

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.)	ELEVENTH REPORT OF R. WAYNE
)	KLEIN, RECEIVER (FOR PERIOD
DAREN L. PALMER and TRIGON GROUP,)	ENDING SEPTEMBER 30, 2011)
INC., a Nevada Corporation,)	
)	NOTICE OF SETTLEMENT
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 Eleventh Report for the period of July 1, 2011 through September 30, 2011

(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. 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. SENTENCING ON THE CRIMINAL CONVICTION

On September 20, 2011, Palmer was sentenced on his guilty plea to the two counts of wire fraud and money laundering. The judge sentenced Palmer to eight years in prison, followed by three years of supervised probation. Palmer was ordered to repay \$29,842,731.00 in restitution, plus interest. The sentencing also bars Palmer from ever being associated with securities markets or acting in a fiduciary relationship. He was committed to prison at that time.

III. SETTLEMENTS DURING THE REPORTING PERIOD

Two of the lawsuits filed by the Receiver were settled during the Reporting Period:

1. On July 19, 2011, the Receiver signed a settlement agreement with George

Heffernan, a South Carolina-based commodities trader that assisted Palmer. Heffernan agreed to the settlement after the Court denied Heffernan's third motion to dismiss the Receiver's lawsuit. Under the settlement, Heffernan agreed to the entry of a judgment in the amount of \$200,000.00. However, Heffernan has provided sworn information to the Receiver demonstrating his inability to pay the full amount sought by the Receiver in the lawsuit and his inability to immediately pay the judgment amount. The settlement agreement requires that Heffernan provide the Receiver with accurate statements of his income twice yearly for the next five years. Heffernan will pay the Receiver 10% of his annual gross income each year that his income exceeds \$40,000.00. The Court entered a judgment against Heffernan for \$200,000.00 on July 21, 2011.

2. The Receiver signed a preliminary settlement agreement with Jeff Struchen on September 19, 2011. If the settlement is approved, Struchen will pay the Receiver \$10,250.00 by March 15, 2012. Struchen must make periodic payments to the Receiver based on income he receives, with a final deadline of March 2012. This required payment reflects the total amount that Struchen was overpaid by funds from Trigon. The Receiver agreed to the extended repayment schedule based on Struchen's demonstrated inability to pay the entire amount currently. By this status report, the Receiver is giving notice of his intent to finalize the settlement agreement with Struchen.

PROCEDURE FOR ADDRESSING ANY OBJECTIONS TO THE SETTLEMENTS OR THE
PROPERTY TRANSACTIONS

Objections, if any, to the settlements must be in writing and filed with this Court within ten (10) days of the date of the filing of this Report and Notice of Settlement. If no objection has been filed within ten (10) days, unless the Court orders otherwise, the Receiver will deem the settlement approved and move forward to implement its terms. In the event that an objection is

filed, the Receiver will have the right to: (1) notify in writing the objecting person, the settling party, and the Court that the Receiver believes that the objection lacks merit and seek the approval of the Court notwithstanding such objection, or (2) notify in writing the objecting person, the settling parties, and the Court that the Receiver believes that the objection is valid, whereupon the affected settlement agreement(s) will be deemed to be terminated.

IV. SALES OF RECEIVERSHIP ASSETS

During the Reporting Period, the Receiver sold the following assets of the Receivership:

1. Palmer Watches. Two high-end watches were sold by OC Tanner jewelers, in Salt Lake. The Receiver was paid \$6,800.00 by the buyer. OC Tanner sold the watches without taking any commission.
2. Jewelry. OC Tanner purchased some of the other Palmer jewelry and paid the Receiver \$6,090.00.
3. Real Estate Investment Trust. The Palmers had owned some shares in a real estate investment trust. The Receiver attempted several times to redeem these shares, but was unsuccessful because the sponsor accepts a very limited number of redemptions. Consequently, the Receiver decided to accept a tender offer for the shares at a lower price. This sale netted \$1,606.29 for the Receivership estate.

