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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF IDAHO

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SECURITIES AND EXCHANGE COMMISSION,

PLAINTIFF,

v.

DAREN L. PALMER and TRIGON GROUP, INC., a  
Nevada Corporation

DEFENDANTS.

**MOTION FOR APPROVAL  
OF PLAN OF PARTIAL  
DISTRIBUTION**

Civil No. 09-75-S-EJL

Judge Edward J. Lodge

The Securities and Exchange Commission (the "Commission") hereby moves this Court to grant its Motion for Approval of the Plan of Partial Distribution. The Plan of Partial Distribution will allow the Receiver to distribute funds currently in the Receivership Estate to investors.

On February 26, 2009, the Commission brought an action against Daren L. Palmer ("Palmer") and Trigon Group, Inc., ("Trigon") (collectively, the "Defendants") alleging numerous violations of the federal securities laws. On February 26, 2009, the Commission filed a Complaint seeking to enjoin the Defendants from further violations of federal securities laws, an *ex parte* Order to stay litigation, an *ex parte* Order freezing their assets, an *ex parte* Order to appoint a receiver, and a preliminary injunction. On February 26, 2009, this court granted the *ex parte* Orders and appointed Wayne Klein as Receiver (the "Receiver") for Trigon (Docket #s 8 and 9). Defendants raised at least \$60 million from at least 55 investors in a classic Ponzi scheme. The Receiver was charged with marshalling Defendants' assets. The Commission seeks to make a partial distribution of funds in the Receivership Estate to defrauded investors. The Commission is filing concurrently herewith a proposed Plan of Partial Distribution (the "Plan"), attached as Exhibit "B" to the Memorandum in Support of this Motion, that identifies the process by which the Receiver will distribute the funds in the Receivership Estate. The Plan is subject to the approval of the Court. The Receiver expects to distribute approximately \$2,000,000.00 in the first distribution.

The Commission believes that making a partial distribution of funds is appropriate and in the best interest of the investors, as detailed by the accompanying Plan. Therefore, the Commission respectfully moves this Court to approve the Plan.

DATED this 9<sup>th</sup> day of June 2010.

/s/ Karen L. Martinez

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Civil No. 09-75-S-EJL

Judge Edward J. Lodge

The Securities and Exchange Commission (the “Commission”) respectfully submits this Memorandum in Support of the Motion for Approval of Partial Distribution. On February 26, 2009, the Commission filed a Complaint seeking to enjoin Daren L. Palmer (“Palmer”) and Trigon Group, Inc. (“Trigon”) (collectively, the “Defendants”) from further violations of the federal securities laws, an *ex parte* Order to stay litigation, an *ex parte* Order freezing their assets, an *ex parte* Order to appoint a receiver, and a preliminary injunction. On February 26, 2009, this court granted the *ex parte* Orders and appointed Wayne Klein as Receiver (the “Receiver”) for Trigon (Docket #s 8 and 9). The Receiver was charged with marshalling Trigon’s assets. The Commission seeks to make a partial distribution of funds in the Receivership Estate to defrauded investors. The Commission proposes a Plan of Partial Distribution (the “Plan”), attached hereto as Exhibit “B”, that identifies the process by which the Receiver will distribute funds in the Receivership Estate. This Plan is subject to the approval of the Court.

All capitalized terms used in this Memorandum shall have the meaning attributed to them in the Plan. In the event of any discrepancy between the Plan and the description of the Plan herein, the terms of the Plan shall control.

### **PROPOSED PLAN OF PARTIAL DISTRIBUTION**

The Commission believes that making a partial distribution of available funds is appropriate and in the best interest of the defrauded investors to assure their pro rata share is recovered as set out by the Plan. A investment analysis of the amounts invested by individual investors, the amounts returned by Palmer and/or Trigon to each, and their pro rata share of the distribution is attached hereto as Exhibit “A”. The investment analysis is based on the documents in the possession of the Receiver, or obtained by the Receiver, Claims Forms

submitted by investors, other documentation and evidence submitted by individual investors, and a thorough review of the financial records of Palmer and/or Trigon. The investment analysis, and the figures contained therein, is subject to modification upon receipt of additional information. The Receiver shall provide notice to any affected Claimant in the event of modification to the investment analysis.

The entirety of the properties and funds in the Receiver's control are not being distributed, because the Commission and the Receiver have determined that retaining a portion of the assets marshaled by the Receiver for expenses such as costs related to taxes, defending Palmer's and/or Trigon's assets, payment of Disputed Claims which later become Allowed Claims, and other expenses to be approved by this Court is appropriate.

