

hereby submits this Fourth Report for the period of October 1, 2009 through December 31, 2009 (the "Reporting Period").

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 May 26, 2009 and May 28, 2009, the Court entered preliminary injunctions against Daren Palmer and Trigon Group, Inc., based on the consent of the defendants. Motions asking the Court to find Mr. Palmer in contempt were filed by the SEC (filed July 17, 2009, supplemented on August 7, 2009) and the CFTC (filed August 26, 2009). On October 23, 2009, the court entered consent orders of contempt against Mr. Palmer in both the SEC and CFTC actions.

CONTEMPT ORDER

A hearing was set by the Court on October 23, 2009 to consider motions by the SEC and CFTC to hold Mr. Palmer in contempt for his actions in withdrawing funds from an investment belonging to the Receivership Estate and hiding assets that should have been delivered to the Receiver. To resolve the issues raised by these motions, Mr. Palmer consented to two orders entered by the Court on October 23, 2009. The Court entered findings that Mr. Palmer was in contempt of court for his actions in taking funds belonging to Trigon and obtaining a \$62,000 loan using property that should have been delivered to the Receiver.

The following chart summarizes the actions Mr. Palmer is required to take as a result of the Contempt Orders and the status of those required actions:

	Action	Deadline	Status
1.	Transfer the real property to the Receiver or pay the value of the property to the Receiver.	December 23, 2009	Neither action has been accomplished.
2.	Pay to the Receiver the \$10,000 in proceeds he received from the loan on the property.	November 23, 2009	This payment has not been received.
3.	Demand repayment to the Receiver of the proceeds of the loan on the property.	November 23, 2009	Mr. Palmer's attorney has informed the Receiver that the demands were made.
4.	If the loan proceeds are not recovered directly from the recipients, sign over to the Receiver the right to recover those funds.	November 23, 2009	Rights to recover these funds have not been signed over to the Receiver.
5.	Pay to the Receiver the \$1,229.26 he received from the sale of securities in Total Realty Trust.	November 6, 2009	This payment was received on November 4, 2009.
6.	Provide a full accounting of funds, documents and assets to the government and the Receiver.	November 7, 2009	Some information has been provided the Receiver, but not a full accounting of funds, documents and assets. Mr. Palmer's attorney has reported that the documents delivered to the Receiver on February 26, 2009 are the only "accounting" that exists. On December 30, 2009, Mr. Palmer provided information requested by the Receiver regarding payments made by Trigon to seven companies.
7.	Sign quitclaim deeds to all properties the Receiver deems to be assets of the Receivership Estate.		Mr. Palmer signed and delivered to the Receiver quitclaim deeds to the five properties identified by the Receiver (mansion, warehouse, Rigby apartments, and Coeur d'Alene house).

	Action	Deadline	Status
8.	Report bi-weekly to the Receiver on the steps Palmer is taking to comply with the Contempt Order.		Two reports were received in November and one in December.

REAL ESTATE

Since the date of the Third Report of the Receiver, the following developments have taken place regarding real estate that is, or should be, under the control of the Receiver:

1. **Heyrend Warehouse:** The Receiver has entered into an agreement to sell a warehouse on Heyrend Drive in Idaho Falls that had been owned by Mr. Palmer. The property is being sold for its full appraised value of \$600,000. The closing on the sale of the property is scheduled for February 1, 2010. As noted below, this property was the subject of liens by Mauri Ventures, a private lender. Pursuant to a settlement agreement with Mauri Ventures, those liens are being assigned to the Receiver. In November, Mr. Palmer signed a quitclaim deed to this property in favor of the Receiver. That quitclaim deed has been recorded, which is expected to facilitate the sale of the property. In the meanwhile, the Receiver has been responsible for the maintenance and protection of this property. The Receiver has paid property taxes and continues to pay utility bills for this property.
2. **Rental Apartments in Rigby, Idaho:** The Receiver has been operating two four-plex apartment buildings in Rigby, Idaho that were owned by Daren Palmer and others. The Receiver has listed these properties for sale with a real estate broker who is actively marketing them. As noted in the prior report, most of the tenants had moved out of the apartments. The property manager hired by the Receiver has been seeking tenants for these units and four of the eight are now occupied. Significant funds have been expended