V. STATUS OF PROPERTY OWNED BY THE RECEIVERSHIP

The Receivership owns the following properties:

1. Idaho Falls Mansion. The nearly-completed mansion in Idaho Falls is still being marketed by a real estate agent. There have been no offers received on the property. At the

recommendation of the listing agent, the Receiver agreed to reduce the listing price to \$2,750,000.00 in the hope that this will stimulate interest in the home. This home will take time to sell in light of the lingering effects of the recession. The real estate agent and the Receiver believe that the home is priced at a very attractive level in light of the size and quality of the home. The Receiver believes that so long as the Receivership needs to remain open to complete other litigation, there is no reason to sell the home at a distressed price.

In the meanwhile, the Receiver continues to preserve and maintain the home and property. During the Reporting Period, this included replacing the back deck that had suffered weather damage and had mold, replacing several windows that had been broken due to vandalism, installing smoke detectors (necessary to retain insurance coverage), installing security fences required by the City of Idaho Falls, and getting weeds cut on the property.

2. Meridian Commercial Lot. This property was transferred back to the Receivership in June 2011 as part of the settlement with Ken and Julie Smith. The Receiver will seek to sell the property.

3. Ammon Road Commercial Lot. This 2.13 acre property remains listed for sale. There have been no offers on the property.

4. Timberline Real Estate Subdivision. The Receiver holds title to one building lot in the Timberline Estates subdivision in Idaho Falls. It is listed for sale. There have been no offers on the property.

5. Pheasant Grove Building Lot. The Receiver holds title to a residential building lot in the Pheasant Grove subdivision in Idaho Falls. There have been no offers on this property during the past quarter.

6. Building Lot in St. George, Utah. The Receiver holds title to a building lot in the Sand Hollow Resort Subdivision, near St. George, Utah. The Receiver pays monthly homeowner dues on this property. The Receiver believes a higher value can be obtained from this property by holding it until economic conditions improve.

VI. ONGOING LITIGATION

The Receivership is at a stage where more efforts are being devoted to litigation and less time is being spent performing financial analysis and investigation. The Receiver's litigation efforts continue in those lawsuits by the Receiver that have not yet settled. Developments in these cases include:

1. Cases in Bankruptcy. In two of the cases where the Receiver filed suit, the defendants filed for bankruptcy protection. In both cases, the Receiver is objecting to the attempted discharge in bankruptcy of his claims.
2. Doyle Beck. The Beck litigation continues to be very contentious, involving numerous motions and Beck's efforts to exclude evidence being introduced by the Receiver.
3. Jeff Struchen. Based on the settlement agreement reached with Struchen in September, the Receiver will dismiss this lawsuit. Before the settlement, the Receiver had engaged in significant discovery and litigation efforts in connection with this case.
4. Sight & Sound, Beacon Light, Smiths. The Smiths have been dismissed from this lawsuit based on their settlement with the Receiver. The other parties are awaiting the court's rulings on summary judgment motions that are pending.
5. Capital One Bank. The court denied Capital One's motion to dismiss the Receiver's lawsuit. The Receiver expects to begin getting copies of credit card statements that

will show what was purchased with the funds paid by Trigon.

6. American Express. A protective order was entered by the Court, removing defendant's objection to providing information to the Receiver. With the information showing what purchases were made with this credit card, the Receiver expects to be able to demonstrate that the monies paid to American Express by Trigon were for the personal benefit of the Palmers, not for the benefit of Trigon and its investors.

7. Diners Club. This lawsuit has been amended to substitute Harris Bank for Diners Club based on evidence that the credit card was issued by Harris Bank and that the payments went to Harris Bank.

8. Burtenshaw. Discovery has been exchanged with Burtenshaw and trial schedule has been set.

9. Other Litigation Efforts. The Receiver and his counsel also have been active in other cases in litigation including settlement discussions, discussions on legal strategy, scanning and producing documents for defendants, evaluating the assets of defendants, and otherwise moving cases forward.

