

John F. Kurtz, Jr., ISB No. 2396  
Hawley Troxell Ennis & Hawley LLP  
877 Main Street, Suite 1000  
P.O. Box 1617  
Boise, ID 83701-1617  
Telephone: 208.344.6000  
Facsimile: 208.954.5232  
Email: jkurtz@hawleytroxell.com

Attorneys for Receiver, R. Wayne Klein

UNITED STATES DISTRICT COURT  
DISTRICT OF IDAHO

SECURITIES AND EXCHANGE	)	Case No.: CV 09-075-E-EJL
COMMISSION,	)	
	)	
Plaintiff,	)	
	)	
and	)	
	)	
COMMODITY FUTURES TRADING	)	Case No.: CV 09-076-E-EJL
COMMISSION,	)	
	)	The Honorable Edward J. Lodge
Plaintiff,	)	
	)	
vs.	)	SIXTEENTH REPORT OF R. WAYNE
	)	KLEIN, RECEIVER (FOR PERIOD
DAREN L. PALMER and TRIGON GROUP,	)	ENDING DECEMBER 31, 2012)
INC., a Nevada Corporation,	)	
	)	
Defendants.	)	

R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of Trigon Group, Inc. ("Trigon") and the assets of Daren L. Palmer (the "Receivership Entities" and/or "Palmer"), hereby submits this Sixteenth Report for the period of October 1, 2012 through December 31,

2012 (the "Reporting Period").

This case is nearing its conclusion. There are a few lawsuits still not resolved and some real estate to sell. When the litigation is concluded and the properties sold, the receivership can be closed down and the remaining proceeds sent to investors as a distribution.

## **I. PROCEDURAL HISTORY**

The regulatory enforcement actions by the Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC) were commenced on February 26, 2009. That same day, the Court entered orders imposing an asset freeze and appointing Wayne Klein as Receiver. On October 23, 2009 the Court entered an order finding Mr. Palmer in contempt of previous orders of the Court. On July 19, 2010, the Court entered final judgment against Mr. Palmer and Trigon in the SEC matter, based on the consent of the defendants. On October 4, 2010, the Court granted final summary judgment against Palmer in the CFTC action. On May 18, 2011, Palmer was charged with two criminal counts: wire fraud and money laundering. Palmer pleaded guilty to the two criminal counts on May 24, 2011 and was sentenced on September 20, 2011. Copies of these orders and judgments are posted on the Receiver's website.

## **II. LITIGATION STATUS**

The Receiver filed 24 lawsuits as part of his efforts to recover funds for investors. All but four of those lawsuits have been resolved with settlements or at trial. The status of these four cases is described below:

1. Stan Mills: Mills is the only defendant remaining in a lawsuit filed against ten defendants relating to property that Palmer transferred to Mills after the court entered an asset

freeze. In November, 2012, Mills filed for bankruptcy and on November 8, 2012 the Court ordered a stay of the Receiver's lawsuit until the bankruptcy case is resolved.

2. Doyle Beck: As described in the prior report, the Receiver won a \$55,000.00 judgment against Beck at a trial that concluded in August. Both Beck and the Receiver have filed motions asking the Court to alter the jury's verdict. Those motions are still pending. Beck has not yet paid the Receiver any money from the judgment.

3. Stephan Lawson: On December 7, 2012, the Receiver filed a motion for summary judgment in his lawsuit against Lawson. The Receiver hopes this case will be resolved through this motion and that judgment will be entered against Lawson.

4. Capital One: The Receiver will participate in a court-sponsored settlement conference with Capital One on January 11, 2012. If the case is not settled at that time, we intend to move for summary judgment and think the case will be resolved at that stage.

### **III. ASSET SALES**

5. Palmer had used Trigon money to purchase a reproduction of a large painting by Greg Olsen. The Receiver offered the painting for sale at several auctions. At each auction, the Receiver specified a minimum sales price. The minimum was reduced at each succeeding auction. The painting eventually sold for \$2,000.00 and on December 10, 2012 the Receivership received \$1,800.00 as the net proceeds from the sale of the painting.

