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UNITED STATES DISTRICT COURT  
DISTRICT OF IDAHO

SECURITIES AND EXCHANGE )  
COMMISSION, )  
 )  
Plaintiff, )  
 )  
and )  
 )  
COMMODITY FUTURES TRADING )  
COMMISSION, )  
 )  
Plaintiff, )  
 )  
vs. )  
 )  
DAREN L. PALMER and TRIGON GROUP, )  
INC., a Nevada Corporation, )  
 )  
Defendants. )

Case No.: CV 09-075-E-EJL

Case No.: CV 09-076-E-EJL

The Honorable Edward J. Lodge

SIXTH REPORT OF R. WAYNE  
KLEIN, RECEIVER (FOR PERIOD  
ENDING JUNE 30, 2010)

NOTICE OF SETTLEMENT

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 Sixth Report for the period of April 1, 2010 through June 30, 2010 (the "Reporting Period").

## **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. Since that time, the Court has entered preliminary injunctions against Daren Palmer and Trigon Group, Inc., based on the consent of the defendants. The Court also entered orders on October 23, 2009 finding Mr. Palmer in contempt.

On June 17, 2010, the CFTC filed a Motion for Summary Judgment against Palmer. The Receiver provided assistance to the CFTC and signed a declaration used as part of the Commission's motion. That motion, along with a motion for summary judgment previously filed by the SEC, is pending before the Court. Copies of both motions are posted on the Receiver's website.

## **II. DEVELOPMENTS REGARDING PROPERTY OF THE RECEIVERSHIP**

Since the date of the Fifth Report of the Receiver, the following developments have occurred relating to properties under the control of the Receiver, or which the Receiver asserts should be in the Receivership:

1. Palmer Hawaiian Timeshare Interest. On February 24, 2010, the Receiver accepted an offer of \$24,000.00 for the timeshare interest. The sale was scheduled to close in April 2010, but the buyers backed out. The property is again listed for sale.
2. Yost Timeshare (Waiohai Resort). The Receiver has consented to a sale of this timeshare interest owned by Duane Yost. The sale is expected to net approximately \$17,000.00 to the Receivership.

3. Yost Timeshare (Pono Kai Resort). On June 16, 2010, the Receiver filed a notice with the Court of his intent to abandon any interest in this timeshare, as liabilities associated with this timeshare exceed its market value. No objections were filed in response to the Receiver's notice.

4. Rigby Apartments. The Receiver controls two four-plex apartments in Rigby, Idaho. In April, the Receiver accepted an offer to sell one of the apartment buildings for \$235,000.00. That sale was to have closed in April, but has been delayed by the buyer. The Receiver is still hopeful that the property sale will close, but cannot be sure. The other building remains for sale. In the interim, both apartment buildings have tenants and are being managed by a rental agency. Both are earning positive cash flow for the Receivership.

5. Idaho Falls Mansion. The partially completed mansion in Idaho Falls is listed for sale and is being actively marketed. There have been some serious inquiries on the mansion, but no offers as of June 30. The real estate agent has expressed optimism that the home can be sold. The Receiver continues to pay expenses associated with the protection and maintenance of the mansion including utility expenses, insurance costs, and security measures.

6. Undeveloped Commercial Lot in Meridian, Idaho. As noted in prior reports, the Receiver discovered that an undeveloped lot in a commercial development in Meridian, Idaho had been transferred in May, 2009 by Sight & Sound Design to an entity designated by Palmer to satisfy a debt claimed by Palmer. The Receiver filed a lawsuit in May, 2010 seeking the Court's help to obtain title to this property and terminate the claims of lien holders.

7. Interest in Idaho Falls Property Temporarily Transferred to Yost. The Receiver investigated the strength of claims he could make to property where the transfer of an interest in undeveloped property by an investor to Duane Yost was initiated in exchange for an investment

interest. The Receiver determined his claims did not justify participating in the existing litigation involving this property.

