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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.	)	TWENTIETH REPORT OF R.
	)	WAYNE KLEIN, RECEIVER (FOR
DAREN L. PALMER and TRIGON GROUP,	)	PERIOD ENDING DECEMBER 31,
INC., a Nevada Corporation,	)	2013)
	)	
Defendants.	)	

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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 Twentieth Report for the period of October 1, 2013 through December 31, 2013 (the “Reporting Period”).

During the quarter, the Idaho Falls mansion was sold and progress was made on the remaining litigation.

## **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. LITIGATION STATUS**

The Receiver filed 24 lawsuits as part of his efforts to recover funds for investors. All of those lawsuits have been resolved with settlements, winning summary judgment, or at trial. Two of these cases are on appeal and the Receiver is attempting collection efforts on a third. The status of the last four cases is described below:

1. Stan Mills: Mills was the last defendant remaining in a lawsuit filed against ten defendants. Mills filed for bankruptcy in November 2012 so the Receiver dismissed the lawsuit against him on October 23, 2013. This matter is now closed.

2. Doyle Beck: On April 8, 2013, the Court issued an amended judgment after trial in favor of the Receivership and against Beck for \$55,000.00 plus \$32,524.56 in prejudgment interest. On April 19, 2013, Beck filed an appeal. On November 27, 2013, the Receiver filed his appeal brief in support of the judgment. Beck's final reply brief is due in January 2014. The Receiver expects the appeals court to rule on this matter in 2014.

3. Stephan Lawson: The Court granted judgment to the Receiver on June 10, 2013 for \$31,388.49. On December 30, 2013, the Court granted \$3,878.50 to the Receiver for his attorneys' fees in pursuing Lawson. The Receiver is attempting to collect on this judgment.

4. Capital One: On July 12, 2013, the Court entered a judgment for the Receivership and against Capital One for \$42,263.75. Capital One filed an appeal on August 1, 2013. The District Court has stayed execution of the judgment pending the results of the appeal. On August 13, 2013, Capital One filed its notice of issues on appeal. The appeal is currently stayed while the parties engage in mediation.

### **III. STATUS OF PROPERTY OWNED BY THE RECEIVERSHIP**

In December 2013, the Receivership Estate sold the Idaho Falls mansion, but still owns two other properties it is seeking to sell.

5. Sheffield Circle (Mansion): On October 22, 2013, the Receiver filed a motion seeking Court approval to hold an auction to sell the Idaho Falls mansion. The auction deadline was November 25, 2013. The high bid at the auction was \$762,000.00. The net proceeds from the sale of the mansion, after paying sales commissions and property taxes, was \$711,250.80. In addition, the Receiver paid \$7,500.00 in advertising costs to the auctioneer.

6. Ammon Road: No offers have been received for this vacant commercial lot

although the Receiver has received some inquiries. The Receiver is considering other approaches for selling this property.

7. Southstone Lot: This is a commercial building lot in Eagle, Idaho. No offers have been received. The Receiver is considering other approaches for selling this property.

#### IV. FOURTH INTERIM DISTRIBUTION PLANNED

8. The Receiver expects soon to seek approval by the Court to make a fourth interim distribution to investors. When this motion is filed, a copy will be posted on the Receivership website.

#### V. COMMUNICATIONS WITH INVESTORS

9. The Receiver posts information on the Receivership website as part of his effort to keep the investors informed of Receivership developments. The website also contains 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.

#### VI. FINANCIAL ACTIVITIES

10. Funds Recovered and Paid Out. During this Reporting Period, the Receiver received \$713,000.80 which was deposited into the Receivership bank account. These payments were for the following categories:

<b>Funds Paid to Receivership Estate</b>	
<b>Category</b>	<b>Amount</b>
Sale of vault door	\$1,750.00
Proceeds from property sale (mansion)	\$711,250.80
<b><i>Total</i></b>	<b><i>\$713,000.80</i></b>

11. The Receiver paid out \$17,973.43 for operating expenses of the Receivership.

These were for the following categories of expenses:

<b>EXPENDITURES OF RECEIVERSHIP FUNDS</b>	
<b>Category</b>	<b>Amount</b>
Utilities for mansion	\$4,065.08
Mansion auction advertising fee	\$7,500.00
Property taxes (Ammon Rd., Southstone)	\$2,475.94
Irrigation fees (Southstone)	\$166.46
Tax preparation, interest, check printing	\$3,765.95
<b>Total</b>	<b>\$17,973.43</b>

12. Bank Account Balance. The Receivership bank account balance as of December 31, 2013 was \$802,784.79.

13. Fee Application. On December 31, 2013, the Receiver filed a fee application with the Court. The application seeks reimbursement of expenses and payment of fees for a year— from October 1, 2012 through September 30, 2013. The fees and expenses of the Receiver were \$13,216.79 and the fees and expenses of his counsel were \$21,508.63.

## VII. CONCLUSION

The Receiver respectfully submits this Twentieth Report for the period from October 1, 2013 through December 31, 2013.

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

DATED THIS 2<sup>nd</sup> day of January, 2014.

  
 R. WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 6<sup>th</sup> day of January, 2014, I electronically filed the foregoing TWENTIETH REPORT OF R. WAYNE KLEIN, RECEIVER (FOR PERIOD ENDING DECEMBER 30, 2013) 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  
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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  
Inmate #13952-023  
Federal Prison Camp  
PO Box 1000  
Duluth, MN 55814

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

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

*Local Counsel for Plaintiffs*

*/s/ John F. Kurtz Jr.*

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John F. Kurtz, Jr.