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**UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH**  
**CENTRAL DIVISION**

SECURITIES AND EXCHANGE COMMISSION,  Plaintiff,  v.  NATIONAL NOTE OF UTAH, LC, a Utah Limited Liability Company and WAYNE LaMAR PALMER, and individual,  Defendants.	<b>FOURTH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER</b> <i>For the Quarter Ending June 30, 2013</i>  2:12-cv-00591 BSJ  The Honorable Bruce S. Jenkins
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R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of National Note of Utah, LC ("National Note"), as well as certain subsidiaries and entities affiliated with National Note ("Related Entities"), and the assets of Wayne LaMar Palmer ("Palmer"), collectively, the "Receivership Entities" hereby submits this Fourth Status Report for the period April 1, 2013 through June 30, 2013 (the "Reporting Period").

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I.

**PROCEDURAL HISTORY**

On June 25, 2012, this action (the “Civil Case”) was commenced by the United States Securities and Exchange Commission (the “SEC”) against Defendants Palmer and National Note by the filing of a Complaint in the United States District Court for the District of Utah (the “Court”).<sup>1</sup> The SEC alleges, among other things, that Defendants Palmer and National Note engaged in securities fraud and operated a Ponzi scheme that took over \$100 million from more than 600 investors.

The SEC filed several *ex parte* motions with its Complaint on June 25, 2012, all of which were granted by the Court. In particular, the Court entered a Temporary Restraining Order and Order to Show Cause (the “TRO”),<sup>2</sup> an Order Freezing Assets and Prohibiting Destruction of Documents (the “Asset Freeze Order”),<sup>3</sup> and an Order Appointing Receiver and Staying Litigation (the “Receivership Order”).<sup>4</sup> Palmer has since stipulated to the imposition of a preliminary injunction and to continuation of these orders.<sup>5</sup>

As a result of the Receivership Order, the Receiver controls the assets of Palmer as well as manages and controls National Note and the Related Entities identified in the Receivership Order. A list of the Receivership Entities is attached hereto as **Exhibit A**.

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<sup>1</sup> Docket No. 1.

<sup>2</sup> Docket No. 7.

<sup>3</sup> Docket No. 8.

<sup>4</sup> Docket No. 9.

<sup>5</sup> Docket Nos. 41 and 42.

On November 12, 2012, in accordance with the Receivership Order,<sup>6</sup> the Receiver filed his First Report and Liquidation Plan for the period of June 25, 2012 through September 30, 2012 (the "First Report").<sup>7</sup> The Receiver's Second Status Report for the period of October 1, 2012 through December 31, 2012, was filed on February 26, 2013 (the "Second Report").<sup>8</sup> The Third Status Report, for the period of January 1, 2013 through March 31, 2013, was filed on May 2, 2013 (the "Third Report").<sup>9</sup> This is the Fourth Status Report for the period of April 1, 2013 through June 30, 2013, defined above as the "Reporting Period."

## II.

### CONTINUED OPERATIONS

The Receiver is managing the Receivership Estate with the goal of maximizing the value of existing assets while also minimizing the expenses being incurred so as to make the largest possible distribution to those National Note investors who have not received a return of their principal investment in whole or part. To facilitate this goal, the Receiver has discontinued the operations of National Note and most of its affiliated entities, except in those limited instances that have previously been described in earlier Status Reports and as discussed immediately below, and he has attempted to minimize the enterprise's historically high operating expenses going forward.

At this time, the only operations going forward are those related to several real estate

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<sup>6</sup> Docket No. 9 (Receivership Order), pp.18-20.

<sup>7</sup> Docket No. 73 (First Report).

<sup>8</sup> Docket No. 170 (Second Report).

<sup>9</sup> Docket No. 288 (Third Report).

holdings of the Receivership Estate.<sup>10</sup> The following is a description of the Receiver's limited operation of several real estate properties which are being operated either because they are generating net income for the Receivership Estate or because their continued operation will minimize losses:

A. **Middleton, Idaho: Two Leased Homes.** The Receivership Estate includes two residential properties that are located in Middleton, Idaho, adjacent to a 175-acre proposed subdivision that National Note had planned under the name "Riverbend Estates," discussed in further detail at pages 25 - 26 of the First Report.<sup>11</sup> The two homes are currently being rented through the services of a professional property manager, generating approximately \$1,345.00 in monthly net income. The Receiver's ultimate disposition of these homes will likely depend on the development of Riverbend Estates.<sup>12</sup>

B. **Brigham City, Utah: Twin Pines Apartments.** The Twin Pines Apartments are three buildings with twenty apartments located in Brigham City, Utah, which are leased to lower income tenants. Further information about this property is set forth at pages 29 - 30 of the First Report. During the Reporting Period, the Receiver continued to operate this property through his property manager. As a result of property repairs and the work of the property manager,

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<sup>10</sup> See First Report, pp. 9-10, 57-58 & Second Report, Part II.A (discussing operation of Old Glory Minting Company, LLC; operations of this entity were discontinued by the Receiver in December 2012). Certain of the real property being operated described in the earlier Reports is now being liquidated. See First Report, pp. 24-53; Second Report, Part II.B; Third Report, Part II. This Report contains only those real properties being operated during the Reporting Period.

