

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF IDAHO

SECURITIES AND EXCHANGE COMMISSION, and COMMODITY FUTURES TRADING COMMISSION, Plaintiffs,	Civ. No. 09-075-E-EJL
v.	Civ. No. 09-076-E-EJL
DAREN L. PALMER and TRIGON GROUP, INC.	The Honorable Edward J. Lodge
	RECEIVER'S SEVENTH APPLICATION SEEKING COURT APPROVAL OF FEES AND EXPENSES

R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of Trigon Group, Inc. ("Trigon") and all the assets of Daren L. Palmer ("Palmer") (collectively the "Receivership Entities"), hereby submits his Seventh Application Seeking Court Approval of Fees and Expenses for (a) himself, (b) his firm, Klein & Associates, PLLC, and (c) Hawley Troxell Ennis & Hawley LLP, for the period October 1, 2011 through March 31, 2012 (the Fee Application Period).

BACKGROUND

1. This action commenced on February 26, 2009 with the filing of companion enforcement actions by the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) alleging fraud by Trigon and Palmer in violation of federal securities and commodities laws.

2. The same day, the Court entered an "Order Freezing Assets and Prohibiting Destruction of Documents" [Doc. #9 in Case No. 09-075] and orders appointing a receiver

[Doc. #8 in Case No. 09-075 and Doc. #5 in Case No. 09-076].

3. The Receiver has filed thirteen Status Reports with the Court, one for each quarter since March 31, 2009. The most recent report covered the period up through March 31, 2012 was filed April 30, 2012. Those status reports describe the work performed by the Receiver and the progress made to date in recovering assets. Copies of these reports are also available on the Receiver's website, www.kleinutah.com.

SERVICES PERFORMED

4. As described in the Twelfth and Thirteenth Status Reports to the Court, the most significant efforts during this Fee Application Period were pursuing litigation filed by the Receiver, selling one of the real estate properties, and settling several lawsuits.

REQUEST FOR COURT APPROVAL OF FEES AND EXPENSES

5. The Order Appointing a Receiver in the SEC action [Doc. #8, Case No. 09-075] provides:

The costs, fees and expenses of the Receiver incurred in connection with the performance of his duties described herein, including the costs and expenses of those persons who may be engaged or employed by the Receiver to assist him in carrying out his duties and obligations hereunder shall be paid out of the proceeds or other assets of the Companies, or any and all assets under the control of the Receiver pursuant to this Order. All applications for costs, fees and expenses for services rendered in connection with the Receiver shall be made by application setting forth in reasonable detail the nature of the services and shall be heard by the Court. The court-appointed receiver shall submit his fee application to counsel for the Commission for review at least ten (10) days prior to filing the application with this Court.

Appointment Order at p.5, ¶ h.

6. The Order Appointing a Receiver in the CFTC action [Doc. #8, Case No. 09-076] provides:

The Receiver and all personnel hired by the Receiver as herein authorized, including counsel to the Receiver, are entitled to reasonable compensation for the performance of duties pursuant to this Order and for the cost of actual out-of-pocket expenses incurred by them, from the assets now held by, or in the possession or control of, or which may be received by the Defendants. The Receiver shall file with the Court and serve on the parties, including Plaintiff Commission, periodic requests for the payment of such reasonable compensation, with the first such request filed no more than sixty (60) days after the date of this Order. Plaintiff Commission may object to any part of a request within 30 calendar days of service of a request. The Receiver shall not increase the hourly rates used as the bases for such fee applications without prior approval of the Court.

Order Granting Motion for Statutory Restraining Order, ¶ IV.G.

7. This Application is being submitted pursuant to these provisions.

Review by SEC and CFTC

8. On May 1, 2012, the Receiver submitted detailed invoices for the fees and expenses underlying this Application to the SEC and to the CFTC for review in compliance with ¶h of the Court's Order Appointing Receiver in the SEC action.

9. The SEC and CFTC have both advised the Receiver that they have no objections to the fee application.

Approval of Prior Applications for Fees and Expenses

10. The Court approved payment of the Receiver's prior applications for fees and expenses on September 1, 2009 (Doc. #36), December 3, 2009 (Doc. #49), May 5, 2010 (Doc. #68), December 28, 2010 (Doc. #118), May 24, 2011 (Doc. #93), and December 21, 2011 (Doc. #140). These fees and expenses have been paid to the Receiver and his counsel.

Application Summary and Billing Methodology

11. Through this Application, the Receiver, on behalf of himself, Klein & Associates, PLLC, and Hawley Troxell, the Receiver's legal counsel, is requesting approval of compensation

for services provided to and reimbursement of expenses incurred by the Receivership Estate between October 1, 2011 and March 31, 2012 in the amounts described below.

