

UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF IDAHO

SECURITIES AND EXCHANGE
COMMISSION,

and

COMMODITY FUTURES TRADING
COMMISSION,

Plaintiffs,

v.

DAREN L. PALMER and TRIGON
GROUP, INC.

Civ. No. 09-075-S-EJL

Civ. No. 09-076-S-EJL

The Honorable Edward J. Lodge

**RECEIVER'S NOTICE OF PROPERTY
SALE AND NOTICE OF INTENT TO
DISCLAIM INTEREST IN PROPERTY**

R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of Trigon Group, Inc. ("Trigon") and all the assets of Daren L. Palmer (the "Receivership Entities" and/or "Palmer"), hereby gives notice to the Court and interested parties of a pending property sale and of the Receiver's intent to disclaim interest in property potentially subject to the Receivership Estate.

Canterbury Home

Daren and Michelle Palmer are the owners of record of residential property located at 3995 Canterbury Way, in Idaho Falls. The Receiver received a written offer to purchase the Canterbury property for \$322,000, based on a written appraisal of the home at \$322,000. The Receiver obtained two other appraisals on the home; one for \$332,000 and one for \$400,000. The higher appraisal was deemed unreliable because of the disparity from the other two appraisals and because none of the properties used for comparisons in the appraisal were from

the same subdivision as the Canterbury home, whereas the other two appraisals used comparable properties from the Canterbury subdivision.

The Receiver negotiated an increase in the offer has entered into a definitive agreement to sell the Canterbury property for \$332,000. The sale of this property is expected to close in the very near future, perhaps within a week.

There are two liens on the Canterbury property. The lienholders have agreed to a limited release of their liens so the property can be sold. The lien releases are conditioned on the Receiver's agreement to place the net proceeds from the sale in escrow, pending a court order or settlement agreement determining the validity of the liens. Separately, the Receiver, the buyers, and the title company handling the closing of the property are cooperating to obtain the necessary signatures to allow the closure to occur without necessitating court action determining the ownership interest of Mr. and Mrs. Palmer.

Undeveloped Property

The Receiver has identified an undeveloped plot of land in Idaho Falls that might be subject to claims by the Receiver. The property is the subject of significant dispute and three competing ownership claims. The property was transferred to the theoretical ownership of Daren Palmer and Trigon in the summer of 2008 in exchange for a \$500,000 interest in the Trigon investment program. The complicated structure of the transaction actually involved giving deed to the property to a third party, who was using the property as security for a separate \$300,000 loan to Trigon and Palmer.

In the fall of 2008, a lawsuit was filed against the Palmers and the third party by the previous owners of the property. The lawsuit seeks the return of the property under a theory of constructive trust. The Receiver believes the potential exists to defeat the lienholders' interests, prevail in the lawsuit filed by the prior owners, and to relegate the prior owners' claims to the same status as other investors. However, the Receiver's likelihood of prevailing on all three fronts is far from certain. If the Receiver did not prevail on all three fronts, the potential exists that the Receivership would lose any claim to that property and still be obligated to treat claims by the prior owners as valid. In the process of determining these rights, litigation costs can be expected to be significant – perhaps constituting a sizable portion of the value of the property.

The Receiver has entered into a tentative settlement agreement with the prior owners of the property and the third party lienholders. Under this settlement, the Receiver would forego any claims to this property. In return:

1. The lienholders would release any claims against the Receivership entities for repayment of the \$300,000; and
2. The prior property owners will release any claims against the Receivership entities for payment of the \$500,000 in investment credit they received at Trigon.

In sum, the Receiver would eliminate \$800,000 in potential claims against the Receivership and the risk of incurring significant litigation expenses in return for disclaiming an interest in this undeveloped property.

The Receiver has obtained consent by the other parties to this Agreement that the Agreement will not be finalized until two weeks following the filing of this Notice with the

Court. This delay is to permit the Court, investors, and other potential creditors to express any objections to the substance or terms of this agreement. If objections are timely filed, the terms of the agreement will not become effective until the objections are resolved by the Court.

DATED this 18th day of May, 2009.



WAYNE KLEIN, Receiver