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

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UNITED STATES OF AMERICA,

Plaintiff,

v.

RAPOWER-3, LLC; INTERNATIONAL  
AUTOMATED SYSTEMS, INC.; LTB1,  
LLC; R. GREGORY SHEPARD; NELDON  
JOHNSON; and ROGER FREEBORN,

Defendants.

**RECEIVER'S SEVENTH  
QUARTERLY STATUS REPORT**

*For the period April 1, 2020 to June 30,  
2020*

Civil No. 2:15-cv-00828-DN-DAO

District Judge David Nuffer

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R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of RaPower-3, LLC ("RaPower"), International Automated Systems, Inc. ("IAS"), and LTB1, LLC ("LTB1"), as well as 13 subsidiaries and affiliates (collectively, the "Receivership Entities"), and the assets of Neldon Johnson ("Johnson") and R. Gregory Shepard ("Shepard") (collectively "Receivership Defendants"), hereby submits this Seventh Quarterly Status Report ("Report") for the period from April 1, 2020 to June 30, 2020 ("Reporting Period").

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## I. INTRODUCTION AND BACKGROUND

The Receivership Estate was created on October 31, 2018 with entry of the Court's *Receivership Order* ("Order"),<sup>1</sup> which, among other things, appointed the Receiver and continued a previously-entered asset freeze.<sup>2</sup> A May 3, 2019 order expanded the Receivership Estate to include 13 additional affiliated entities ("Affiliated Entities").<sup>3</sup>

The work of the Receivership was significantly advanced during the Reporting Period with the Tenth Circuit ruling on both appeals filed by Receivership Defendants. The trial court judgment and appointment of the Receiver was affirmed and the challenge to the expansion of the Receivership Estate to include affiliated entities was dismissed. Rulings issued shortly after the end of the Reporting Period also will materially assist the Receiver's work.

The Receiver's efforts during the quarter have focused on pursuing litigation, negotiating settlements, reviewing recovered documents, recovering and selling real properties and vehicles, and conducting further investigation.

## II. APPEAL RULINGS

A. Appeal of Judgment, Asset Freeze. The Receivership Defendants filed an interlocutory appeal of the August 22, 2018 asset freeze order and appealed the November 13, 2018 amended judgment. Both appeals were consolidated.<sup>4</sup> On June 2, 2020, the Tenth Circuit affirmed the Court's rulings. The ruling:

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<sup>1</sup> [Docket No. 490](#). A *Corrected Receivership Order*, which corrected formatting errors, was entered the following day. [Docket No. 491](#), filed Nov. 1, 2018.

<sup>2</sup> *Memorandum Decision and Order Freezing Assets and to Appoint a Receiver*, [Docket No. 444](#), filed Aug. 22, 2018.

<sup>3</sup> [Docket No. 636](#), filed May 3, 2019. The Court overruled objections to this order. [Docket No. 718](#), filed Jul. 8, 2019. Defendants appealed this order.

<sup>4</sup> [United States v. RaPower-3, LLC, No's 18-4119 and 18-4150, --- F.3d ---, 2020 WL 2844694 \(10<sup>th</sup> Cir. 2020\)](#).

- Held that Receivership Defendants had no standing to complain about due process rights of Solco I and XSun Energy;
- Affirmed denial of Receivership Defendants' motion to alter or amend the judgment, finding there was no evidence Receivership Defendants could not have produced the identified evidence during trial;
- Affirmed the Court's denial of the motion for a jury trial;
- Rejected claims that the Court's findings were not supported by sufficient evidence;
- Confirmed the Court's method of computing the amount of disgorgement; and
- Affirmed the Court's admission of evidence on the computation of damages and the testimony by a government witness on financial transactions.<sup>5</sup>

B. Appeal of Affiliates Order. Six of the Affiliated Entities appealed the Court's ruling expanding the Receivership Estate to include additional entities. On June 22, 2020, the Tenth Circuit dismissed the appeal, finding that the appellants lacked jurisdiction to challenge the Court's order.<sup>6</sup>

