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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

RECEIVER'S FOURTH
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 Fourth 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 April 1, 2010 through September 30, 2010 (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” [Document No. 9 in Case No. 09-075] and orders appointing a receiver [Document No. 8 in Case No. 09-075 and Document No. 5 in Case No. 09-076].

3. The Receiver has filed seven Status Reports with the Court, one for each quarter since March 31, 2009. The most recent report covered the period up through September 30, 2010. 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. Pursuant to the orders appointing a Receiver, the Receiver, the Receiver’s professionals, and counsel for the Receiver have performed the following services during the Fee Application Period:

a. **Lawsuits Filed:** The Receiver has filed four additional lawsuits since April 1, 2010. These lawsuits seek funds from two people who borrowed funds from Trigon and two groups of contractors who were doing work on the mansion.

b. Real Estate: The Receiver has been identifying, gathering, managing, and selling real estate assets of the Receivership Estate. Developments regarding real estate assets in the Receivership Estate during the Reporting Period are described in the Sixth and Seventh Reports of the Receiver.

c. Asset Sales: The Receivership was paid \$15,192.22 in proceeds from the sale of a timeshare owned by Duane Yost.

d. Settlements: During the reporting period, the Receiver received \$1,036,041.10 from the Bank of Commerce pursuant to a settlement agreement with the bank. An additional \$623,759.63 was recovered as a result of other settlement agreements.

e. Analysis of Financial Transactions: The Receiver has prepared analyses showing i) the extent to which Trigon operated as a Ponzi scheme and was insolvent since at least 2002 and ii) showing the extent to which persons associated with Trigon lacked good faith in their dealings with Trigon.

f. Assisting Government Agencies: The Receiver has provided information and assistance to government agencies conducting investigations into the activities of Trigon, Palmer, and others affiliated with them. Information has been gathered, analysis has been performed, and documents have been created for those agencies.

g. Financial Activities of the Receivership: As described in detail in the reports to the Court, the Receiver has managed the financial affairs of the Receivership, including receiving funds and paying expenses related to identifying, preserving, and managing assets of the Receivership.

h. Communications with Investors: The Receiver has responded to inquiries by investors regarding the role of the Receiver, their individual circumstances, and what assistance they can provide to the Receiver and government investigators.

i. Claims Process: The claims evaluation process has now been completed. On July 12, 2010, the Receiver filed his final recommendations with the Court identifying the allowable claimants and allowable claim amounts. On August 23, 2010 the SEC asked the Court for final approval of the distribution plan it proposed. Upon approval of these recommendations, the Receiver will make an initial distribution payment of \$2,000,000 to claimants.

REQUEST FOR COURT APPROVAL OF FEES AND EXPENSES

5. The Order Appointing a Receiver in the SEC action [Document 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 [Document 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 October 25, 2010, 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 the CFTC have advised the Receiver that they have no objections to this fee application.

Approval of Prior Applications for Fees and Expenses

10. The Court approved payment of the Receiver's first application for fees and expenses on September 1, 2009. The second application for fees and expenses was approved on December 3, 2009. These fees and expenses, covering work performed through March 31, 2010, 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 April 1, 2010 and September 30, 2010) 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
P. Jake Hennessy	Analyst	\$120
Keith J. Williams	Analyst	\$75
Collin Snow	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
Richard A. Riley	Partner	\$270
Janine Reynard	Staff Attorney	\$180
Ryan McFarland	Associate	\$175
Matthew Gordon	Associate	\$140

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 April 1, 2010 through September 30, 2010, the Receiver, who himself is an attorney, has rendered 376.5 hours of administrative, investigative, and legal services to the Receivership Estate, for total fees of \$94,125.00.¹ 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.