to make repairs and the Receiver was recently notified that one of the units will need new carpeting installed due to damage by a prior tenant. These two buildings were also subject to liens by Mauri Ventures. Those liens are being assigned to the Receiver. Mr. Palmer has signed quitclaim deeds to these properties, in favor of the Receiver, and delivered those deeds. The deeds have been recorded. As noted in the prior report, the Receiver discovered a defect in the title with one of the apartment buildings. The Receiver is investigating the cause of the defect to determine whether recovery for the defect can be obtained from others. In addition, a construction lien has been filed against one of the apartment buildings. The Receiver is investigating whether this lien can be avoided.

3. **330 Sheffield Circle**: This is the partially constructed mansion in Idaho Falls. As noted previously, approximately \$6.9 million was spent in construction of this home. The Receiver has hired a real estate broker to market this home. It is listed at a price of \$4 million. Despite significant publicity from television and newspaper media regarding the listing, there have been no offers received on the home. The Receiver hopes that spring will bring an improved economic climate and renewed interest in this home. In the meanwhile, the Receiver is paying the expenses of the maintenance of this home, including property taxes, utility bills, weed removal, and insurance costs. The liens placed on this home by Mauri are being assigned to the Receiver. Mr. Palmer has signed a quitclaim deed to the property, in favor of the Receiver. This deed was recorded. There were two additional instances of vandalism at the home during the last quarter of 2009. In response, the Receiver has authorized the contractor to install additional security measures. In addition, the Receiver has worked with the contractor to receive

funding from the insurance company to repair damage to the home's electrical system from a prior act of vandalism. That repair work is expected to begin soon.

4. **Coeur d'Alene Lake House:** The Palmers owned two lakefront building lots on Lake Coeur d'Alene, near Harrison, Idaho. A large home was being constructed on one of the lots. Like the other real estate owned by the Palmers, this property was the subject of liens by Mauri Ventures. As described below, as part of the settlement with Mauri Ventures, ownership of this home and lots was transferred to Mauri in exchange for the release of Mauri's liens on the other four real estate properties, the payment of \$470,831 to the Receiver, and the release of all other claims against the Receivership assets.
5. **Undeveloped Commercial Lot in Meridian, Idaho:** As discussed in the Second Report, the Receiver discovered that an undeveloped lot in a commercial development in Meridian, Idaho had been transferred by Palmer to another entity in May, 2009 to satisfy a debt claimed by Daren Palmer. This property is one of the subjects of the October 23, 2009 Contempt Orders described above. The Receiver is exploring all options available to him to recover this property for the Receivership. This may involve litigation against the recipients of proceeds from the loan on the property, obtaining a deed to the property, and litigation against the lienholders.
6. **Hawaii Time Share:** The Receiver has listed this time-share interest for sale with a real estate broker in Hawaii. A management fee of approximately \$1,700 is owed and will need to be deducted from any sales proceeds. There have been no offers on this time-share interest.
7. **Airplane Hangars:** The California airplane hangar that was purchased in part with funds from Trigon is the subject of an agreement of sale, but the closing has still not

occurred. Pursuant to an agreement the Receiver has with the bank holding a lien on the property and the California company that is selling the hangar, the first \$125,000 in proceeds from this sale will be paid to the Receiver.

8. **Other Properties:** The Receiver continues to investigate whether there are other real estate properties or assets in which Mr. Palmer has an interest and should be transferred to the Receivership. The Receiver recently discovered that personal property that should be in the Receivership Estate is being held by a contractor. The Receiver will investigate the accuracy of the discovery and what actions can be taken to recover these assets. The Receiver has given notice to the owners of another piece of property that the Receiver expects to assert an interest in property.

AGREEMENTS BY THE RECEIVER

As noted in earlier Reports, the Receiver has entered into several agreements relating to assets of the Receivership. Pursuant to those agreements, the Receiver has received payments and continues to make \$2,000 monthly assistance payments to Michelle Palmer (these payments will conclude in February).

