

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.)	TWELFTH REPORT OF R. WAYNE
)	KLEIN, RECEIVER (FOR PERIOD
DAREN L. PALMER and TRIGON GROUP,)	ENDING DECEMBER 31, 2011)
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 Twelfth Report for the period of October 1, 2011 through December 31, 2011 (the "Reporting Period").

TWELFTH REPORT OF R. WAYNE KLEIN, RECEIVER
(FOR PERIOD ENDING DECEMBER 31, 2011) - 1

**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.
SETTLEMENTS DURING THE REPORTING PERIOD**

1. As noted in the prior status report, the Receiver reached a settlement with Jeff Struchen on September 19, 2011 and filed a notice of settlements with the Court. That settlement became final in early October 2011. Pursuant to that agreement, Struchen has begun making settlement payments to the Receiver. These payments are described in the financial summary below.

2. On November 15, 2011, the Receiver participated in a court-sponsored settlement conference in Boise. That settlement conference resulted in a settlement with Beacon Light Capital and David Eldredge. Under the settlement, Eldredge provided a sworn financial statement to the Receiver demonstrating that he and his company (Beacon Light Capital) have

negative net worths. Eldredge has paid \$2,000.00 toward the settlement and must pay an additional \$1,500.00 during 2012. The lawsuit against them was dismissed.

3. At the November 15 settlement conference, the Receiver also reached a settlement with Sight & Sound, Inc., Lewis Family Properties, and Shari and William Lewis. The Lewises provided financial information to the Receiver demonstrating the negative net worth of them and their companies and showing their inability to pay the full amount sought by the Receiver. Pursuant to the settlement agreement, the Lewises will pay \$40,000.00 to the Receiver within two years. This obligation will be secured by their interest in three real estate properties. The lawsuit against them was dismissed.

4. On November 17, 2011, the Receiver entered into a settlement agreement with Dean Palmer. This was a complicated matter because Dean Palmer is in bankruptcy. As part of that bankruptcy proceeding, the Receiver had filed suit seeking to make Palmer's debt non-dischargeable. Under the settlement agreement, Dean Palmer granted the Receiver a judgment of \$200,000.00 against him. The settlement agreement creates an incentive for Palmer to make payments to the Receiver even though he has limited financial resources. If Palmer makes payments of at least \$5,000.00 to the Receiver every six months, the Receiver will delay attempts to enforce the full \$200,000.00 judgment. If Palmer has paid \$25,000.00 to the Receiver within two years, payment of the balance of the judgment will be waived by the Receiver.

5. During the Reporting Period the Receiver was paid additional amounts from people who had entered into previous settlement agreements with the Receiver.

III.

ONGOING LITIGATION BY THE RECEIVER

6. Several lawsuits are still being pursued by the Receiver. Significant efforts relating to these lawsuits during the prior quarter have included:

a. American Express. The Receiver obtained a copy of the Palmers' credit card billing statements from American Express and performed an analysis showing that over 90% of the charges on the credit card were for personal expenses, not business expenses. The results of this analysis are summarized later in this report. A revised expert report of the Receiver was provided to American Express showing the extent to which the payments were for personal expenses and that the payments were made as part of Trigon operating a Ponzi scheme. The litigation is ongoing.

b. Kunz. The Receiver filed his trial brief and exhibit list in preparation for trial of this case. The trial was postponed until the first part of 2012.

c. Burtenshaw. Documents were provided to Burtenshaw's attorneys in discovery.

d. Stoddard. Stoddard also is in bankruptcy. The Receiver agreed to a slight reduction in the claim he had filed in Stoddard's bankruptcy proceeding. In return, the bankruptcy trustee withdrew his objection to the Receiver's claim. The Receiver also has provided information to the bankruptcy trustee about assets that should be in the bankruptcy estate or released to the Receiver.

7. Other lawsuits filed by the Receiver are still being pursued. These include lawsuits against Doyle Beck, Capital One, and Diners Club. In one, the Receiver is awaiting

court rulings on summary judgment motions that have been filed by the parties.

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

8. None of the real estate properties in the Receivership were sold during the Reporting Period. Inquiries were received on the Idaho Falls mansion and one of the vacant lots in Idaho Falls, but neither inquiry resulted in an offer. The Receiver hopes that improvements in the national economy will produce offers for the properties. If the real estate market does not improve, the Receiver will consider selling the properties at a no-reserve auction. This step would convert those properties to cash, but at significantly lower prices than their market values.

9. The Receiver continues to maintain these properties by paying utility and insurance expenses for the mansion, property taxes on all the properties, and weed removal. There was some additional vandalism at the mansion. The Receiver was required to spend \$2,173.74 to replace windows that had been broken.

**V.
ASSISTANCE TO REGULATORS, GOVERNMENT AGENCIES**

10. During the prior quarter, federal commodities enforcement officials brought action to close down another alleged Ponzi scheme located in Eastern Idaho. That Ponzi scheme involved some of the same investors as the Trigon case. The Receiver has provided information and documents to the attorneys who brought that case.

11. The Receiver has provided information requested by the U.S. Department of Labor in connection with an investigation it is conducting tied to Trigon.