VII. ASSISTING GOVERNMENT AGENCIES

During the Reporting Period, the Receiver provided assistance to various government agencies as part of their regulatory and enforcement efforts. This assistance included researching information for the federal prosecutor as he prepared for sentencing. The Receiver also testified at the September 20, 2011 sentencing hearing. The prosecutor shared with the Receiver information that Palmer provided to the prosecutor regarding various aspects of how Trigon operated and the purposes of certain expenditures by Trigon.

**VIII.
COMMUNICATIONS WITH INVESTORS**

The Receiver has continued to update the website he created for this receivership, posting copies of court orders and other filings that might be of interest to investors. The Receiver has also spoken with and corresponded with a number of investors. The quarterly status report is designed to provide regular summaries to the investors.

**IX.
FINANCIAL ACTIVITIES OF THE RECEIVER**

Funds Recovered and Paid Out. During this Reporting Period, the Receiver received \$21,476.98, which has been deposited into bank accounts controlled by the Receiver:

FUNDS PAID TO THE RECEIVER			
Date	Amount	Source	Purpose
7/26/11	\$6,800.00	Jewelry Buyer	Sales of two LeCoultre watches
8/1/11	\$2,150.00	Borrower	Payment on promissory note owed to D. Yost
8/2/11	\$6,090.00	OC Tanner	Sales of jewelry
8/29/11	\$2,150.00	Borrower	Payment on promissory note owed to D. Yost
9/8/11	\$1,606.29	MFP Advisers	Proceeds from sale of Dividend Capital REIT
9/30/11	\$2,150.00	Borrower	Payment on promissory note owed to D. Yost
9/30/11	\$530.69	Zions Bank	Interest on savings account
Total	\$21,476.98		

The Receiver paid out \$19,839.13 from these accounts for operating expenses of the Receivership. There were no payments during the quarter to the Receiver and his attorneys for their fees and expenses.

FUNDS PAID OUT BY THE RECEIVER			
Date	Amount	Recipient	Purpose
7/5/11	\$195.00	Alan Meyer	Weed removal at mansion
7/5/11	\$70.00	Omni Security Syst.	Repair of fire sensors at mansion
7/5/11	\$42.00	Sand Hollow HOA	Homeowners dues for St. George property
7/25/11	\$25.91	City of Idaho Falls	Electricity for mansion
7/25/11	\$5.04	Intermountain Gas	Natural gas for mansion
8/1/11	\$42.00	Sand Hollow HOA	Homeowners dues for St. George property

8/18/11	\$2.58	Intermountain Gas	Natural gas for mansion
8/18/11	\$27.50	City of Idaho Falls	Electricity for mansion
8/31/11	\$78.00	Sand Hollow HOA	Homeowner dues for St. George property
9/9/11	\$16,920.00	The Pinnacle Group	Replace upper deck at mansion
9/20/11	\$28.52	City of Idaho Falls	Electricity for mansion
9/20/11	\$2.58	Intermountain Gas	Natural gas for mansion
9/22/11	\$2,400.00	Omni Security Syst.	Install smoke detectors at mansion
Total	\$19,839.13		

Bank Account Balances. Bank accounts maintained by the Receiver had the following

balances as of September 30, 2011:

Bank	Type	Balance
Wells Fargo	Checking ¹	\$99,070.15
Zions Bank	Checking	\$1,140.13
Zions Bank	Savings	\$507,342.96
Total		\$607,553.24

X. CONCLUSION

The Receiver respectfully submits this Eleventh Report for the period from July 1, 2011 through September 30, 2011.

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

DATED THIS 18th day of October, 2011.



R. WAYNE KLEIN, Receiver

¹ The June 30, 2011 total listed in the Tenth Report did not reflect \$70,000.00 that had been received from Elaine Talbot as part of her settlement. The September 30 balance reflects this deposit.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 19th day of October, 2011, I electronically filed the foregoing ELEVENTH REPORT OF R. WAYNE KLEIN, RECEIVER (FOR PERIOD ENDING SEPTEMBER 30, 2011) 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
Register #13952-023
Mini-Cassia Justice Center Jail
1415 Albion Avenue
Burley, ID 83318

_____ 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

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