During the last three months of 2009, the Receiver has entered into a number of additional settlement agreements with holders of assets belonging to the Receivership:

1. **Mauri Ventures:** In November, the Receiver filed notice with the Court of his intention to enter into a settlement agreement with Mauri Ventures and five related entities (“Mauri”). No objections were filed with the Court and the settlement agreement was finalized in late November. Under this settlement, Mauri paid \$470,831 to the Receiver, assigned to the Receiver its liens on real estate in the Receivership Estate, consented to the release to the Receiver of \$352,611 in funds held in escrow, and released all claims it

might have against the Receivership assets for recovery of \$805,000 spent by Mauri in exonerating liens against two of the properties as well as other expenses incurred in maintenance of the properties. In return, the Receiver transferred to Mauri ownership of the Coeur d'Alene property.

2. **Duane Yost**: Mr. Yost continues to deliver to the Receiver payments on notes receivable from others and delivered the proceeds of a tax refund in the amount of \$6,839.81. The Receiver is working on getting Yost's time-share interests sold and is awaiting the proceeds of the sale of the airplane hangar described above. Mr. Yost is cooperating with the Receiver.
3. **Auction Proceeds**: \$22,018.05 in net proceeds of the auction of household goods of Palmer were delivered to the Receiver in October.
4. **Overpaid Investor**: In response to a demand by the Receiver, an investor repaid \$7,340.00. This represented the amount the investor had been paid over the amount of his original investment. Other investors are not being as cooperative.
5. **Charitable Contribution**: An educational foundation paid the Receiver \$5,283.30, representing the unspent portion of a contribution made by Mr. Palmer.
6. **Personal Services Bonus**: A person who was paid several thousand dollars by the Palmers for personal services entered into an agreement with the Receiver in September to repay most of the amount received as bonuses. The balance of payments due the Receiver pursuant to this agreement has been paid.
7. **Pinnacle Development**: As described in earlier reports, the Palmers sent money to a Georgia investment company that was later revealed to be a Ponzi scheme. The Receiver

for that investment scheme sent the Receiver a distribution payment of \$2,500. Small, additional payments are expected in the future.

LAWSUITS FILED

The Third Report to the Court described the filing of a lawsuit against Dean Palmer and Tri-Steel Construction. That litigation is ongoing. Three additional lawsuits have been filed by the Receiver since the last report:

1. **George Heffernan**: This lawsuit, filed October 14, 2009, alleges that Mr. Heffernan was improperly paid more than \$632,000 by Trigon in consulting fees. The lawsuit seeks repayment of these funds.
2. **Piano Gallery**: This lawsuit, against No Limit, Inc., the owner of The Piano Gallery, was filed November 13, 2009. It seeks repayment of the \$33,750 paid to The Piano Gallery by the Palmers to purchase a piano.
3. **Elegance in Art**: This lawsuit was also filed November 13. It names Karen Stoddard, the owner of the Elegance in Art art gallery. The lawsuit seeks \$23,214 in payments from the Palmers for the purchase of a painting.

OTHER ASSETS

The Receiver has taken action to recover and sell other assets of the Receivership Estate.

This includes:

1. **Jewelry**: Over a dozen pieces of expensive jewelry, including a jeweled Faberge egg, have been delivered to a high-end jeweler in Salt Lake City for sale on consignment and sale at wholesale. No proceeds have yet been received from the sale of this jewelry.
2. **Real Estate Investment Trust**: The Receiver has requested liquidation of the real estate investment trust owned by Palmer. Proceeds of approximately \$4,000 are expected, in

addition to the \$1,229.26 repaid by Mr. Palmer (described above).