12. Summary invoices reflecting the services rendered by the Receiver and Klein & Associates, PLLC and expenses incurred are attached as Exhibit A. Summary invoices reflecting the services rendered by Hawley Troxell, counsel for the Receiver, and expenses incurred are attached as Exhibit B. Detailed invoices describing the work performed by the Receiver, Klein & Associates, and Hawley Troxell on a daily basis, as well as detailed lists of expenses incurred, have been provided to the SEC and CFTC and are being filed with the Court under seal. The detailed invoices are not being made public because they include investment and personal information about investors, describe negotiating stances and legal theories being pursued by the Receiver, identify persons providing assistance to the Receiver, and reference investigative information of governmental agencies.

13. The Applicants' services are billed on an hourly-rate basis.

a. Although the Receiver's standard hourly rate is \$350, by agreement with the SEC and CFTC, the Receiver's hourly rate has been capped in this case at \$250.

b. The standard hourly rates of analysts and other employees of Klein & Associates, PLLC range from \$75 to \$120. The professionals and paraprofessionals who have billed time to this case, and their rates are:

Name	Profession	Hourly Rate Billed
James Shupe	Analyst	\$120
Rendell Etherington	Analyst	\$120
Keith J. Williams	Analyst	\$75

c. Hawley Troxell has also agreed to discount their standard rates for time spent

working on this case. The following Hawley Troxell professionals who have billed time to this case, and the hourly rates they are billing for this case are summarized as follows:

Name	Position	Hourly Rate Billed
John F. Kurtz	Partner	\$270
Brian Larsen	Partner	\$255
Matthew Gordon	Associate	\$160 ¹
Steven Wieland	Associate	\$150
Kathryn Royster	Paralegal	\$135
Denise Heller	Paralegal	\$135
Christian Wamhoff	Paralegal	\$90
Kyle Millard	Paralegal	\$95 ²

d. In rendering services and incurring expenses, the Applicants have endeavored to use the most economical means and methods that are available and appropriate under the circumstances.

Specific Requests

The Receiver

14. From October 1, 2011 through March 31, 2012, the Receiver, who himself is an attorney, rendered 63.9 hours of administrative, investigative, and legal services to the Receivership Estate, for total fees of \$15,975.00.³ The services rendered by the Receiver are described in his invoices with regard to the tasks accomplished. The services rendered are summarized above and in Exhibit A, and are fully detailed in the invoices provided to the SEC and CFTC, and to the Court under seal.

¹ Matthew Gordon's hourly billing rate was increased from \$150.00 per hour to \$160.00 per hour in February 2012.

² Some of Kyle Millard's time was billed at \$50.00 per hour.

³ This does not include an additional 13.0 hours of time that were not billed, valued at \$3,250.00.

Klein & Associates, PLLC

15. During this Reporting Period, three employees of Klein & Associates, PLLC have assisted with the case, spending 29.9 billable hours assisting the Receiver. The Receiver seeks compensation of \$3,498.00 for this billable time – time billed at an average rate of \$116.98 per hour. The services rendered by Klein & Associates are summarized above and in Exhibit A, and are fully detailed in the invoices submitted to the Court and government plaintiffs.

Hawley Troxell Ennis & Hawley LLP

16. During this Reporting Period, four attorneys and four paralegals at Hawley Troxell provided legal services on the case, spending 156.9 billable hours providing legal services for the Receiver and the Receivership Entities. Hawley Troxell seeks compensation of \$26,663.50 for this time. The services rendered by Hawley Troxell are among those summarized above and in Exhibit B, and are fully detailed in the invoices submitted to the Court and government plaintiffs.

Expenses

17. Hawley Troxell advanced expenses related to litigation in the amount of \$250.63. The Receiver advanced expenses of \$228.89 related to the work of the receivership.⁴ Exhibits A and B show the details of the expenses for which reimbursement is sought.

⁴ The expenses for which reimbursement is requested do not include expenses paid by the Receiver from funds in the Receivership bank account. The expenses paid by the Receiver from funds collected are described in the Twelfth and Thirteenth Reports of the Receiver (for the periods ending December 31, 2011 and March 31, 2012).

Summary

18. Total fees and expenses requested are as follows:

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
a. Receiver and Klein & Associates	\$19,473.00	\$228.89	\$19,701.89
b. Hawley Troxell	<u>\$26,663.50</u>	<u>\$250.63</u>	<u>\$26,914.13</u>
Total	\$46,136.50	\$479.52	\$46,616.02

CONCLUSION

The Receiver respectfully submits this Application Seeking Court Approval of Fees and Expenses related to Trigon Group and Daren Palmer. Based on the description of work performed in this Application and the thirteen reports to the Court filed to date, the Receiver requests that the Court enter the proposed Order attached hereto as Exhibit C, approving the fees and expenses incurred by the Receiver and his professionals as set forth herein, and authorizing the Receiver to pay such amounts as a cost of administering the Receivership Estate.

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

DATED this 7th day of May, 2012.



 WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

I hereby certify that on this 8th day of May, 2012, I caused to be sent via first-class mail, postage prepaid, a true and correct copy of the foregoing Receiver's Application Seeking Court

Approval of Fees and Expenses to:

Karen L. Martinez
Thomas M. Melton
Tanya Beard
Securities and Exchange Commission
15 West South Temple, Suite 1800
Salt Lake City, UT 84101
Counsel for Plaintiff Securities and Exchange Commission

Alison B. Wilson
John W. Dunfee
Division of Enforcement
Commodity Futures Trading Commission
1155 21st Street, N.W.
Washington, D.C. 20581
Counsel for Plaintiff Commodity Futures Trading Commission

Alan Conilogue
Deputy Attorney General
State of Idaho
PO Box 83720
Boise, ID 83720-0031
Local Counsel for Plaintiffs

Daren L. Palmer
Register # 13952-023
Mini-Cassia Justice Center Jail
1415 Albion Avenue
Burley, ID 83318
Defendant



John F. Kurtz, Jr.

EXHIBIT A - INVOICE SUMMARY**Receiver/Klein & Associates**

DATE: March 31, 2012
CLIENT: TRIGON RECEIVERSHIP

Summary of Services:

Professional	Hours	Rate	Amount
Wayne Klein	63.90	250.00	15,975.00
James Shupe	27.50	120.00	3,300.00
Keith Williams	2.00	75.00	150.00
Rendell Etherington	0.40	120.00	48.00
Total	93.80		19,473.00
Amount Waived			3,250.00
Total Fees Requested			19,473.00
Expenses			228.89
Total Fees and Expenses			19,701.89
Value of Non-Billed Time			3,250.00

EXPENSES

Recipient	Amount	Date	Category	Description
Comfort Inn	68.85	11/15/2011	Hotel	Hotel for settlement conference S&S
Wells Fargo	7.50	11/15/2011	Parking	Parking during settlement conference
Jackson's/Chevron	42.31	11/15/2011	Gasoline	Gas for rental car
Maverik	34.39	11/16/2011	Gasoline	Gas for rental car
Fox Car Rental	45.20	11/16/2011	Rental Car	Rental car for settlement conf. in Boise
DocuMart	25.06	11/17/2011	Copies	Print AMEX account statements from CD
DocuMart	5.58	2/9/2012	Scanning	Scan exhibits from Palmer deposition to CD
Total	228.89			

EXHIBIT B - HAWLEY TROXELL ENNIS & HAWLEY

October 1, 2011 - March 31, 2012

Legal Fees

<i>Employee</i>	<i>Position</i>	<i>Rate</i>	<i>Hours</i>	<i>Amount</i>
John Kurtz	Partner	270.00	35.9	9,693.00
Matthew Gordon*	Associate	160.00	96.2	14,594.00
Kathy Royster	Paralegal	135.00	0.4	54.00
Denise Heller	Paralegal	135.00	0.4	54.00
Steven Wieland	Associate	150.00	1.3	195.00
Kyle Millard**	Paralegal	95.00	19.6	1,745.00
Christian Wamhoff	Paralegal	90.00	2.8	252.00
Brian Larsen	Partner	255.00	0.3	76.50
Total			156.9	26,663.50

* Some of Gordon's time was billed at \$150 per hour.

** Some of Millard's time was billed at \$50 per hour.

Expenses

<i>Case</i>	<i>Copies</i>	<i>Recording Fees</i>	<i>Computer Research</i>	<i>Service of Process</i>	<i>Total</i>
General	25.74				25.74
Karen Stoddard	1.08				1.08
Lexie Kunz	34.74				34.74
RoChel Burtenshaw	15.12				15.12
Sight & Sound	1.80	13.00			14.80
American Express	4.32				4.32
Diners Club	12.78		7.05	135.00	154.83
Total	95.58	13.00	7.05	135.00	250.63

GRAND TOTAL 26,914.13

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SECURITIES AND EXCHANGE
COMMISSION,

and

COMMODITY FUTURES TRADING
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v.

DAREN L. PALMER and TRIGON
GROUP, INC.

Civ. No. 09-075-E-EJL

Civ. No. 09-076-S-EJL

The Honorable Edward J. Lodge

**ORDER APPROVING RECEIVER'S
APPLICATION FOR FEES AND
EXPENSES**

The matter before the Court is the Receiver's Application Seeking Court Approval of Fees and Expenses (Application) filed by R. Wayne Klein, the Court-Appointed Receiver of Trigon Group, Inc. and the assets of Daren L. Palmer. The Court has reviewed the Application and the applicable law, and based thereon and for good cause shown,

IT IS HEREBY ORDERED that:

1. The Application is APPROVED.
2. The fees and expenses incurred by the Receiver and his professionals, as set forth in the Application, are reasonable and necessary, and may be paid as an expense of administering the receivership estate.
3. The Receiver is authorized to pay the Receiver, Klein & Associates, PLLC, and Hawley Troxell \$46,136.50 in fees for services rendered for the benefit of the Receivership Estate from October 1, 2012 through March 31, 2012, and \$479.52 as reimbursement of

expenses paid on behalf of the receivership estate.

Dated this ____ day of May, 2012.

BY THE COURT

The Honorable Edward J. Lodge
United States District Judge