## **SUMMARY OF SIGNIFICANT ELEMENTS OF THE PROPOSED PLAN OF PARTIAL DISTRIBUTION**

### **A. Division of claims**

The Plan divides claims against funds in the Receivership Estate as follows:

- (1) Class 1 shall consist of Administrative Expense Claims;
- (2) Class 2 shall consist of Tax Claims;
- (3) Class 3 shall consist of Investor Claims, but shall exclude Claims by Non-Participants as defined by Article II of the Plan;
- (4) Class 4 shall consist of Claims for amounts outstanding to non-investor creditors;  
and,
- (5) Class 5 shall consist of Non-Participant Claims.

The ordinal placement of the classes are established to represent the priority by which they will receive payment.

**B. People and entities excluded from plan**

The Commission has determined that allowing certain individuals to participate in this partial distribution is neither fair nor equitable. All individuals and entities that will be excluded from any distribution under the Plan are enumerated in Article II of the Plan. This group includes individuals and entities that were substantially involved in the fraudulent investment scheme of Palmer (collectively, the “Insiders”). Insiders include, but are not limited to, Daren L. Palmer, his relatives, individuals who have materially participated in soliciting Palmer and/or Trigon investors with knowledge of its overall fraudulent activity, and investors whose accounts and/or funds invested with Palmer and/or Trigon are or were legally or substantially controlled by an Insider.

Individuals who have made other arrangements with their claims and individuals with other circumstances that make it appropriate to exclude them from the Plan will not be allowed to participate in the Plan.

**C. Pro rata recovery**

The Commission does not believe the Receiver will be able to recover and liquidate sufficient Palmer and/or Trigon assets to fully compensate all Class 3 claims. A substantial amount of investor funds were used by Palmer for personal purposes including credit card payments, the construction of a \$7 million mansion in Idaho Falls, the purchasing of recreational vehicles and the payment of a large personal salary. Therefore, the Commission’s Plan proposes that Class 3 claimants will be paid in a manner to assure a pro rata recovery for claimants based on the principal amount invested with Palmer and/or Trigon minus any funds received from Palmer and/or Trigon to date.

## OPERATION OF THE PLAN

In anticipation of the Commission's filing of a Proposed Plan, the Receiver requested that the Court establish a deadline by which investors should submit claims (Docket #53). The Court established February 28, 2010 as the Claims deadline (Docket # 54).

The Commission knows of no claims that were timely submitted that are not included on the investment analysis. The investment analysis contains a determination of the verified investment for each investor, which is the basis for calculating the amount of each allowed investor claim. The investment analysis also includes the percentage return on the verified investment received by each Claimant from Palmer, Trigon or the Receiver to date. Any and all distributions will be made after a determination of a benchmark percentage return level by the Receiver in light of the available proceeds. The Receiver will make the first distributions to those aggrieved investors who have not yet received that benchmark percentage return on their original and verified investment. Those Claimants who have already received in excess of the benchmark percentage return will receive distribution only after all other investors have recovered the same percentage.

Notice of the Motion, together with the dissemination of the Plan, provides investors, known creditors and claimants with the opportunity to object to the Commission's determinations in the investment analysis or any other portion of the Commission's Plan by filing an opposition to the Motion with this Court. The Commission is sending the Motion, along with the Plan, to all investors, known creditors and claimants at their last known address. Investors, known creditors and claimants will have until August 9, 2010 to file an opposition to the Motion, the distribution set forth in the Plan, or any other objection to the Plan. Any objections shall be filed with this Court and served upon the Commission, the Defendants, the



Receiver and all investors, known creditors and claimants who received service of the Motion.

Responses to any objection to the Plan shall be filed with the Court and served on the Commission, the Defendants, the Receiver and all investors, known creditors and claimants upon whom the motion was served no later than September 8, 2010. Such responses should also be promptly filed with this Court.

If an investor does not object to the amounts set forth in the investment analysis by August 9, 2010 the corresponding investment analysis amounts for that particular investor shall be considered the final claim for the purposes of the Plan unless otherwise modified after notice to the affected Claimant.

## **ARGUMENT**

### **I. THE COURT SHOULD APPROVE THE PLAN FOR PARTIAL DISTRIBUTION**

#### **A. The Court has authority to provide a remedy in equity.**

Section 20(b) of the Securities Act [15 U.S.C. § 77(t)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)] empower the Court to grant injunctive relief where it appears that a person is engaged in or about to engage in violations of the federal securities laws. Federal courts have inherent equitable power to issue ancillary relief, including the imposition of a receivership. SEC v. Wencke, 622 F.2d 1363, 1369 (9th Cir. 1980). Where the Court is authorized by statute to provide the equitable remedy of an injunction, it also has “the authority to award ancillary equitable relief, including restitution.” CFTC v. Brockbank, 505 F. Supp. 2d 1169, 1175 (D. Utah 2007) (internal quotes removed). The goal of restitution is to restore the status quo and return to investors what is properly theirs. Id.