ONGOING EFFORTS TO RECOVER FUNDS

The Receiver is continuing his efforts to identify and recover other assets and funds belonging to the Receivership Estate. During this Reporting Period, this has included:

1. **Investigation**: The Receiver has continued to send scores of letters seeking information about transactions with Trigon and payments by Trigon. In many instances, the other companies appear to no longer exist. In other cases, they fail to respond. The effort to locate these recipients continues.
2. **Negotiations**: Substantive discussions have been held with an organization that received significant contributions from the Palmers. A tolling agreement has been signed, allowing the parties to continue negotiations without worrying that the statute of limitations might expire on some of the contributions. The Receiver is also negotiating with other persons regarding claims being made by the Receiver against them.
3. **Demand Letters**: The Receiver continues to try and locate assets that might be recovered. When assets are located, demands are made for their return.
4. **Identifying Investor Payments**: As noted in previous reports, a determination of the total amounts received from and paid to investors is extremely difficult in light of the absence and unreliability of company records and the frequency by which monies were paid from a variety of companies – both Yost entities and companies controlled by Palmer. With the receipt in October of bank records for many of the Yost businesses, the Receiver is now in a better position to determine the total amounts invested by – and paid to – each investor.

OTHER ACTIVITIES

Other activities of the Receiver have included analysis of bank records obtained for five companies controlled by Duane Yost; calls, correspondence, and interviews with investors; negotiations with entities with claims against the Receivership entities and against whom the Receivership is asserting claims; commenting on litigation drafts; and assisting government agencies with their investigations.

CLAIMS PROCESS

The Receiver has begun designing a claim form and claims process to use in determining who is eligible to make a claim on funds recovered by the Receiver. The Receiver expects to ask the Court for approval of the claim form and claims process in January 2010. The expected claims process would allow the Receiver to begin making distribution payments in Fall 2010, depending on the progress in selling assets and recovering payments being sought from others.

The claims process is expected to enable the Receiver to determine the amount of valid claims; the process will *not* determine how much each investor will actually recover. The amount to be recovered by investors is expected to be a small fraction of the total amount of losses. The amount to be paid to investors will depend on the total amount of valid claims and the value of assets that are recovered. It is difficult to estimate the value that will be recovered from the sale of real estate and from the litigation that has been – and will continue to be – filed by the Receiver. Those factors also make it difficult to predict when sufficient funds will be available to begin making distributions.

FINANCIAL ACTIVITIES OF THE RECEIVER

Funds Recovered and Paid Out: During this Reporting Period, the Receiver has received \$527,651.42, which has been deposited into bank accounts controlled by the Receiver.

These receipts are:

FUNDS PAID TO THE RECEIVER			
Date	Amount	Source	Purpose
10/1/09	\$150.00	KT (Yost debtor)	Interest payment on prior loan from Yost.
10/13/09	\$5,283.30	Dist. 91 Foundation	Settlement: partial return of contributions.
10/16/09	\$160.00	Western Comm. Ins.	Refund insurance premium overpayment.
1/21/09	\$5,000.00	Commodities broker	Third payment on settlement agreement.
10/22/09	\$22,018.05	Bighorn Auction	Proceeds of September auction of Palmer items.
10/26/09	\$1,000.00	Personal trainer	Third payment on settlement agreement.
11/2/09	\$150.00	KT (Yost debtor)	Interest payment on prior loan from Yost.
11/2/09	\$7,340.00	Investor	Settlement: payment of profits paid by Trigon.
11/4/09	\$1,229.26	Daren Palmer	Court order: return of investment funds
11/25/09	\$5,000.00	Personal trainer	Final payment on settlement agreement.
12/2/09	\$470,831.00	Mauri Ventures	Payment in settlement of claims.
12/2/09	\$150.00	KT (Yost debtor)	Interest payment on prior loan from Yost.
12/22/09	\$2,500.00	Receiver: Pinnacle	Interim payment of proceeds from Receiver.
12/31/09	\$6,839.81	Duane Yost	Refund of Yost's federal tax payments.
Total	\$527,651.42		

The Receiver also has paid out \$32,754.34 from these accounts for expenses of the Receivership. These expenditures are listed in the chart below. In addition, the Receiver withdrew \$217,500 from the Receivership bank account on December 9, 2009 as partial payment of fees and expenses of the Receiver, counsel for the Receiver, and professionals engaged by the Receiver. This is described in more detail below.