Klein & Associates, PLLC

15. During this Reporting Period, three employees of Klein & Associates, PLLC have assisted with the case, spending 349.2 billable hours assisting the Receiver. Additional time was

¹ This does not include an additional 2.6 hours of time that were not billed, valued at \$650.00.

spent that was not billed to the Receivership.² The Receiver seeks compensation of \$31,369.50 for this billable time – time billed at an average rate of \$89.83 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, five attorneys at Hawley Troxell have provided legal services on the case, spending 164.2 billable hours providing legal services for the Receiver and the Receivership Entities. Hawley Troxell seeks compensation of \$35,063.00 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 has advanced expenses related to litigation in the amount of \$5,781.81.³

Summary

18. Total fees and expenses requested are as follows:

	<u>Fees</u>	<u>Expenses</u>	<u>Total</u>
a. Receiver and Klein & Associates	\$125,494.50	\$0.00	\$125,494.50
b. Hawley Troxell	<u>\$ 35,063.00</u>	<u>\$5,781.81</u>	<u>\$ 40,844.81</u>

² Another 60.0 hours of work were performed by these employees, but not billed. This work is valued at \$6,111.00.

³ 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 Sixth and Seventh Reports of the Receiver (for the periods ending June 30, 2010 and September 30, 2010).

c. *Total* *\$160,557.50* *\$5,781.81* *\$166,339.31*

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 seven 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 1st day of December, 2010.

By *R. Wayne Klein*
R. Wayne Klein, Receiver

EXHIBIT A - RECEIVER AND KLEIN & ASSOCIATES, PLLC**April 1, 2010 - September 30, 2010****Legal Fees**

<i>Employee</i>	<i>Position</i>	<i>Rate</i>	<i>Hours</i>	<i>Amount</i>
Wayne Klein	Receiver	250.00	376.5	94,125.00
Jake Hennessy	Accountant	120.00	115.1	13,812.00
Keith Williams	Analyst	75.00	221.9	16,642.50
Collin Snow	Analyst	75.00	12.2	915.00
Total billed				125,494.50
Value of non-billable hours				6,761.00
Total value				132,255.50

Exhibit**A**

EXHIBIT B - HAWLEY TROXELL ENNIS & HAWLEY**April 1, 2010 - September 30, 2010****Legal Fees**

<i>Employee</i>	<i>Position</i>	<i>Rate</i>	<i>Hours</i>	<i>Amount</i>
John Kurtz	Partner	270.00	91.6	24,732.00
Richard Riley	Partner	270.00	0.4	108.00
Janine Reynard	Staff Attorney	180.00	0.6	108.00
Matthew Gordon	Associate	140.00	69.0	9,660.00
Ryan McFarland	Associate	175.00	2.6	455.00
Total			164.2	35,063.00

Expenses

<i>Category</i>	<i>Amount</i>
Copies	256.32
Computer research	169.41
Court filing fees	3,400.00
Service of process	1,302.50
Shipping fees	42.78
Travel	610.80
Total	5,781.81

GRAND TOTAL**40,844.81****Exhibit****B**

UNITED STATES DISTRICT COURT
DISTRICT OF IDAHO

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COMMISSION,)
)
Plaintiff,)
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COMMODITY FUTURES TRADING)
COMMISSION,)
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Case No.: CV 09-075-E-EJL

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

The Honorable Edward J. Lodge

ORDER APPROVING RECEIVER'S
FOURTH APPLICATION SEEKING
COURT APPROVAL OF 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.

ORDER APPROVING RECEIVER'S FOURTH APPLICATION SEEKING
COURT APPROVAL OF FEES AND EXPENSES - 1



3. The Receiver is authorized to pay the Receiver, Klein & Associates, PLLC, and Hawley Troxell \$160,557.50 in fees for services rendered for the benefit of the Receivership Estate from April 1, 2010 through September 30, 2010, and \$5,781.81 as reimbursement of expenses paid on behalf of the receivership estate in the manner requested in the application.

//end of text//

Submitted by:

/s/

John F. Kurtz, Jr., ISB No. 2396
HAWLEY TROXELL ENNIS & HAWLEY LLP
Attorneys for the Receiver R. Wayne Klein