### **III. LITIGATION RELATING TO THE RECEIVERSHIP ESTATE**

A. Glenda Johnson Lien Filings, Lawsuit Against Property Buyer. On March 20, 2020, the Receiver filed *Receiver's Ex-Parte Affidavit of Non-Compliance Against Glenda Johnson* seeking a writ requiring Glenda Johnson to dismiss a lawsuit she filed in February against the buyer of the Millard County Tower Site property and liens she filed against properties in Millard County, Utah, Utah County, Utah, and Howard County, Texas.<sup>7</sup> Glenda Johnson did

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<sup>5</sup> *Id.*

<sup>6</sup> [United States v. Solco I, LLC, No. 19-4089, --- F.3d ---, 2020 WL 3407013 \(10<sup>th</sup> Cir. 2020\)](#).

<sup>7</sup> [Docket No. 888](#), filed March 20, 2020.

not file any objection or response.<sup>8</sup> On May 5, 2020, the Court issued an order requiring Glenda Johnson to dismiss the lawsuit against the property buyer, mandating that she release the three liens, and prohibiting her from filing any new liens without approval of the Court or the Receiver.<sup>9</sup> Glenda Johnson dismissed the lawsuit she had filed, but did not release the three liens.<sup>10</sup> Instead, she filed a declaration asserting an inability to get the liens released.<sup>11</sup> The Receiver responded, describing Glenda Johnson's non-compliance with the Court's order and her failure to demonstrate impossibility of compliance.<sup>12</sup> The Court issued a second order on June 4, 2020, identifying specific information that Glenda Johnson was required to provide by June 10, 2020 to demonstrate impossibility of compliance.<sup>13</sup> Two days before this deadline, Roger Hamblin filed a state court lawsuit against Glenda, claiming rights to the three liens and to real property titled in Glenda Johnson's name.<sup>14</sup> Glenda Johnson answered, admitting all of Hamblin's claims.<sup>15</sup> On June 10, Glenda Johnson filed a declaration purporting to provide information required by the Court's June 4, 2020 Order.<sup>16</sup> Glenda Johnson's submission was accompanied by declarations from Preston Olsen and Roger Hamblin.<sup>17</sup> In late June, the Receiver filed a Report and Recommendation, summarizing events and making recommendations.<sup>18</sup>

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<sup>8</sup> See Request to Submit, [Docket No. 919](#) filed April 29, 2020.

<sup>9</sup> [Docket No. 920](#), filed May 5, 2020.

<sup>10</sup> See Notice of Non-Compliance, [Docket No. 923](#), filed May 13, 2020.

<sup>11</sup> [Docket No. 925](#), filed May 14, 2020.

<sup>12</sup> [Docket No. 929](#), filed May 20, 2020.

<sup>13</sup> [Docket No. 933](#), filed June 4, 2020.

<sup>14</sup> *Hamblin v. Glenda Johnson*, Case No. 200500286, Fifth District Court Washington County, UT.

<sup>15</sup> [Docket No. 942-2](#), filed June 30, 2020.

<sup>16</sup> [Docket No. 937](#), filed June 10, 2020.

<sup>17</sup> [Docket No.'s. 937-2](#) and [937-3](#), filed June 2020.

<sup>18</sup> [Docket No. 942](#), filed June 20, 2020.

B. Glenda Johnson Lawsuit Against IRS, Others. In February 2020, Glenda Johnson filed a complaint in U.S. District Court against the IRS, US Department of Justice, and Judge Nuffer collaterally attacking the Receivership action.<sup>19</sup> The United States moved to dismiss the complaint, which was opposed by Glenda Johnson. The United States filed a reply and Glenda Johnson filed an additional opposition. That proceeding is pending.