8. Building Lot in St. George, Utah. Pursuant to the settlement with Allan Wright, title to a building lot in the Sand Hollow Resort Subdivision, near St. George, Utah, was transferred to the Receiver. The Receiver plans to market this lot for sale, although the surfeit of lots for sale in the subdivision likely means a higher price will be obtained for the property by waiting for economic conditions to improve.

9. Unimproved Property in Ammon, Idaho. Pursuant to the settlement with Kevin Taggart, title to a 2.13-acre lot on Ammon Road is being transferred to the Receiver. The property had a lien held by Citizens Community Bank with a \$191,600.00 payoff amount for a loan secured by the property. The Receiver negotiated a settlement with the bank for \$170,000.00. The bank will release its lien. The property will be marketed.

10. Timberline Real Estate Subdivision. Pursuant to the settlement with Kevin Taggart, title to the Timberline Estates subdivision in Idaho Falls is being transferred to the Receiver. This is subject to a bank loan and two construction liens. The Receiver will market the undeveloped lots in the subdivision.

### **III. NEW LAWSUITS FILED BY THE RECEIVER**

The Receiver filed four additional lawsuits in April and May 2010. These lawsuits seek payments from companies that received funds from Trigon. Copies of these lawsuits are posted on the Receiver's website:

1. Stephan D. Lawson. On April 14, 2010, the Receiver filed a complaint alleging that Mr. Lawson received \$20,000.00 from Trigon as a loan and that the loan has not been repaid. Lawson has filed an answer and the litigation is moving forward.

2. Keith Rasmussen. The Receiver filed another lawsuit on April 14, 2010 alleging that Mr. Rasmussen received a \$50,000.00 loan from Trigon that has not been repaid.

Rasmussen is gathering information that may show the loan was repaid.

3. RoChel Burtenshaw. A lawsuit filed on May 10, 2010 alleges that Ms. Burtenshaw and her interior design company received \$268,004.17 from Trigon and \$80,000.00 from another entity as payment for services provided to the Palmers. The lawsuit alleges that Trigon received no benefit from these services and seeks the return of these funds. In addition, the lawsuit alleges Burtenshaw is holding furniture and building materials belonging to Trigon.

4. Sight & Sound/Beacon Light Capital. This lawsuit, filed May 12, 2010, relates to the undeveloped commercial property in Meridian, Idaho transferred from Sight & Sound to a friend of Daren Palmer in payment of refunds due on the mansion construction. The suit also names the hard-money lender who loaned funds on the property, then took possession of the property when loan payments were not made. The Receiver's lawsuit seeks a return of the property, release of liens, and amounts paid by Trigon to Sight & Sound.

#### **IV. DEVELOPMENTS IN EXISTING LITIGATION**

One of the lawsuits filed by the Receiver on February 17, 2010 was against American Finance Limited Partnership. American Finance filed a motion to dismiss, arguing the federal court had no jurisdiction over the Receiver's lawsuit. The Receiver filed a brief asserting the case was properly before the federal court. On July 1, 2010, the Court issued a decision, denying American Finance's motion to dismiss and confirming the Court has jurisdiction over litigation in which the Receiver seeks funds from the Trigon scheme.

**V.  
SETTLEMENT AGREEMENTS**

During the past three months, the Receiver entered into six settlement agreements relating to assets of the Receivership. Five of these were described in Notices of Settlements filed with the Court on April 12, April 16, and June 15, 2010.

1. H.K. Holdings, LLC. In a settlement dated April 6, 2010, H.K. Holdings agreed to pay \$22,500.00 in settlement of payments it received for its role in finding a lender for Trigon.

2. Family Asset Protection Legal Services. This entity paid the Receiver \$22,250.00 on April 9, 2010 in settlement of the Receiver's claims that the entity was compensated for helping arrange loans to Trigon.