FUNDS PAID OUT BY THE RECEIVER

Date	Amount	Recipient	Purpose
10/6/09	\$400.00	City of Idaho Falls	Weed removal at mansion.
10/6/09	\$1,234.38	ADB Bank	Monthly insurance premium for mansion.
10/6/09	\$200.86	Rocky Mtn. Power	Electric utilities, Heyrend warehouse.
10/7/09	\$680.00	City of Rigby	Utilities for two apartment buildings.
10/15/09	\$2,000.00	Michelle Palmer	Assistance payment #4 of 8.
10/16/09	\$26.27	Intermountain Gas	Utilities (three properties).
10/26/09	\$12.26	City of Idaho Falls	Electricity (two properties).
11/2/09	\$18.81	Intermountain Gas	Utilities (one property).
11/3/09	\$148.40	Rocky Mt. Power	Electric utilities for mansion.
11/3/09	\$1,296.10	ADB Bank	Monthly insurance premium for mansion.
11/11/09	\$720.40	City of Rigby	Utilities for two apartment buildings.
11/16/09	\$2,000.00	Michelle Palmer	Assistance payment #5 of 8.
11/18/09	\$245.78	Intermountain Gas	Utilities (two properties).
11/18/09	\$5,098.48	Jefferson Co. Tax	Property tax (current) for the two apartments.
11/23/09	\$32.42	City of Idaho Falls	Electricity for mansion.
11/25/09	\$25.05	Zions Bank	Check printing cost.
12/2/09	\$10.00	Zions Bank	Incoming wire transfer fee.
12/3/09	\$10,832.08	Jefferson Co. Tax	Prior year unpaid property tax for apartments.
12/3/09	\$2,627.91	Bonneville Co. Tax	Property tax (two properties).
12/4/09	\$1,296.10	ADB Bank	Monthly insurance premium for mansion.
12/11/09	\$114.70	Rocky Mtn. Power	Electricity for Heyrend warehouse.

FUNDS PAID OUT BY THE RECEIVER			
Date	Amount	Recipient	Purpose
12/16/09	\$2,000.00	Michelle Palmer	Assistance payment #6 of 8.
12/18/09	\$915.30	Intermountain Gas	Utilities for warehouse and mansion.
12/18/09	\$108.64	City of Idaho Falls	Electricity for mansion.
12/21/09	\$710.40	City of Rigby	Utilities for apartments.
Total	\$32,754.74		

Transfers Between Accounts: Interest was being earned on the escrow account at Zions bank, but not the checking accounts at Wells Fargo and Zions Bank. As a result of the settlement with Mauri Ventures, substantial funds were received from Mauri and were transferred from the escrow account to the checking account. The bulk of these funds were transferred to an interest-bearing savings account in early January 2010. Bank accounts held by the Receiver had the following balances as of December 31, 2009:

Bank	Type	Balance
Wells Fargo	Checking	\$10,135.10
Zions Bank	Escrow	\$0.00
Zions Bank	Checking	\$624,533.72
Total		\$634,668.82

Expenses of the Receiver and Attorneys: The Receiver and the law firm hired by the Receiver have expended significant sums to date in carrying out the Receiver's responsibilities. These include expenses relating to travel, deposition transcripts, property taxes, utility expenses, insurance costs, property repairs, court costs, and paying for bank records, as well as paying

expenses of analysts and other professionals assisting in administration of the Receivership Estate. On August 7, 2009 and November 24, 2009, the Receiver submitted motions for Court approval of reimbursement of these expenses and payment of professional fees. The Court has granted these requests, subject to the condition suggested by the Receiver that only up to 25% of funds recovered may be used to pay the fees awarded by the Court. On December 19, 2009, the Receiver withdrew \$217,500 from funds recovered to date as partial payment of these approved fees.

CONCLUSION

The Receiver respectfully submits this Initial Report for the period from October 1, 2009 through December 31, 2009.

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

DATED this 28th day of January, 2010.



WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 28th day of January, 2010, I electronically filed the foregoing FOURTH REPORT OF R. WAYNE KLEIN, RECEIVER (FOR PERIOD ENDING DECEMBER 31, 2009) with the Clerk of the Court using the CM/ECF system which sent a Notice of Electronic Filing to the following persons:

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AND, I HEREBY CERTIFY that I have served the foregoing document to the following non-CM/ECF Registered Participants (list names and addresses):

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John F. Kurtz, Jr.