C. Motion to Set Aside Judgment; Nelson Snuffer Motion to Withdraw as Counsel for Certain Defendants. On behalf of RaPower, IAS, LTB 1, and Johnson, Nelson Snuffer filed a motion to set aside the judgment, averring fraud on the Court.<sup>20</sup> On June 26, 2020, attorneys at Nelson Snuffer filed a motion to withdraw as counsel for certain defendants in response to the United States' expressed intent to seek sanctions under Rule 11, Fed. R. Civ. P. relating to the motion to set aside the judgment.<sup>21</sup> On July 8, 2020, after the end of the Reporting Period, the Court issued an order addressing the withdrawal motion, allowing additional submissions, and indicating an intent to issue additional orders.<sup>22</sup> Developments on this matter will be described in the next quarterly status report.

D. Pending Proposed Orders and Other Pending Motions. The litigation matters listed below had action during the Reporting Period and are awaiting rulings by the Court or are matters from prior periods that have been fully submitted and are ripe for decision:

1. Contempt Proceedings. Pursuant to directions from the Court, the United States submitted proposed findings and conclusions and a proposed order relating to the February 25, 2020 hearing on contempt by Neldon, Glenda, LaGrand, and Randale

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<sup>19</sup> Civil Case No. 2:20-cv-90 (D. Utah).

<sup>20</sup> [Docket No. 931](#), filed May 26, 2020.

<sup>21</sup> [Docket No. 939](#), filed June 26, 2020.

<sup>22</sup> [Docket No. 953](#), filed July 8, 2020.

Johnson.<sup>23</sup> On July 6, 2020, after the end of the Reporting Period, the Court issued its order finding additional contempt by Neldon, Glenda, LaGrand, and Randale Johnson and imposing remedies.<sup>24</sup> This contempt order will be discussed in the next status report.

2. Turnover Motion: Glenda Johnson Properties. On April 23, 2020, the Court directed the Receiver to prepare proposed findings and a proposed order granting his motion requiring Glenda Johnson to turn over 14 real properties titled in her name and \$1.4 million in two bank accounts she controls.<sup>25</sup> Glenda Johnson filed objections to the Receiver's proposed findings and order.<sup>26</sup> On May 29, 2020, the Receiver filed his proposed findings and proposed order that addressed the objections.<sup>27</sup> This matter is ready for Court action.

3. Appraisers. The Receiver filed a motion on May 13, 2020 seeking approval of identified appraisers for the 14 properties to be turned over by Glenda Johnson.<sup>28</sup> That motion is ready for Court action.

4. Report on Pacific Stock Transfer Company Contempt. On April 16, 2020, the Receiver filed a report and recommendation on contempt by the Pacific Stock Transfer Company. The report and recommendation recommended a sanction—one that the PSTC indicated it would accept.<sup>29</sup> This matter is ready for Court action.

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<sup>23</sup> [Docket No. 917](#), filed April 24, 2020.

<sup>24</sup> [Docket No. 947](#), filed July 6, 2020.

<sup>25</sup> [Docket No. 916](#), filed April 23, 2020.

<sup>26</sup> [Docket No. 930](#), filed May 22, 2020.

<sup>27</sup> [Docket No. 932](#), filed May 29, 2020.

<sup>28</sup> [Docket No. 922](#), filed May 13, 2020.

<sup>29</sup> [Docket No. 911](#), filed April 16, 2020.

5. Turnover Motion: Shepard Home. In October 2019, the Receiver filed a motion seeking an order that Shepard owns an interest in his residence and that his interest is a Receivership Estate asset.<sup>30</sup> Shepard opposed the motion<sup>31</sup> and the Receiver replied.<sup>32</sup> This matter is ready for Court action.

6. Turnover Motion: Nelson Snuffer. The Receiver filed an affidavit of non-compliance regarding \$735,202.22 that the law firm Nelson Snuffer was holding in its retainer account that belonged to XSun Energy.<sup>33</sup> Nelson Snuffer first moved to intervene,<sup>34</sup> then stipulated to conditionally turning those funds over to the Receiver while the Court resolved ownership of the funds.<sup>35</sup> The Court granted the stipulation<sup>36</sup> and the funds were delivered to the Receiver. Nelson Snuffer filed an opposition to the Receiver's affidavit<sup>37</sup> and the Receiver responded.<sup>38</sup> On July 6, 2020, shortly after the end of the Reporting Period, the Court ruled that these retainer funds are Receivership property.<sup>39</sup> This order will be described in the next status report.