The Commission’s Plan seeks to restore to individual investors that of which they were defrauded. While it is highly unlikely that the investors will be fully compensated, the Plan seeks to

provide some relief by returning funds to the investors. As such, the Plan represents an appropriate use of the Court's power to provide ancillary relief.

**B. The Court has authority to approve of the Plan's distribution of funds in the Receivership.**

District courts have broad power and wide discretion to determine the appropriate relief in an equity receivership. SEC v. Lincoln Thrift Ass'n, 577 F.2d 600, 606 (9th Cir. 1978); SEC v. American Capital Invs., Inc., 98 F.3d 1133, 1143 (9th Cir. 1996); SEC v. Black, 163 F.3d 188, 199 (3d Cir. 1998); SEC v. Elliott, 953 F.2d 1560, 1569-70 (11th Cir. 1992). Plans for distribution of funds will be reviewed for abuse of discretion. CFTC v. Topworth Int'l, Ltd., 205 F.3d 1107, 1115-16 (9th Cir. 1999); SEC v. Certain Unknown Purchasers of the Common Stock of & Call Options for the Common Stock of Santa Fe Int'l Corp., 817 F.2d 1018, 1020 (2d Cir. 1987). Under the broad discretion afforded district courts, a plan generally will be upheld if it serves to orderly and efficiently distribute funds to investors. Topworth, 205 F.3d at 1115.

Here, the Plan presented by the Commission provides a reasonable procedure for returning funds to defrauded investors. Hence, approving the Plan's distribution of funds to investors is within this Court's power.

**C. A distribution resulting in a pro rata recovery of funds is equitable.**

Generally, where funds available to compensate investors are limited, a pro rata distribution of funds from a receivership is an equitable remedy. Topworth, 205 F.3d at 1116; U.S. v. Real Property, 89 F.3d 551, 553 (9th Cir. 1996). For example, the Topworth Court approved a pro rata distribution of funds despite one investor's records indicating that he was entitled to a larger sum. 205 F.3d at 1116. Similarly, in Real Property, the Court noted that when many individuals are defrauded and insufficient funds are available to compensate them, it

would be inequitable to allow one party to use “tracing fictions” to claim a greater share of property out of commingled funds. 89 F.3d at 553.

In the case at bar, funds available for distribution are limited. A distribution resulting in a pro rata recovery of funds places participating investors’ claims on equal footing. Additionally, there is substantial uncertainty as to what future funds the Receiver will recover. A distribution resulting in a pro rata recovery for investors is most equitable in light of this uncertainty.

**D. Limitations on claims in the Plan are an appropriate exercise of the Commission’s discretion.**

In formulating plans to compensate victims of securities fraud, the Commission may impose limits on claims to maximize the return to defrauded investors. SEC v. Wang, 944 F.2d 80, 81-82, 88 (2d Cir. 1991); Certain Unknown Purchasers, 817 F.2d at 1115-16. In Wang, the court allowed the Commission’s plan to limit distribution of funds only to investors who had suffered “out-of-pocket” losses, not just losses on paper. 944 F.2d at 81-82. “This kind of line-drawing – which inevitably leaves out some potential claimants – is . . . appropriately left to the experience and expertise of the SEC in the first instance.” Id. at 88.

The Commission feels that the distinctions drawn in the Plan provide the most equitable form of relief to the investors. Investors who received a return of any funds from Palmer and/or Trigon will have those returns credited against their investment. Similarly, the Plan bars any claims for interest or returns that were promised as a part of the Trigon investment scheme.

The Commission has also determined that excluding parties determined to be Insiders from participating in the Plan is fair and equitable. Although some Insiders may have lost money by investing with Palmer and/or Trigon, their conduct leaves them with unclean hands. Allowing those who perpetrated or aided in the perpetration of this fraud to have equal footing with innocent investors would be unfair. By excluding these Insiders, there will be a greater

return to victims who had neither knowledge of nor participation in the fraudulent nature of the operation.

**E. Allowing investors and third parties the opportunity to object to the Motion and the Plan provides sufficient due process.**

Use of summary procedures is permissible for nonparty claims to property held by a receiver. Topworth, 205 F.3d at 1113. Due process requires notice and an opportunity to be heard. Mullane v. Cent. Hanover Bank & Trust Co., 339 U.S. 306, 313 (1950).