**VI.
ANALYSIS**

12. The Receiver has sued American Express, seeking a return of more than \$1.5

million paid to American Express by Trigon. The Receiver's lawsuit alleges that the payments by Trigon were for the personal benefit of Daren Palmer, not for the benefit of Trigon. The Receiver analyzed the credit card statements for the account to determine which charges appeared to be for personal expenses and which appeared to be for business purposes. The Receiver identified \$96,999.42 in charges that might be business related with another \$27,345.96 where the purposes were unclear. The remaining \$1,399,073.15 in charges appeared to be for personal expenses in the following categories:

Category	Amount
Automobile supplies, maintenance	\$27,371.62
Groceries	\$7,399.92
Car payments	\$10,732.70
Restaurants and catering	\$10,930.37
Medical, dental, hair transplants	\$112,156.64
Books and magazines	\$7,457.15
Sporting goods, golfing	\$64,224.87
Clothing and accessories	\$444,764.78
Arts & crafts	\$2,245.14
Home appliances, decorations, furniture	\$89,537.34
Hair salon, day spa, sauna	\$5,620.34
Travel: hotel, rental car, cruise, theme park	\$245,850.84
Music, video, lessons, subscriptions, pay TV	\$6,363.02
Gifts, flowers, souvenirs, toys	\$22,854.14
Bank fees	\$13,988.15
Seattle Mariners trips (tickets, hotel, charter)	\$79,860.66
Pet supplies	\$3,657.26
Other	\$244,058.21
Total	\$1,399,073.15

VII. COMMUNICATIONS WITH INVESTORS

13. The Receiver attempts to keep the investors informed of his activities by posting on the Receivership Website summaries of significant developments and 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.

VIII. FINANCIAL ACTIVITIES

14. Funds Recovered and Paid Out. During this Reporting Period, the Receiver received \$23,803.23, which was deposited into bank accounts controlled by the Receiver. The funds received are listed in the table below:

FUNDS RECOVERED BY THE RECEIVER			
Date	Amount	Source	Purpose
10/24/11	\$44.61	Dividend Capital	Final dividend on real estate investment trust
10/25/11	\$2,150.00	Borrower	Payment on promissory note owed to D. Yost
11/4/11	\$760.05	Jeff Struchen	Partial settlement payment
11/14/11	\$14,467.00	Steve Crandall	Final settlement payment
11/17/11	\$1,687.77	Jeff Struchen	Partial settlement payment
11/21/11	160.02	Jeff Struchen	Partial settlement payment
12/2/11	\$2,150.00	Borrower	Payment on promissory note owed to D. Yost
12/30/11	\$2,000.00	David Eldredge	Partial settlement payment
12/31/11	\$383.78	Zions Bank	Interest on savings account
Total	\$23,803.23		

15. The Receiver paid out \$4,369.90 from these accounts for operating expenses of the Receivership. These are shown in the following table.

FUNDS PAID OUT BY THE RECEIVER			
Date	Amount	Recipient	Purpose
10/3/11	\$60.00	Sand Hollow HOA	Homeowners dues for St. George property
10/6/11	\$2,173.74	Pella Windows	Replace windows at mansion
10/18/11	\$18.68	Intermountain Gas	Natural gas for mansion
10/19/11	\$33.88	City of Idaho Falls	Electricity for mansion
10/26/11	\$285.00	Alan Meyer	Cut weeds at Ammon property
11/2/11	\$60.00	Sand Hollow HOA	Homeowners dues for St. George property
11/2/11	\$775.83	Washington Co. Tax	Property tax for Sand Hollow property
11/17/11	\$171.19	Intermountain Gas	Natural gas for mansion
11/17/11	\$47.32	City of Idaho Falls	Electricity for mansion
12/1/11	\$60.00	Sand Hollow HOA	Homeowner dues for St. George property

12/21/11	\$70.65	City of Idaho Falls	Electricity for mansion
12/21/11	\$479.69	Intermountain Gas	Natural gas for mansion
12/28/11	\$133.92	Nampa Irrig. District	Irrigation tax: Southstone property
Total	\$4,369.90		

16. In addition, \$78,483.25 was paid to the Receiver and his counsel for work performed during the six months from April to September 2011.

17. Bank Account Balances. Bank accounts maintained by the Receiver had the following balances as of September 30, 2011:

Bank	Type	Balance
Wells Fargo	Checking	\$39,636.45
Zions Bank	Checking	\$1,140.13
Zions Bank	Savings	\$507,726.74
Total		\$548,503.32

IX. RECOMMENDATION OF SECOND INTERIM DISTRIBUTION

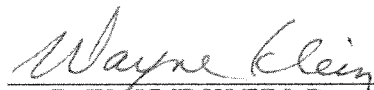
18. The Receiver had intended to wait for additional funds to come into the Receivership Estate before making a second interim distribution to investors. However, none of the properties have been sold and the lawsuits with significant potential recoveries continue to be hotly contested. Therefore, the Receiver intends to recommend to the Court that a second interim distribution, in the amount of \$300,000.00, be sent to investors. This amount represents approximately 3.75% of the outstanding principal amounts still owed to allowable claimants.

X. CONCLUSION

The Receiver respectfully submits this Twelfth Report for the period from October 1, 2011 through December 31, 2011.

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

DATED THIS 21st day of February, 2012.

A handwritten signature in cursive script that reads "Wayne Klein".

R. WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 21st day of February, 2012, I electronically filed the foregoing TWELFTH REPORT OF R. WAYNE KLEIN, RECEIVER (FOR PERIOD ENDING DECEMBER 31, 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
Defendant

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

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

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

Local Counsel for Plaintiffs



John F. Kurtz, Jr.