7. Financial Records of LaGrand and Randale Johnson. The United States filed a motion to require LaGrand and Randale Johnson to provide copies of their bank and retirement account records, so the United States can identify funds that might be used to satisfy the Court's award of fees for contempt and so the Receiver can determine the

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<sup>30</sup> [Docket No. 780](#), filed October 4, 2019.

<sup>31</sup> [Docket No. 797](#), filed November 18, 2019.

<sup>32</sup> [Docket No. 822](#), filed December 20, 2019.

<sup>33</sup> [Docket No. 812](#), filed December 4, 2019.

<sup>34</sup> [Docket No. 820](#), filed December 13, 2019.

<sup>35</sup> [Docket No. 844](#), filed January 17, 2020.

<sup>36</sup> [Docket No. 847](#), filed January 21, 2020.

<sup>37</sup> [Docket No. 859](#), filed February 20, 2020.

<sup>38</sup> [Docket No. 889](#), filed March 23, 2020.

<sup>39</sup> [Docket No. 948](#), filed July 6, 2020.



sources of their funds—to enable him to proceed with a recovery action that is on hold.<sup>40</sup> LaGrand and Randale Johnson opposed the motion.<sup>41</sup> The United States submitted a request to submit, indicating it did not intend to file a reply.<sup>42</sup> On July 6, 2020, after the end of the Reporting Period, the Court issued a docket text order indicating an anticipation of considering documents submitted in connection with a prior motion and establishing a deadline for objections.<sup>43</sup> This matter will be discussed in the next status report.

8. Liens Filed by Glenda Johnson. As discussed in Part III.A, briefing regarding Glenda Johnson’s non-compliance with the CRO is complete and the Receiver submitted a report and recommendation on June 30, 2020. This matter has just become ripe for the Court’s decision.

#### IV. SETTLEMENTS AND RECOVERY LITIGATION

A. Fifth Motion to Approve Settlements. On April 16, 2020, the Court approved two settlements that are expected to bring \$298,000 into the Receivership Estate.<sup>44</sup> To date, \$295,000 of this amount has been received.

B. Sixth Motion to Approve Settlements. On June 30, 2020, the Receiver sought approval of 11 settlement agreements that are expected to bring \$507,878.80 into the Receivership Estate, along with a \$50,000 judgment.<sup>45</sup> Five of these are hardship settlements, where the Receiver has agreed to accept smaller recoveries based on the defendants’ financial

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<sup>40</sup> [Docket No. 876](#), filed March 10, 2020.

<sup>41</sup> [Docket No. 900](#), filed March 31, 2020.

<sup>42</sup> [Docket No. 901](#), filed April 1, 2020.

<sup>43</sup> Docket No. 945, filed July 6, 2020.

<sup>44</sup> [Docket No. 909](#), filed April 16, 2020.

<sup>45</sup> [Docket No. 943](#), filed June 30, 2020.

inability to pay. Two involve credit card issuers who have agreed to refund amounts paid by Receivership Entities for credit card charges that had a personal benefit. One involves a law firm returning fees it received for services provided to others and the remaining three involve commission recipients returning almost all the amounts they received.

C. Defaults. The Receiver has been granted a default judgment in one recovery lawsuit and is consulting with counsel for the United States on the best approach for collecting on default judgments that are obtained. The Receiver has obtained default certificates against other defendants. Some of these defendants have agreed to settle rather than have judgments entered against them. In two of these cases, the Receiver is preparing affidavits to support the requested default judgments.

D. Other Recovery Litigation. Litigation is ongoing against other commission recipients, law firms, insiders, a credit card company, and the supplier of plastic lenses. The Receiver and his counsel have provided initial disclosures, responded to multiple discovery requests, propounded discovery requests, and taken the deposition of a defendant. A tolling agreement is still in effect for one potential defendant. As settlement agreements are approved by the Court, the Receiver dismisses lawsuits that had been filed.