The response allowed is sufficient to provide investors, known creditors and claimants with the opportunity to dispute the Motion or any portion of the Plan. Service of the Motion and accompanying documents upon investors, known creditors and claimants at their last known address is reasonably calculated to provide notice to investors, known creditors and claimants. Investors, known creditors and claimants will be given reasonable notice and ample time to have their objection heard in a meaningful way by this Court. A full hearing is not required to provide due process to investors, known creditors and claimants claiming property. Elliott, 953 F.2d at 1571. Accordingly, since investors, known creditors and claimants will be provided with the opportunity to present evidence and be heard in a meaningful manner, they will be afforded due process.

## CONCLUSION

Based on the forgoing, the Commission's Plan represents a fair and equitable plan of distribution. Therefore, the Commission respectfully requests this Court to approve the Motion for Approval of the Plan of Partial Distribution.

DATED this 9<sup>th</sup> day of June 2010.

/s/ Karen L. Martinez

Karen L. Martinez

Thomas M. Melton

Attorneys for the Plaintiff

Securities and Exchange Commission

**Exhibit A**

	A	B	E	F	H	I	J	K
1		TRIGON INVESTMENT ANALYSIS						
	Claim #	Investor Name	Verified Investment	Total Distributions	Allowable Claim Amount	% Return on Verified Investment	Allocation to Claimants From Partial Distribution	Benchmark (% Paid After Partial Distribution)
2								
3	2005		\$150,000.00	\$137,786.00	\$12,214.00	91.86%	\$0.00	91.86%
4	2010		\$1,625,000.00	\$1,455,000.00	\$170,000.00	89.54%	\$0.00	89.54%
5	2014		\$705,000.00	\$621,930.71	\$83,069.29	88.22%	\$0.00	88.22%
6	2021		\$200,000.00	\$164,583.00	\$35,417.00	82.29%	\$0.00	82.29%
7	2015		\$8,400,000.00	\$4,495,482.00	\$3,904,518.00	53.52%	\$0.00	53.52%
8	2032		\$200,000.00	\$106,000.00	\$94,000.00	53.00%	\$0.00	53.00%
9	2020		\$9,430,000.00	\$5,205,156.00	\$4,224,844.00	41.97%	\$0.00	55.20%
10	2011		\$250,000.00	\$65,000.00	\$185,000.00	26.00%	\$0.00	26.00%
11	2001		\$2,700,000.00	\$537,500.00	\$2,162,500.00	19.91%	\$134,577.82	24.89%
12	2030		\$124,000.00	\$19,000.00	\$105,000.00	15.32%	\$11,865.80	24.89%
13	2017		\$340,000.00	\$22,417.50	\$312,582.50	6.59%	\$62,214.52	24.89%
14	2003		\$2,778,700.00	\$40,000.00	\$2,738,700.00	1.44%	\$651,667.65	24.89%
15	2002		\$1,000,000.00	\$0.00	\$1,000,000.00	0.00%	\$248,917.71	24.89%
16	2004		\$25,000.00	\$0.00	\$25,000.00	0.00%	\$6,222.94	24.89%
17	2006		\$200,000.00	\$0.00	\$200,000.00	0.00%	\$49,783.54	24.89%
18	2007		\$50,000.00	\$0.00	\$50,000.00	0.00%	\$12,445.89	24.89%
19	2008		\$55,500.00	\$0.00	\$55,500.00	0.00%	\$13,814.93	24.89%
20	2009		\$420,000.00	\$0.00	\$420,000.00	0.00%	\$104,545.44	24.89%
21	2012		\$100,000.00	\$0.00	\$100,000.00	0.00%	\$24,891.77	24.89%
22	2013		\$250,000.00	\$0.00	\$250,000.00	0.00%	\$62,229.43	24.89%
23	2016		\$160,000.00	\$0.00	\$160,000.00	0.00%	\$39,826.83	24.89%
24	2022		\$250,000.00	\$0.00	\$250,000.00	0.00%	\$62,229.43	24.89%
25	2023		\$378,000.00	\$0.00	\$378,000.00	0.00%	\$94,090.90	24.89%
26	2024		\$500,000.00	\$0.00	\$500,000.00	0.00%	\$124,458.86	24.89%
27	2025		\$125,000.00	\$0.00	\$125,000.00	0.00%	\$31,114.71	24.89%
28	2026		\$35,000.00	\$0.00	\$35,000.00	0.00%	\$8,712.12	24.89%
29	2027		\$898,787.00	\$0.00	\$898,787.00	0.00%	\$223,724.00	24.89%
30	2028		\$11,000.00	\$0.00	\$11,000.00	0.00%	\$2,738.09	24.89%
31	2029		\$20,000.00	\$0.00	\$20,000.00	0.00%	\$4,978.35	24.89%
32								
33		Subtotal	\$31,380,987.00	\$12,869,855.21	\$18,506,131.79	24.89%	\$1,975,050.74	
34								
35	Claims Filed Late							
36	2034*		\$5,045,000.00	\$2,200,353.00	\$2,844,647.00	43.61%	\$0.00	43.61%
37	2035#		\$50,000.00	\$0.00	\$37,500.00	0.00%	\$9,334.41	24.89%
38								
39	Non-Investor Claim							
40	2033^		\$62,730.90	\$0.00	\$62,730.90	0.00%	\$15,614.83	24.89%
41								
42		Grand Total	\$36,538,717.90	\$15,070,208.21	\$21,451,009.69	24.89%	\$1,999,999.98	
43								
44	Created 6/8/10 by Wklein from Claim Forms and Bank Records							
45								
46	Notes on Late Claims and Non-Investor Claim							
47	* The Receiver is recommending that this claim be allowed, even though it was mailed eight days late. The claimant explained he was living out of state and was not aware of the claims process until after the deadline. The Receiver has reduced the allowable amount of this claim by \$350,825.00 for other reasons and recommends that the reduced amount of the claim be allowed.							
48	# This claim was mailed 40 days late. The claimant indicated that he missed the notice that was sent out because the claimant's spouse was undergoing treatment for severe medical problems at the time the claim forms were distributed. The Receiver is recommending that this claim be allowed, but at a 25% discount due to the late submission.							
49	^ This claim is by a contractor who performed work on the warehouse owned by Palmer. He had a lien on the warehouse, but he did not file suit before the lien expired. The Receiver is recommending that the amount of the lien -- minus profits -- be treated as an allowed claim because the Receivership benefitted from the work performed.							