6. The grand piano that Palmer had purchased using Trigon money sold in December. The Receiver was paid \$11,175.00 in net proceeds from the sale of the piano.

**IV.  
STATUS OF PROPERTY OWNED BY THE RECEIVERSHIP**

The Receivership Estate still owns four properties it is seeking to sell. The listing prices for these properties have been reduced further, to increase interest among potential buyers.

7. Sheffield Circle (Mansion): There have been no offers on this home during the quarter, but the home was shown to a potential buyer. The home is listed for sale at \$1,990,000.00. The Receiver paid to have a gas line installed, replacing the temporary construction line that had been installed initially.

8. Ammon Road: An investor made an offer of \$106,000.00 to the Receiver for this commercial property. After consultation with the SEC and CFTC, the Receiver rejected the offer as being substantially below the value that it should sell for.

9. Timberline Lot: This is a single lot in a partially-completed subdivision. The lot is not zoned for a home, but to have a well that will serve the subdivision. There have been no offers for this lot.

10. Southstone Lot: This is a commercial building lot in Eagle, Idaho. An inquiry was received, but the buyer purchased a neighboring property when the property owner discounted his price substantially. The Receiver believes there are indications of increased interest in this area and that development of other lots in this commercial development will result in increased demand.

**V.  
COMMUNICATIONS WITH INVESTORS**

11. The Receiver posts information on the Receivership website as part of his effort to keep the investors informed of Receivership developments. The website also contains copies



of the associated documents. The quarterly status reports are another means of updating investors. The Receiver continues to respond to phone calls and e-mails from investors.

## VI. FINANCIAL ACTIVITIES

12. Funds Recovered and Paid Out. During this Reporting Period, the Receiver received \$19,437.70 which was deposited into bank accounts controlled by the Receiver:

<b>FUNDS PAID TO THE RECEIVER</b>			
<b>Date</b>	<b>Amount</b>	<b>Source</b>	<b>Purpose</b>
10/3/12	\$1,100.00	Lender	Payment on loans owed to Duane Yost
10/19/12	\$1,100.00	Lender	Payment on loans owed to Duane Yost
11/30/12	\$1,100.00	Lender	Payment on loans owed to Duane Yost
12/10/12	\$2,000.00	Dean Palmer	Payment towards settlement agreement
12/10/12	\$1,800.00	Olsen Auctioneers	Proceeds from sale of painting
12/27/12	\$11,175.00	Daynes Music	Proceeds from sale of piano
12/31/12	\$1,100.00	Lender	Payment on loans owed to Duane Yost
12/31/12	\$62.70	Zions Bank	Interest on savings account
<b>Total</b>	<b>\$19,437.70</b>		

13. The Receiver paid out \$5,040.61 from these accounts for operating expenses of the Receivership. These are shown in the following table.

<b>FUNDS PAID OUT BY THE RECEIVER</b>			
<b>Date</b>	<b>Amount</b>	<b>Recipient</b>	<b>Purpose</b>
10/17/12	\$220.00	Alan Meyer	Weed removal at mansion
10/17/12	\$14.52	Intermountain Gas	Natural gas for mansion
10/17/12	\$32.98	City of Idaho Falls	Electricity for mansion
10/23/12	\$320.00	Triple AAA Services	Install gas line at mansion
11/7/12	\$154.23	Nampa Irrig. District	Irrigation fees
11/14/12	\$99.52	Intermountain Gas	Natural gas for mansion
11/19/12	\$38.93	City of Idaho Falls	Electricity for mansion
11/20/12	\$1,696.90	Ada County Treas.	Property tax on Southstone
11/27/12	\$1,400.16	Bonneville Co. Tax	Property tax on mansion
11/27/12	\$820.66	Bonneville Co. Tax	Property tax on Ammon Road lot
12/17/12	\$178.41	Intermountain Gas	Natural gas for mansion
12/18/12	\$61.30	City of Idaho Falls	Electricity for mansion
12/18/12	\$3.00	Zions Bank	Fee for cashier's check
<b>Total</b>	<b>\$5,040.61</b>		

14. Payment of Attorneys Fees and Receiver Fees. On December 18, 2012, the Court approved payment of the expenses and fees of the Receiver and his counsel. These fees and expenses were for work performed during the six-month period from April 1, 2012 to September 30, 2012. Pursuant to this order, \$104,499.53 was paid to the law firm and \$12,476.48 to the Receiver.