## V. RECOVERY OF VEHICLES

Identification and recovery of vehicles owned or controlled by Neldon Johnson and Glenda Johnson have taken an inordinate amount of time due to difficulties in identifying all vehicles under their control, the limited number of titles delivered, and failure to deliver records.

A. Order Requiring Delivery of Vehicles. On March 27, 2020, the Court ordered that 36 vehicles, that had been identified by the Receiver as belonging to Receivership Defendants or

Glenda Johnson, were assets of the Receivership Estate.<sup>46</sup> The Court ordered that the vehicles and titles be delivered to the Receiver, required Neldon and Glenda Johnson to provide material information to the Receiver about the locations and conditions of the vehicles, granted access to properties to recover those vehicles, and invalidated Glenda Johnson's claimed \$2.1 million lien on the vehicles.<sup>47</sup>

B. Delivery of Vehicles, Titles, and Information. The Receiver agreed to allow Glenda Johnson to retain one vehicle, where the amount owed on the vehicle appeared greater than the current value of the vehicle. Out of the remaining 35 vehicles, only *one* was delivered to the place designated by the Receiver.<sup>48</sup> Neldon and Glenda Johnson indicated that the other vehicles were not operational, could not be easily towed, or could not be driven on public roads because they lacked insurance.<sup>49</sup> Titles for 18 of the 35 vehicles were delivered to the Receiver.<sup>50</sup> Neldon Johnson's descriptions of the vehicle conditions, required to be provided by the Court, were sparse. No maintenance records were delivered. Approximately 12 of these vehicles have been picked up by Sahara Motors of Delta, Utah, as agent for the Receiver.

C. Condition of Vehicles. The one vehicle that was delivered (a pickup truck) had a dented fender, multiple deep scratches on the body, and was missing a piece of the tailgate. Other vehicles and trailers recovered by Sahara Motors showed significant wear and abuse and appeared not to have been maintained. Damages included missing and dented fenders, broken lights, a missing window, damaged wheel wells, torn and cracked seats, significant scratches that

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<sup>46</sup> [Docket No. 893](#), filed March 27, 2020.

<sup>47</sup> *Id.*

<sup>48</sup> A set of keys was delivered for a second vehicle, but not the vehicle.

<sup>49</sup> See [Docket No. 912](#), filed April 17, 2020 at ¶ 2(b); [Docket No. 914-1](#), filed April 17, 2020 at ¶ 4.

<sup>50</sup> One of these titles is for a vehicle that was not on the vehicle list. These are records that should have been delivered to the Receiver by May 2019, but were not.

appear to be key marks along the side of a vehicle, and other damage. Many of the vehicles are not operable. Sahara Motors reported that it appeared most of the vehicles had never had maintenance work performed on them.

D. Additional Vehicles Identified. In December 2019, Neldon Johnson reported to the Receiver that multiple vehicles once in his control had been disposed of several years previously.<sup>51</sup> Nevertheless, some of these vehicles were located, including a wave runner watercraft and two snowmobiles. The Receiver has also discovered that Glenda Johnson owns three vehicles that she did not identify to the Receiver.

E. DVM Records. With the court order and the mandated declaration from Glenda Johnson transferring title to vehicles to the Receiver, the Receiver was able to obtain from the Utah Division of Motor Vehicles a list of vehicles owned by Glenda Johnson. That list identified three additional vehicles that were not on the asset list attached to the Court's March 27, 2020 order. The Receiver intends to take possession of these vehicles and determine whether Glenda Johnson claims that those additional vehicles are not Receivership Property. Also, an additional piece of construction equipment has been located on property titled in the name of Glenda Johnson that is not on the vehicle list. The Receiver will endeavor to determine whether that is Receivership Property.