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DEFENDANTS.

**PLAN OF PARTIAL  
DISTRIBUTION**

Civil No. 09-75-S-EJL

Judge Edward J. Lodge

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The Securities and Exchange Commission (the “Commission”) hereby submits this  
proposed Plan of Partial Distribution (the “Plan”).



## ARTICLE I – DEFINITIONS

1. “Administrative Expense Claims” shall consist of all costs, expenses and fees incurred by the Receiver and his agents in connection with his administration of the funds and other assets within his control, including but not limited to consultant fees, accountant fees, auctioneer or liquidator fees, legal fees, operation expenses and all other reasonable costs and expenses. Administrative Expense Claims shall also include the Receiver’s legal fees and expenses that are incurred in connection with the prosecution of any action undertaken by or defended by the Receiver for the purpose of recovering or preserving funds and other assets within his control.
2. “Allowed Claim” shall refer to a Claim for which proof has been filed in a timely fashion by an Eligible Claimant with the Receiver or his designee in accordance with the claim process previously approved by this Court (Docket # 54). No Incomplete Claim shall be considered an Allowed Claim.
3. “Allowed Claimants” shall refer to claimants with Allowed Claims.
4. “Approval Order” shall refer to the Order of the Court approving this Plan of Partial Distribution.
5. “Bar Date” shall refer to that date by which a Claim must be filed in order to receive a distribution from the funds held by the Receiver pursuant to this Plan. This Court designated the Bar Date as February 28, 2010 (Docket # 54). Claims submitted after February 28, 2010 will be considered untimely and will not participate in the Plan.
6. “Case” shall mean SEC v. Palmer, et al., Civil No. 09-75-S-EJL (D. Idaho Feb. 26, 2009).
7. “Claim” shall mean any right to distribution, whether or not such right to payment

is reduced to judgment, liquidated, unliquidated, fixed or contingent, asserted or unasserted, matured, disputed or undisputed, legal, secured or unsecured.

8. “Claims Process” shall refer to the procedure established by the Receiver and set forth in Article V of the Plan by which all Claims shall be presented for determination by the Receiver and this Court.

9. “Class” shall mean a group of Claims, which are substantially similar to each other as classified pursuant to the Plan.

10. “Disputed Claim” shall mean a Claim objected to by the Receiver for any defect which will result in an Allowed Claim less than the amount claimed.

11. “Eligible Claimant” shall refer to any claimant who is not defined as a Non-Participant in Article II.

12. “Incomplete Claim” shall refer to any claim submitted by a claimant who failed to declare and verify under penalty of perjury the veracity of his or her claim and/or failed to provide all required information as set forth in the Investor Claim Form.

13. “Investment Analysis” shall mean a report of the amounts invested with Daren L. Palmer (“Palmer”) and/or Trigon Group, Inc. (“Trigon”) by individual investors and the amounts returned by Palmer and/or Trigon. The Investment Analysis shall be based on the Claims filed, documents in the Receiver’s possession or obtained by the Receiver, and a review of the financial records of Palmer and/or Trigon.