15. Bank Account Balances. Bank accounts maintained by the Receiver had the following balances as of December 31, 2012:

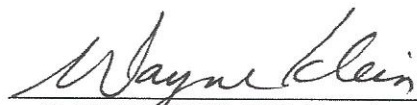
<b>Bank</b>	<b>Type</b>	<b>Balance</b>
Wells Fargo	Checking	\$19,578.91
Zions Bank	Checking	\$1,140.13
Zions Bank	Savings	\$100,482.97
<b>Total</b>		<b>\$121,202.01</b>

## VII. CONCLUSION

The Receiver respectfully submits this Sixteenth Report for the period from October 1, 2012 through December 31, 2012.

The Receiver verifies under penalty of perjury that the foregoing is true and correct.

DATED THIS 11<sup>th</sup> day of January, 2013.



\_\_\_\_\_  
R. WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 11<sup>th</sup> day of January, 2013, I electronically filed the foregoing SIXTEENTH REPORT OF R. WAYNE KLEIN, RECEIVER (FOR PERIOD ENDING DECEMBER 31, 2012) with the Clerk of the Court using the CM/ECF system which sent a Notice of Electronic Filing to the following persons:

Karen L. Martinez  
Thomas M. Melton  
Tanya Beard  
Securities and Exchange Commission  
15 West South Temple, Suite 1800  
Salt Lake City, UT 84101  
martinezk@sec.gov  
himesm@sec.gov

Alison B. Wilson  
John W. Dunfee  
Division of Enforcement  
Commodity Futures Trading Commission  
1155 21st Street, N.W.  
Washington, D.C. 20581  
jdunfee@cftc.gov  
awilson@cftc.gov

*Counsel for Plaintiff Securities and Exchange  
Commission*

*Counsel for Plaintiff Commodity Futures  
Trading Commission*


AND, I HEREBY CERTIFY that I have served the foregoing document to the following non-CM/ECF Registered Participants (list names and addresses):

Daren L. Palmer  
Inmate #13952-023  
Federal Prison Camp  
PO Box 1000  
Duluth, MN 55814

U.S. Mail, Postage Prepaid  
 Hand Delivered  
 Overnight Mail  
 E-mail  
 Telecopy

*Defendant*  
Alan Conilogue  
Deputy Attorney General  
State of Idaho  
PO Box 83720  
Boise, ID 83720-0031

*Local Counsel for Plaintiffs*

  
\_\_\_\_\_  
John F. Kurtz, Jr.

SIXTEENTH REPORT OF R. WAYNE KLEIN, RECEIVER  
(FOR PERIOD ENDING DECEMBER 31, 2012) - 7



## Wayne Klein

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**From:** David Castleberry [dcastleberry@mc2b.com]  
**Sent:** Friday, January 04, 2013 9:34 AM  
**To:** Wayne Klein  
**Cc:** Aaron Garrett  
**Subject:** Cornelius Deposition  
**Attachments:** 2012\_11\_01\_14\_03\_49.pdf; 2012\_11\_01\_14\_01\_38.pdf

Wayne:

We have noticed Cornelius' deposition for January 16, 2013. Cornelius' counsel has represented to us that we have all of the relevant documents in their possession (about 18 or so pages attached).

During the deposition, I would like to test the defenses raised relating to Andres being the "agent" of Carter and Andres and Winsome being alter egos. I welcome any suggestions you have or documents you would like me to use during the deposition.

**David C. Castleberry**  
**Manning Curtis Bradshaw & Bednar LLC**  
136 East South Temple, Suite 1300  
Salt Lake City, Utah 84111  
[801-363-5678](tel:801-363-5678)  
Fax [801-364-5678](tel:801-364-5678)  
[DCastleberry@mc2b.com](mailto:DCastleberry@mc2b.com)

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