The Utah DMV informed the Receiver that it would only be able to transfer ownership of vehicles where the vehicle identification number (VIN) was known. To date, the Receiver has been able to identify VINs for 25 of the vehicles. The Receiver has requested that the DMV issue new titles in the name of the Receiver for these vehicles. As more VINs are identified and as the

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<sup>51</sup> See, e.g., [Docket No. 902-2](#), filed April 3, 2020 at ¶¶ 9-10.

ownership of additional vehicles that have been located are resolved, the Receiver expects to request additional titles from the DMV.

F. Disposition of Vehicles. The Receiver investigated multiple avenues for the sale of these vehicles. These alternatives included conducting an auction in Delta, transporting the vehicles to Salt Lake or Tooele for sale by equipment auction houses, conducting online auctions, and hybrids of these alternatives. Choosing among these options was complicated by the terrible condition of most of the vehicles, high costs of transportation, uncertainty of the value of the vehicles that are not operable, uncertainty over which vehicles could actually be located, concern about the cost of engaging mechanics to evaluate each vehicle, and the economics of the amount of time that would be spent by the Receiver and his staff in arranging for an auction. In addition, some of the vehicles had already been sold; the Receiver sold an enclosed trailer located at the Tower Site before that property sale and other vehicles at the Tower Site were sold with the Tower Site Property.

After extensive discussions with the United States, the Receiver has decided to sell the vehicles in bulk to Sahara Motors for a fixed price. That price may be adjusted depending on whether additional vehicles are located and deemed part of the Receivership Estate. The Receiver will allow many of the vehicles to remain on Receivership Property until the vehicles or the properties are sold.

**VI. SALES AND MANAGEMENT OF REAL PROPERTIES**

A. Sales of Real Estate in the name of IAS. All six real estate properties that were owned by IAS were sold during 2019.<sup>52</sup> Attached as Exhibit 1 is a table showing the status of all properties in the Receivership Estate.

B. Auction Sale of the Texas Property. The Receiver obtained control of the 628-acre property in Texas that was titled in the name of the N.P. Johnson Family Limited Partnership as a result of the Affiliates Order. On March 2, 2020, the Court approved the Receiver's motion to sell the property at public auction.<sup>53</sup> Public notice of the proposed auction and auction date was given. The April 7, 2020 auction was conducted via telephone in light of COVID-19. The stalking horse bidder and one additional bidder participated in the auction. The bidding rose from the \$400,000 stalking horse bid to a final sale price of \$515,000. After payment of sales commissions and closing costs, and the Receiver's reimbursement of due diligence fees to the stalking horse bidder, the net sales proceeds were \$481,004.42.<sup>54</sup> The sale was recorded on May 4, 2020.

C. Elk Ridge, Utah Property. In January 2020, the Receiver foreclosed on this residential home. With Court approval, the Receiver obtained three appraisals for the home. The appraisal reports estimated values for the property of \$395,000, \$405,000, and \$470,000. Utilities for the home have been put in the Receiver's name and the Receiver has obtained insurance on the home. The Receiver changed the locks on the home, had the interior repainted, replaced the carpet, made furnace and electrical repairs, and is having landscaping completed in

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<sup>52</sup> The net proceeds for two of these properties were received during the current Reporting Period.

<sup>53</sup> [Docket No. 867](#), filed March 2, 2020.

<sup>54</sup> See *Receiver's Notice of Sale Results*, [Docket No. 915](#), filed April 21, 2020.

the back yard. The Receiver paid off the \$234,270.11 mortgage on this home, giving the Receivership Estate complete ownership of the home. The property has been listed for sale at \$424,900.