14. “Investor” shall mean an individual or entity that delivered funds to Palmer and/or Trigon for investment purposes only with a return contingent upon the performance of Palmer and/or Trigon rather than some other obligation or agreement.

15. “Investor Claim Form” shall mean a claim form submitted by a claimant as approved by this Court in an Order dated January 21, 2010 (Docket #54).

16. “Investor Claims” shall mean a Claim for monies deposited with Palmer and/or Trigon for investment purposes. This term shall be limited to a Claim for the principal balance tendered for investment less all funds returned to the claimant and will not include any claim for interest on the principal sum, or any promised returns on the amount invested. This term shall not include monies paid to Palmer and/or Trigon in the form of fees or for other non-investment purposes or obligations incurred by Palmer and/or Trigon which were not for investment purposes. Third-Party Investor claims shall be treated as Investor Claims except as set forth herein.

17. “Palmer” shall refer collectively to the entities and individuals known as Trigon Group, Inc., Daren L. Palmer, and Duane L. Yost (“Yost”), as well as other companies controlled by Palmer and/or Yost, including but not limited to Yost Group.

18. “Tax Claims” shall refer to a claim of a government authority for the payment of a tax of any kind, including, but not limited to income taxes, personal property or intangible taxes, payroll taxes, and sales taxes.

19. “Trigon” shall refer collectively to the entities and individuals known as Trigon Group, Inc., Daren L. Palmer, and Duane L. Yost, as well as other companies controlled by Palmer and/or Yost, including but not limited to Yost Group.

## **ARTICLE II – DEFINITION OF NON-PARTICIPANTS OF THE PLAN**

Non-Participants of the Plan shall not receive any distribution from the Plan. Non-Participants of the Plan consist of four classes,

1. Insiders

- i. Beauchamp, Brad;
- ii. Beauchamp, Gloria
- iii. Beauchamp, Marcia;
- iv. Beauchamp, Michael;
- v. Kunz, Kyle;
- vi. Kunz, Lexi;
- vii. Palmer, Candice;
- viii. Palmer, Daren;
- ix. Palmer, Dean;
- x. Palmer, Dustin;
- xi. Palmer, LuDean;
- xii. Palmer, Michelle;
- xiii. Talbot, Elaine;
- xiv. Yost, Duane;
- xv. Yost, Melba

2. Overpaid Investors and Recipients of Improper Payments

- i. American Finance LP;
- ii. Beacon Light Capital, LLC;
- iii. Beck, Doyle;
- iv. Burtenshaw, Janet Rochel;
- v. Copper Creek Fountains, LLC;
- vi. Eldgredge, David C. Jr;
- vii. Heffernan, George;

- viii. Larsen, Jack;
- ix. Lawson, Stephan;
- x. Lewis Family Properties, LLC;
- xi. Lewis, Shari;
- xii. Lewis, William J. II;
- xiii. No Limit Piano Gallery, Inc.;
- xiv. Rasmussen, Keith
- xv. Resource Solutions, LLC;
- xvi. Revolution Mechanical Works, LLC;
- xvii. Sight and Sound, Inc.;
- xviii. Sight and Sound by Design;
- xix. Smith, Julie A.;
- xx. Smith, Kenneth H. Jr;
- xxi. Stoddard, Karen;
- xxii. Struchen, Jeff;
- xxiii. Taylor, R. Jay

3. Individuals and/or Entities that have reached settlement with the court-appointed Receiver and/or released all claims against the Receivership Estate

- i. All Inside AV Storage;
- ii. Bank of Commerce;
- iii. District 91 Found.;
- iv. Family Asset Protection (Robert Crandall);
- v. Goddard, John;

- vi. HK Holdings (Hollis Murri);
- vii. Howell, Jayce ;
- viii. JS Geldt (Steve Crandall);
- ix. Lindberg, Robert;
- x. Mauri Ventures;
- xi. McGregor, Kathryn;
- xii. Olsen, Gary;
- xiii. Right Price Auto (Zahe Elabed);
- xiv. RS&I;
- xv. Schow, Aaron;
- xvi. Taggart, Kevin;
- xvii. TJ-2 Holdings;
- xviii. Valois, Chris;
- xix. Wright, Allan;
- xx. Wright, Brett;
- xxi. Wright, Bud;
- xxii. Wright, Kris

4. Investors who have not filed a Claim by the Bar Date or who filed an

Incomplete Claim, unless otherwise permitted by the Receiver, including Investors who filed a Claim based on matters and/or properties not included in the Receivership.

The definition of Non-Participants of the Plan may be modified both before and after approval of the Plan, on such notice and hearing as this Court deems appropriate.

### **ARTICLE III – CLASSIFICATION OF CLAIMS**

For the purpose of the Plan, the Claims against Defendants and their property are classified into five (5) classes as set forth in this Article.

