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</p>				

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<p>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. 213: 1 Q. There you go. 2 A. There we go. Copyright 2010. So it 3 would have been right in that neighborhood -- probably 4 2009 is when it was actually written in.</p>				
<p>214:16 Q. Mr. Johnson, in 2010 was International 17 Automated Systems' address 326 North SR-198? 18 A. Yes, that's a correct address. 19 Q. And that's in Salem, Utah 84653? 20 A. That's correct, yes. 21 Q. Mr. Johnson, I'm showing you a document 22 we looked at yesterday -- 23 A. Okay. 24 Q. -- which is marked Plaintiff's 25 Exhibit 185. 215: 1 A. Okay. 2 Q. You sent Plaintiff's Exhibit 185 on</p>			<p>185 186 188</p>	

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<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</p>				

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Exhibit 188? 24 A. Yes, I do. 25 Q. What is it? 216: 1 A. It's a check to Patty Lambrecht. 2 Q. And it's on RaPower-3, LLC letterhead; 3 correct? 4 A. Right, uh-huh.				
219:18 Q. Okay. Mr. Johnson, so you believe that 19 RaPower-3 was reimbursed for this payment to Patty 20 Lambrecht, yes? 21 A. I'm pretty sure they were. 22 Q. Was it IAS who reimbursed them? 23 A. No. It would have been myself. 24 Q. So you as Neldon Johnson personally? 25 A. Yes, Neldon Johnson personally would have 220: 1 reimbursed them, yes. But that's -- I think that's 2 where that came from.				
223:20 Q. Mr. Johnson, if Greg Shepard has made 21 statements about the status of IAS technology, would			538	

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<p>22 he have any source for those statements, other than</p> <p>23 you?</p> <p>24 A. No.</p> <p>25 Q. Mr. Johnson, in the past has a mailing</p> <p>224: 1 address for IAS been 326 North Highway 6?</p> <p>2 A. Yes.</p> <p>3 (Exhibit 538 was marked for identification.)</p> <p>4 Q. BY MS. HEALY-GALLAGHER: For the record,</p> <p>5 Plaintiff's 538 is Ra36353.</p> <p>6 A. Okay.</p> <p>7 Q. Do you recognize this document, sir?</p> <p>8 A. I -- I don't -- I don't recognize it, but</p> <p>9 it's probably something that I read. I just don't</p> <p>10 reading it.</p> <p>11 Q. Did Richard Blake have a contract with</p> <p>12 IAS?</p> <p>13 A. Must have done. Like I said, I don't</p> <p>14 know, but I would assume that he did. I don't know</p> <p>15 how come a \$10,000 contract</p>				

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<p>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? 225: 1 A. Yes.</p>				
<p>226:16 Q. Was it before -- did you learn about the 17 audits and the disallowables before or after the 18 summer 2012 raid? 19 A. It was after that. I don't -- it didn't 20 start before that, I don't believe, that I recollect. 21 Q. What, if anything, did IAS do differently 22 after the IRS raid in summer</p>				

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<p>2012? 23 A. We never did anything different. I think 24 we notified the people that were -- there was a raid 25 and what the raid was about.</p>				
<p>229:16 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 230: 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,</p>				

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<p>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.</p>				
<p>230:25 What, if anything, did you talk about 231: 1 with Greg Shepard with respect to the audits?</p>				

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<p>2 A. What -- what audit are you talking about?</p> <p>3 Q. The IRS audits of your customers.</p> <p>4 A. He was the one approached me, actually.</p> <p>5 Q. He let you know?</p> <p>6 A. Yeah, I didn't know. He was the one who</p> <p>7 got the information first.</p>				
<p>234:24 Would you please take a look at what's</p> <p>25 been marked Plaintiff's Exhibit 483.</p> <p>235: 1 A. Right.</p> <p>2 Q. For the record, Plaintiff's Exhibit 483</p> <p>3 is Ra36356 through 6427.</p> <p>4 A. Okay.</p> <p>5 Q. Do you recognize this document?</p> <p>6 A. Yes, I do.</p>			483	
<p>235:16 Q. At the bottom of the first page there's a</p> <p>17 name that appears, Dr. Sterling Rigby.</p> <p>18 Do you recognize that name?</p> <p>19 A. I do.</p> <p>20 Q. Who is that?</p> <p>21 A. He's just a friend of mine that</p>				

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I -- I've 22 known for 20 years.				
236: 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,				

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24 yeah. 25 Q. On the R&D site? 237: 1 A. Correct, yes.				
239:13 Q. What, if anything, did IAS change about 14 its practices after the complaint was filed in this 15 case? 16 A. In what case? 17 Q. In this case that we're here for. 18 A. Nothing. I changed the way I'm selling 19 the product, but not because of this case. It's 20 because we were selling too many -- too many items the 21 other way and it was -- it was pushing up the limits 22 what we said. So we changed the program. 23 Q. What did you change? 24 A. We just changed the way we were marketing 25 the -- the product. 240: 1 Q. What product? 2 A. The solar lenses. I'm sorry. 3 We're changing the way we're marketing 4 the solar lenses into a different				

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<p>marketing procedure. 5 Q. What -- what does that change involve? 6 A. It just -- it just makes it so that we 7 take less of the tax credits and we just split -- we 8 let them take part of the tax credits. And there 9 isn't any depreciation that -- that we -- that we 10 offer. 11 The way it's done, if they take 12 depreciation, it's not -- I don't see how they could 13 make that work, actually. 14 But, you know, that's between them -- I 15 haven't told them they can or can't. I'm just saying 16 that we don't advertise that its even possible.</p>				
<p>242:11 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.</p>			539	

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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 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.				
245:24 Q. When did you do this seminar that you're 25 presenting in Plaintiff's Exhibit 539? 246: 1 A. I do it twice a month on KNRS at 2:00, I 2 believe.			539	
246: 9 A. I believe it was in March.			540	

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<p>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 247: 1 Plaintiff's Exhibit 540.</p>				

<p><i>Case Name: United States v. RaPower-3, LLC, et al. Case Number: 15-cv-828</i></p> <p><i>Deposition of International Automated Systems, Inc. (Neldon Johnson, designee) taken June 29, 2017</i></p>				
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<p>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</p>				

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authorized to sign 23 checks for IAS? 24 A. LaGrand Johnson and Glenda Johnson. 25 Q. Is that it?				
248:10 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.				
DEFENDANT COUNTER-DESIGNATIONS	PLAINTIFF COUNTER-DESIGNATIONS			

Instructions: One form should contain all designations for a witness. Plaintiff Designations (column 1) and Defendant Designations (column 2) will show the full deposition text that the party proposes to read in its case-in-chief. Completeness designations are proposed by the other party, under Fed. R. Civ. P. 32(a)(6), to be read with the designations. Counter-designations are read following the designations and completeness designations, similar to cross examination. This form should be provided in word processing format to the other party, who then will continue to fill in the form. The form is then returned to the proposing party for review, resolution of disputes, and further editing. The parties should confer and file a final

version in PDF format using the event “Notice of Filing” and also submit a final word processing copy to the court at dj.nuffer@utd.uscourts.gov, for ruling.

All objections which the objecting party intends to pursue should be listed, whether made at the deposition, as with objections as to form, or made newly in this form, if the objection is of a type that was reserved.