D. Properties Titled in Glenda Johnson's Name, Bank Accounts Controlled by Glenda Johnson. On April 23, 2020, the Court indicated it would grant the Receiver's motion and require Glenda Johnson to turn over to the Receiver 14 properties titled in her name.<sup>55</sup> Glenda Johnson objected to the Receiver's proposed order<sup>56</sup> and the Receiver urged the Court to adopt the proposed order as originally submitted.<sup>57</sup> The order is expected to require Glenda Johnson to turn over \$1.4 million in bank accounts she controls. In May 2019, the Court had ordered Glenda Johnson to preserve all funds in those bank accounts that existed as of May 3, 2019.<sup>58</sup> Glenda Johnson has been sending the Receiver copies of bank statements for both accounts as required by the May 2019 order. Until February 2020, interest that accrued on the interest-bearing account remained in the bank account. In March, however, Glenda Johnson withdrew \$4,000 from the account. She withdrew another \$6,000 in April. The account balances still exceed the May 3, 2019 account balances, but the bulk of the accrued interest—which the Receiver is requesting in his proposed order—has been withdrawn from the accounts.

## VII. INVESTIGATION

The Receiver has analyzed additional records obtained from Wisdom Farms Technology Development Group, William Pack, and Nelson Snuffer.

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<sup>55</sup> Docket No. 916, filed April 23, 2020.

<sup>56</sup> [Docket No. 930](#), filed May 22, 2020.

<sup>57</sup> [Docket No. 932](#), filed May 29, 2020.

<sup>58</sup> [Docket No. 672](#), filed May 24, 2019.

A. Wisdom Farms. Wisdom Farms finally provided the Receiver with technical information about the prototype turbine that it built. Included in the documents were copies of the contract by which Wisdom Farms was engaged to build the prototype. Those documents revealed that LaGrand Johnson was the client who had engaged Wisdom Farms—using monies that had been diverted from IAS.

B. William Pack. As part of a settlement with William Pack, Pack delivered to the Receiver documents showing his role in marketing early solar systems that Neldon Johnson had claimed to have developed. Pack had contracted with municipalities in Nevada and California to build electrical systems, but those contracts failed when Neldon Johnson was unable to deliver any workable solar generating systems.

C. Nelson Snuffer. In his review of boxes of documents delivered by Nelson Snuffer, the Receiver has found copies of invoices that the law firm had previously failed to deliver to the Receiver, emails showing events related to Neldon Johnson's 2011 bankruptcy filing, and copies of agreements between Neldon Johnson and IAS that had not been included among the documents previously delivered to the Receiver. This review is continuing.

## **VIII. FINANCIAL OPERATIONS OF THE RECEIVERSHIP ESTATE**

A. Receipts and Disbursements. The tables below show the amount and source of funds brought into the Receivership Estate during the quarter and the categories of expenditures:

<b>Revenue into the Receivership Estate</b>	
<b>Source of Revenue</b>	<b>Amount In</b>
Real estate sale (Texas)	\$506,570.07
Appraisal refund	\$2,000.00
Settlement payments	\$403,569.66
Bank interest	\$15,940.29
<b>Total</b>	<b>\$928,080.02</b>



<b>Expenditures</b>	
<b>Type of Expenditure</b>	<b>Amount</b>
Shepard living allowance <sup>59</sup>	\$2,490.00
Texas property: sale expenses <sup>60</sup>	\$30,565.65
Elk Ridge: appraisals	\$1,340.00
Elk Ridge: mortgage payoff <sup>61</sup>	\$236,270.11
Elk Ridge: repairs, remodel <sup>62</sup>	\$10,468.37
Elk Ridge: insurance, utilities	\$3,515.39
Litigation expenses	\$1,878.80
Operating expenses	\$757.33
<b>Total</b>	<b>\$287,285.65</b>

Professional fees in the amount of \$161,540.17, covering the three-month period from January through March 2020, were paid during the quarter to the Receiver, his counsel, conflict counsel, and the forensic accountants. These were paid after Court approval of the fee application.<sup>63</sup>

B. Bank Account Balances. The following table shows the balance of funds in the Receivership bank accounts at Wells Fargo Bank as of June 30, 2020:

<b>Bank Account Balances</b>	
<b>Account</b>	<b>Amount</b>
Checking account	\$72,314.79
High yield savings <sup>64</sup>	\$4,234,153.68
<b>Total</b>	<b>\$4,306,468.47</b>

## **IX. NEXT STEPS**

The significant next steps in the Receivership will be:

<sup>59</sup> This consists of three monthly payments of \$830.00.