1. Class 1 shall consist of Administrative Expense Claims;
2. Class 2 shall consist of Tax Claims;
3. Class 3 shall consist of Investor Claims, but shall exclude Claims by Non-Participants as defined by Article II of this Plan;
4. Class 4 shall consist of Claims for amounts outstanding to non-investor creditors; and,
5. Class 5 shall consist of Non-Participant Claims.

### **ARTICLE IV – TREATMENT OF CLASSES**

The five (5) classes of claimants set the ordinal priority for payment.

1. Class 1. Administrative Expense Claims shall be paid periodically from the funds held by the Receiver as approved by the Court and shall be accorded priority over all other claims.
2. Class 2. The Receiver shall pay all Tax Claims and shall reserve funds for this purpose. In the event a Tax Claim is allowed by the Receiver or by the Court, it shall be accorded priority over all other Claims, except Class 1 Claims, and it shall be paid upon allowance by either the Receiver or by a final, non-appealable order of the Court.
3. Class 3. As soon as practicable after the entry of the Approval Order, and after payments or the reservation of funds for Classes 1 and 2 above, the Receiver shall identify all Class 3 claimants and their Claims in accordance with the Claims Process

set forth in Article V, below. Class 3 claimants whose Claims are allowed by the Receiver and this Court, in accordance with the Claims Process, shall be eligible for distribution from the funds held by the Receiver resulting in a pro rata recovery.

4. Class 4. The Receiver shall, with any funds remaining following payments or reservations as allowed for Classes 1, 2 or 3, above, pay all outstanding Claims to non-investor creditors. These shall include any outstanding debt to non-investor and third-party creditors. No distribution shall be made to any Class 4 claimants at this time.
5. Class 5. The Receiver shall provide to the Court, upon its request, the identity of all Non-Participants of the Plan and the amount, if any, of claims made by those individuals.

## **ARTICLE V – CLAIMS PROCESS**

1. Administrative Claims (Class 1) shall be paid periodically upon application by the Receiver to this Court for an Order approving the payment of such claims. Tax Claims (Class 2) shall be paid without need for further Order of this Court.

2. For Investor Claims (Class 3), the Receiver shall determine the amount of each Allowed Claim due to each investor by reviewing documents in his possession or obtained by him, other evidence submitted by claimants, and financial records of Palmer and/or Trigon. The amount to be received by each Class 3 claimant will be determined as follows:

Any and all distributions to Class 3 claimants will be made after the Receiver's determination of a benchmark percentage return level in light of the Receivership funds available for distribution and upon consideration of all distributions made to such claimants both before and after commencement of the Case. Distributions will be made first to those Class 3 claimants



who have not yet received the benchmark percentage return on their original and verified investment. Those Class 3 claimants who have previously received in excess of that benchmark percentage return level through payments by Palmer, Trigon or the Receiver before the distribution will receive no distribution unless and until all investors have received the same percentage return. This procedure will be followed until the amount of money to be distributed in the Receiver's possession or control is exhausted.

3. A Motion for Approval of the Plan and a Memorandum in Support of the Motion for Approval of the Plan shall be filed concurrently with this Court and distributed to all known investors and parties in interest, at their last known address, along with this Plan, the Investment Analysis and any other relevant documents.

4. Claimants and parties in interest will be given until August 9, 2010 to file and serve an opposition to the Motion for Approval of the Plan. Any and all objections shall be served upon the Commission, the Defendants, the Receiver and individuals upon whom the Plan was served. Any such objections shall be promptly filed with this Court upon service. Responses to any objections shall be filed by the Commission, the Defendants, the Receiver and individuals upon whom the Plan was served no later than September 8, 2010. Such responses should be promptly filed with this Court upon service.

5. If no objection or response from a claimant is received by August 9, 2010 the corresponding Investment Analysis amounts for that particular investor shall be considered the final Claim for the purposes of the Plan, unless such Claim is the subject of an objection by the Receiver and allowed in a different amount.

6. Objections to the Plan, the Motion for Approval of the Plan, and the accompanying Memorandum shall be considered untimely if filed after August 9, 2010.

7. Upon conclusion of the period allowed for objections and responses and within 30 days after the entry of the Approval Order, Claims may be paid from the Receivership in a percentage determined by the Receiver.

8. Upon distribution, the Receiver shall file with this Court a report detailing the amount distributed, together with a schedule of the names and amounts distributed to each investor.

#### **ARTICLE VI – RETENTION OF JURISDICTION**

1. The Order Appointing Receiver, dated February 26, 2009, and any related orders of the Court dealing with the Receiver's power and authority, shall remain in full force and effect, except as modified in the Approval Order, or any subsequent Order entered by this Court, until this Court enters an order concluding this Case and discharging the Receiver.

