

# A Fraud Played Out On Family and Friends

By WILLIAM YARDLEY

IDAHO FALLS — Never mind that he was a multimillionaire. Daren Palmer was quick to carry furniture when someone in his congregation was moving. He got down on his knees to clean the sanctuary.

"I saw him do it," said Penny Peterson, a family friend.

Mr. Palmer was also the picture of success, a humble home-

pected to receive far less. The Justice Department has prosecuted dozens of similar so-called affinity fraud cases across the country in recent years. Yet here in Idaho, Mr. Palmer's deception was remarkable for its scale, and its intimacy. His investors included his father, his brother-in-law, his neighbors, a car dealer, a builder whose son he coached in football, and others. Prosecutors say investors lost more than \$20 million.

"A lot of people who invested are active members of the L.D.S. church," said Wayne Klein, a court-appointed receiver working to settle claims. "They knew that Palmer was, and that gave them comfort."

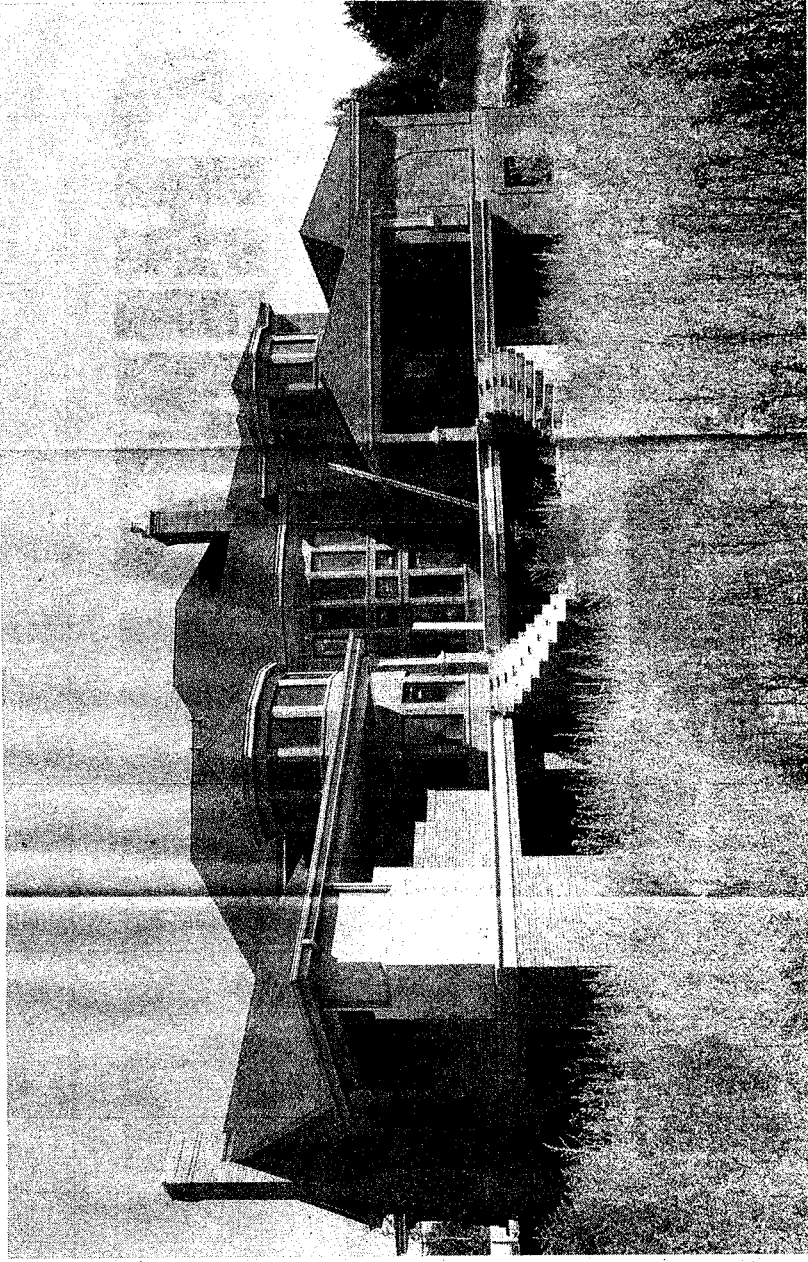
And some people here now say that the grand house, which stands incomplete and for sale (asking price: \$3 million, reduced from \$4 million), was nothing more than a cynical billboard, visible from the church, that exploited faith, family and friends.

"He built that house so that people would see it and give him more money," said Andrea Harris, whose father-in-law, Darryl Harris, lost much of the \$5 million that he invested with Mr. Palmer. "He was making himself the 'Joneses' so they would want to keep up with him."

A lawyer for Mr. Palmer did not respond to requests for comment.

The criminal case followed more than two years of civil actions by federal officials against Mr. Palmer. State officials ordered his company, the Trigon Group, to cease business in January 2009. By last summer, Mr. Palmer had reached a settlement with the Securities and Exchange Commission that included repaying as many of his debts as possible through Mr. Klein.

The Justice Department would not comment on why the criminal case took so long to take shape. Mr. Palmer is scheduled to appear before a judge next week to



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A friend who lost money to Daren Palmer says the Palmer house, incomplete and for sale, was meant to entice investors.

plead guilty to two charges of wire fraud and money laundering. The plea agreement focuses on his transactions with the investor David Swenson's group, Worry Free LLC, of Utah, which invested \$500,000 with Trigon. "Daren Palmer sent Mr. Swenson a PowerPoint presentation in an e-mail in September 2008, giving assurances of a very favorable rate of return and safety of the investment," the plea agreement says. "Daren Palmer did not disclose that he would use the funds to pay other investors, nor did he disclose that his Trigon Group was already in financial trouble."

The agreement also says Mr. Palmer spent more than \$10,000 from a Trigon account on jewelry for his personal use. Friends say he and his wife, from whom he is now divorced, flew private jets to New York to shop.

Mark, were among those who lost several hundred thousand dollars to Mr. Palmer, through a land deal in their case. They said that even as Mr. Palmer took advantage of members of the church, some of those same church members shoveled snow from his sidewalk and took him

meals after the authorities confronted him and his wife left with their five children. "Sometimes I think outsiders like to talk about it more than we do," Ms. Peterson said of church members. "To us it was heart-breaking to see a family disintegrate right before our eyes."

Several friends and family members of Mr. Palmer's did not respond to requests for comment. Officials at the Mormon temple in Idaho Falls referred calls to the church's headquarters in Salt Lake City. A spokesman there would not comment on the Palmer case, but said that affinity fraud had been an issue within the church and that the church sometimes revokes the membership of those who commit certain violations, typically after criminal proceedings have concluded.

Ms. Peterson and her husband,