<sup>60</sup> There were \$24,000 in real estate commissions and \$6,565.65 in reimbursed due diligence expenses.

<sup>61</sup> \$2,000 of this amount was a payment to the former owners for leaving the home voluntarily.

<sup>62</sup> New carpet, interior paint, electrical and furnace repairs, landscaping.

<sup>63</sup> [Docket No. 938](#), filed June 15, 2020.

<sup>64</sup> This amount includes \$735,202.22 from Nelson Snuffer's trust account for XSun Energy, which is being conditionally held.

A. Obtain Vehicle Titles, Sell Vehicles. The Receiver has requested replacement titles from the DMV for numerous vehicles, so he can deliver titles to the buyer. He is gathering vehicle identification numbers for vehicles where Neldon and Glenda Johnson did not provide them. He has identified and is taking possession of additional vehicles that appear to be in the control of Neldon or Glenda Johnson and will determine ownership of those vehicles. When he obtains titles, he will provide them to the buyer and collect the sales amount.

B. Take Possession of, Sell Real Properties. The Elk Ridge home is currently being marketed. When an acceptable offer is received, the Receiver will seek Court approval to sell the property. The Receiver has a motion pending to appoint appraisers for the 14 properties subject to the Receiver's turnover motion against Glenda Johnson. When the Court issues its order regarding turnover of the 14 properties, the Receiver will take possession of those properties and prepare to market them. When the Court issues its order regarding turnover of Greg Shepard's home, the Receiver will seek an order authorizing its partition and sale.

C. File Additional Lawsuits. The Receiver is still evaluating two claims he may assert. In one of those, the target has signed a tolling agreement. In the other, the statute of limitations has not expired. The Receiver will continue to consult with counsel for the United States in the lawsuits he files.

D. Pursue Litigation Already Filed. The Receiver will continue litigation proceedings in lawsuits already filed, including providing initial disclosures, reviewing answers filed, and filing and defending against motions. This is expected to consume significant effort over the coming quarters.

E. Negotiate Settlements. The Receiver will continue to negotiate settlements of demands he has made and lawsuits he has filed. This is expected to include review of hardship affidavits and determinations whether to accept installment payments or reduced amounts.

F. Court Orders on Motions Under Advisement. When the Court resolves motions that currently are under advisement, the Receiver will take any steps directed by the Court to implement those orders, including conducting any additional investigation required and taking unconditional possession of funds currently held in the court registry, held by Glenda Johnson, and held by the Receiver subject to an ownership claim by Nelson Snuffer.

G. Investigation. The Receiver will continue his review of the contents of 13 boxes of documents delivered to the Receiver by Nelson Snuffer in January 2020.

## **X. CONCLUSION**

Substantial progress was made during the Reporting Period. Both appeals filed by Receivership Defendants have been resolved, removing uncertainty regarding the work of the Receiver and the validity of orders issued by the Court. Significant settlements were achieved. Discovery in pending litigation is moving forward. Preliminary rulings by the Court on contempt and Glenda Johnson's interference with the Receiver's efforts to sell properties will advance the Receiver's efforts when formal orders are issued. Rulings issued by the Court in early July will also move the work forward. Nevertheless, much work remains to be accomplished.

The Receiver certifies that the information in this Seventh Quarterly Status Report is accurate to the best of his knowledge.

  
Wayne Klein  
Receiver

DATED this 10th day of July, 2020.

**PARR BROWN GEE & LOVELESS**

/s/ Jonathan O. Hafen  
Jonathan O. Hafen  
Michael S. Lehr  
*Attorneys for Receiver*

**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that service of the above **RECEIVER'S SEVENTH QUARTERLY STATUS REPORT** was electronically filed with the Clerk of the Court through the CM/ECF system on July 10th, 2020, which sent notice of the electronic filing to all counsel of record.

/s/ Michael S. Lehr