2. The Receiver shall retain all powers and authority provided in this Court's Orders until the discharge of the Receiver by this Court.

3. The Receiver may abandon any assets of Palmer and/or Trigon, or any claim or cause of action of the Receivership Estate, upon notice to all parties, if the Receiver determines, in his discretion, that abandoning such asset, claim or cause of action is in the best interests of the Receivership Estate.

4. This Court shall retain jurisdiction over the Case for all purposes allowed by law, including, but not limited to, the following:

- i. the interpretation, implementation, enforcement, and consummation of the Plan;
- ii. the allowance or disallowance of any Claim;
- iii. the determination of validity and priority of any Claim;

- iv. the modification of the Plan as may be necessary to carry out its purposes and intent;
- v. the resolution of all litigation that has been or may be filed by or against the Receiver;
- vi. any future plans of partial or final distribution; and,
- vii. the entry of an Order concluding the Case and discharging the Receiver.

## **ARTICLE VII – MISCELLANEOUS PROVISIONS**

1. Upon application of the Commission, the Receiver, or any party of interest this Court may issue an Order directing any necessary party to execute, deliver, or join in the extension or delivery of any instrument or document and perform any other act necessary for the consummation of the Plan.

2. The Receiver shall be authorized to exclude from distribution any funds he deems necessary to pay for the ongoing operations and obligations of the Receivership Estate. This amount shall be used, subject to this and other Orders of the Court, to pay administrative expenses of the Receivership Estate, pay for any applicable taxes, provide for future distribution on Claims not included in the Plan, and for any other purpose approved by this Court.

3. The Receiver shall be authorized to compromise or settle any Disputed Claim after entry of the Approval Order; however, no such agreement shall provide for payment or treatment of any Disputed Claim upon terms more favorable to such claimant than the payment or treatment provided to claimants of the same Class.

4. The provisions of the Plan, upon confirmation through the Approval Order, shall be binding upon all claimants and parties in interest.

5. The Plan may be modified both before and after approval, on such notice and hearing as this Court deems appropriate.

6. Claimants are required to inform the Receiver, in writing, of any change of address or party in interest.

7. Where applicable, distributions under the Plan shall be made by sending a check in the name of the claimant to the last known address of said claimant or to the address specified by any change of address notices received by the Receiver before the funds are distributed.

8. If a claimant fails to negotiate within 90 days after the date of the check any distribution check mailed to his last known address, the associated Claim shall be considered abandoned and disallowed in its entirety. The funds, which would otherwise be distributed to such claimant, shall revert to the Receivership Estate.

9. Upon entry of the Approval Order, the Receiver will be required to provide notice of any proposed action or relief requested from this Court to the Commission, those parties in interest who have already filed a notice of appearance in the Case and those parties in interest who file a request with the Court to receive all notices and to all claimants holding Allowed Claims. This provision shall not apply to any litigation filed by the Receiver with this Court, which need only be served on any defendant named therein.

10. The Receiver, his agents, attorneys and employees, shall be held harmless for any damages or liability that may arise through the discharge of his duties under the Plan, in accordance with this Court's Order to Appoint a Receiver on February 26, 2009.

11. When the Receiver determines that further efforts to liquidate the assets of Palmer and/or Trigon are not required or would not be economical, he shall file a motion with this Court

to close the Case wherein he may request such relief as he deems necessary for the final resolution of this Case.

12. The Commission shall file one or more additional Plans of Partial or Final Distribution if funds become available for further distributions. Future Plans of Partial or Final Distribution may vary in methods, means and allocations and nothing in the Plan or the Approval Order shall limit the times of future Plans of Partial or Final Distribution.

DATED this 9<sup>th</sup> day of June 2010.

/s/ Karen L. Martinez  
Karen L. Martinez  
Thomas M. Melton  
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Securities and Exchange Commission

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IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF IDAHO

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SECURITIES AND EXCHANGE COMMISSION,  
  
PLAINTIFF,

v.

DAREN L. PALMER and TRIGON GROUP, INC., a  
Nevada Corporation,  
  
DEFENDANTS.

**[PROPOSED] ORDER  
APPROVING PLAN OF  
PARTIAL DISTRIBUTION**

Civil No. 09-75-S-EJL

Judge Edward J. Lodge

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The Court, having reviewed the Motion by the Securities and Exchange  
Commission for Approval of the Plan of Distribution and the Memorandum in Support  
thereof, hereby Orders:

1. The Plan of Partial Distribution is hereby APPROVED.

DATED this \_\_\_\_ day of \_\_\_\_\_ 2010.

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Judge Edward J. Lodge  
United States District Judge