3. Right Price Auto. During the fall of 2008, Palmer sold a number of automobiles and other vehicles to Right Price Auto. The company paid \$20,000.00 in settlement of the Receiver's claims that the vehicles were sold for a price below their fair market value.

4. Kevin Taggart. In settlement of claims by the Receiver that Taggart received more from Trigon than he invested, Taggart agreed to deliver properties to the Receiver that he owns. These properties are subject to liens and are described above. As a result of this settlement, the Receiver has dismissed his lawsuit against Taggart.

5. R. Jay Taylor. The Receiver filed suit against Taylor, alleging he received more in distributions than the amount he invested. Taylor agreed to pay \$10,000.00 in settlement and also delivered a waiver of \$85,000.00 in valid claims previously submitted by another investor.

6. American Finance Limited Partnership. The Receiver sued American Finance in February, alleging it was overpaid. American Finance was able to demonstrate that funds invested under another name belonged to it, so its overpayment was only \$12,500.00. The company agreed to settle the lawsuit by paying \$15,000.00 to the Receiver.

The Receiver hereby gives notice of this latest settlement. Objections, if any, to this settlement must be in writing and filed with this Court within ten (10) days of the filing of this Sixth Report. Unless the Court orders otherwise, if no objection has been filed within ten (10) days, the Receiver will deem the settlement approved and move forward to implement its terms.

**VI.**  
**THE CLAIMS PROCESS, PROPOSED DISTRIBUTION PLAN**

On May 13, 2010, the Receiver filed with the Court his Report and Recommendations on Claims Process (“Report”). A copy of this Report is posted on the Receiver’s website. The Report summarizes the results of the claims process, including a list of the claims he deems valid and those he is recommending for reduction or rejection. Copies of the Report were mailed to persons who submitted claims, with a notice that any objections to the recommendations of the Receiver needed to be filed with the Court by June 13, 2010. No objections were filed, so the Receiver’s recommendations can be finalized.

On July 12, 2010, the Receiver filed with the Court his Notice of Final List of Allowed Claims. The Receiver is asking the Court to enter an order identifying 32 valid claims, having a total allowed claim amount of \$21,366,009.69. If the Court signs the proposed order, this will constitute a final determination of eligible recipients to be paid funds recovered by the Receiver.

Separately, the SEC filed a Motion for Approval of Plan of Partial Distribution (“Distribution Plan”) on June 9, 2010. The SEC’s motion asks the Court to approve a methodology for distributing funds recovered by the Receiver and requests approval to make an initial distribution of \$2 million to qualified claimants. Comments on the SEC’s proposed Distribution Plan must be filed with the Court by August 9, 2010.

**VII.  
ONGOING EFFORTS TO RECOVER FUNDS**

The Receiver is continuing his efforts to identify and recover other assets and funds belonging to the Receivership Estate. Negotiations are ongoing with a number of parties and litigation is continuing in the suits filed by the Receiver.

**VIII.  
OTHER ACTIVITIES**

Other activities of the Receiver have included preparation for litigation; calls, correspondence, and interviews with investors; and assisting government agencies with their investigations. Copies of significant court filings and information regarding the claims process continue to be posted on the Receiver's website.

**IX.  
FINANCIAL ACTIVITIES OF THE RECEIVER**

Funds Recovered and Paid Out. During this Reporting Period, the Receiver received \$645,246.24, which has been deposited into bank accounts controlled by the Receiver. These receipts are:

<b>FUNDS PAID TO THE RECEIVER</b>			
<b>Date</b>	<b>Amount</b>	<b>Source</b>	<b>Purpose</b>
4/2/10	\$2,150.00	Borrower	Payment on promissory note owed to D. Yost
4/6/10	\$518,020.55	Bank of Commerce	Payment on settlement agreement
4/9/10	\$22,250.00	Family Asset Prot.	Settlement payment
4/12/10	\$5,000.00	H.K. Holdings	Partial settlement payment
4/15/10	\$65,699.63	Wright, Allan	Settlement payment
4/27/10	\$20,000.00	Right Price Auto	Settlement payment
5/3/10	\$2,150.00	Borrower	Payment on promissory note owed to D. Yost
5/28/10	\$2,150.00	Borrower	Payment on promissory note owed to D. Yost
6/15/10	\$5,000.00	R. Jay Taylor	Partial settlement payment
6/30/10	\$2,826.06	Zions Bank	Interest on funds on deposit
<b>Total</b>	<b>\$645,246.24</b>		



The Receiver has paid out \$18,757.46 from these accounts for expenses of the Receivership. These expenditures are listed in the chart below.

<b>FUNDS PAID OUT BY THE RECEIVER</b>			
<b>Date</b>	<b>Amount</b>	<b>Recipient</b>	<b>Purpose</b>
4/2/10	\$16,334.95	Egan, Metcalf	Annual insurance premium for mansion
4/21/10	\$305.10	Intermountain Gas	Natural gas for mansion.
4/21/10	\$1,526.00	Northwest Equine	Veterinary bills for horse "Harlow"
4/28/10	\$272.88	City of Idaho Falls	Electricity for mansion
5/21/10	\$155.09	Intermountain Gas	Natural gas for mansion.
5/21/10	\$43.21	City of Idaho Falls	Electricity for mansion
6/17/10	\$45.08	Intermountain Gas	Natural gas for mansion.
6/17/10	\$33.15	City of Idaho Falls	Electricity for mansion
6/28/10	\$42.00	Sand Hollow HOA	Homeowners Dues for St. George property
<b>Total</b>	<b>\$18,757.46</b>		

Payments for Receiver Fees and Legal Fees. The Receiver, his firm, and the law firm hired by the Receiver have continued to expend significant sums in carrying out the Receiver's responsibilities. These include expenses relating to travel, deposition transcripts, property taxes, utility expenses, insurance costs, property repairs, court costs, and paying for bank records, as well as paying expenses of analysts and other professionals assisting in administration of the Receivership Estate.

On April 6, 2010, the Receiver withdrew \$93,711.59 from the Receivership bank account as final payment of the fees awarded by the Court on December 3, 2009 (the Second Fee Application – for work through September 30, 2009). On April 27, the Receiver submitted its Third Fee Application, for the period from October 1, 2009 to March 31, 2010. This application was approved by the Court on May 5, 2010. Pursuant to this approval, \$99,332.36 was withdrawn from the Receivership bank account on June 30, 2010 to pay Hawley Troxell the legal fees and expenses for the October to March period. The fees and expenses due the Receiver for work during this period have not yet been withdrawn by the Receiver.

Bank Account Balances. Bank accounts maintained by the Receiver had the following balances as of June 30, 2010:

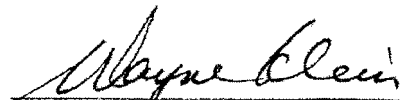
<b>Bank</b>	<b>Type</b>	<b>Balance</b>
Wells Fargo	Checking	\$27,777.03
Zions Bank	Checking	\$1,533.72
Zions Bank	Savings	\$1,632,369.94
<b>Total</b>		<b>\$1,661,680.69</b>

**X.  
CONCLUSION**

The Receiver respectfully submits this Sixth Report for the period from April 1, 2010 through June 30, 2010.

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

DATED THIS 12<sup>TH</sup> day of July, 2010.



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

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 12<sup>th</sup> day of July, 2010, I electronically filed the foregoing SIXTH REPORT OF R. WAYNE KLEIN, RECEIVER (FOR PERIOD ENDING JUNE 30, 2010); NOTICE OF SETTLEMENT 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  
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*Counsel to Defendant Daren L. Palmer*

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

Alan Conilogue  
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Boise, ID 83720-0031

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

*Local Counsel for Plaintiffs*

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