<sup>11</sup> The name of the National Note affiliate that intended to develop the property is Riverbend Estates, LLC. The Receiver refers to this property as the "River Run Subdivision" in the First Report. First Report, pp. 25-26. Both "River Run" and "Riverbend" were used to describe this property.

<sup>12</sup> See discussion *infra* at Part III.F.

occupancy is now averaging 95%, compared to slightly over 50% when the Receiver was appointed. The Apartments are now generating approximately \$3,500.00 monthly net income for the Receivership Estate.

A National Note investor has been permitted to intervene in this case to assert an interest in the Twin Pine Apartments, which interest the Receiver has challenged. Litigation related to this matter is ongoing. During the pendency of the litigation, all net rental proceeds are being segregated and maintained by the property manager.

C. **Ogden, Utah: Office Building.** The Office Building is an old, three-story commercial office building located in downtown Ogden, Utah that is co-owned with a third party (the “Co-Owner”). Further details related to the Office Building are set forth at pages 30 - 31 of the First Report.

At present, this building has two tenants sharing the main floor.<sup>13</sup> The rental income from these two tenants is not sufficient to pay operating expenses of the Office Building, and the Receiver is required to make ongoing repairs to the Office Building and its heating and plumbing systems to maintain its value. The Receiver has decided against seeking additional tenants for the Office Building and to market it for sale. Previously, the Co-Owner indicated an intent to find a buyer for the building or obtain financing to buy out the Receivership interest in the property. The Co-Owner has not reported any progress in either of these efforts and communicates with the Receiver rarely. The Receiver has sent a letter to the Co-Owner listing the expenses and net losses incurred in the operation of the Office Building, demanding that she

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<sup>13</sup> See First Report, p. 31.



contribute to her share of the expenses and net losses. If the Co-Owner does not make these payments, the Receiver intends to file suit against her.

**D. Vernal, Utah: East Meadows Trailer Park.** East Meadows is a mobile home park located in Vernal, Utah, with eighty-six lots and a playground area. As discussed on pages 34 – 35 of the First Report, mobile homes owned by Land Utah, LC are parked on forty-five of the lots (the “LU Homes”), an office and garage are located on one of the lots, certain lots are occupied by tenants who own their own mobile homes, and certain lots are empty. The Receiver, through a new property manager, has dramatically reduced expenses associated with running this property and increased the rents being collected, and the property is generating approximately \$10,000.00 in net monthly income. On May 2, 2013, the Court entered an Order approving a public sale of this property.<sup>14</sup> The auction was held on June 10, 2013 and the property was sold to the highest bidder for \$1,030,000.00. The Receiver will continue to operate this property until the sale closes.

**E. Fairfield, Utah: Cedar Fort Land.** The Cedar Fort Land is a large tract of undeveloped real estate located in Fairfield, Utah discussed in greater detail at page 42 of the First Report. The Receiver obtained an appraisal which valued this property at \$280,000.00. Despite challenges related to the property’s location, lack of access and environmental issues, the Receiver has received offers to purchase two sections of this property and expects to receive an offer for a third section. When purchase agreements are finalized the Receiver expects to file motions seeking Court approval of public sales of these properties. In the meantime, the

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<sup>14</sup> Docket No. 292. A Court-approved notice of auction was published, informing interested parties of a stalking horse bid and inviting other bids for the property.

Receiver is leasing the Cedar Fort Land for grazing, with the understanding that the lease may be terminated if the Land is sold.<sup>15</sup>

F. **Spanish Fork, Utah: Expressway Business Park.** Expressway Business Park, located in Spanish Fork, Utah, contains 46 business condominium units that were built by National Note. At the time of the Receiver's appointment, forty-two of the units had been sold, leaving four remaining units in the Receivership Estate, each of which is described in greater detail at pages 42 – 46 of the First Report.<sup>16</sup>

After obtaining approval from the Court, unit #109 was relinquished to a first lienholder on March 29, 2013.<sup>17</sup> The Receiver marketed unit #305 for sale and, with permission of the Court, conducted an auction.<sup>18</sup> At the auction, the property was sold for \$69,000.<sup>19</sup> Unit #215 had been rented for a time, but is now vacant. The Receiver is in discussions with several parties interested in purchasing this unit and hopes to receive an offer soon on this property. The fourth property, unit #204, continues to be rented, generating \$1,000 in net monthly income for the Receivership Estate. However, this unit is subject to a lender's deed of trust and foreclosure proceedings were commenced by the lender prior to the entry of the Receivership Order. The lender obtained an appraisal of this unit which indicates that the property is worth less than the

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<sup>15</sup> In addition to the annual income to be obtained from the lessee, based on the number of cows using the land during the year, the lease qualifies the property as agricultural land which will result in substantially reduced property tax rates.

<sup>16</sup> The First Report erroneously indicated that the project had 48 units and that 44 had sold. *See* First Report, pp. 42-43.

<sup>17</sup> Docket No. 241.

<sup>18</sup> Docket No. 270.

<sup>19</sup> *See* discussion below at Part III.B. The sale of this property closed on June 27, 2013.

amount owed to the secured lender. The Receiver has negotiated a settlement agreement with the lender and intends to file a motion with the Court seeking permission to return this property to the lender based on the lender's agreement not to seek any deficiency or make any claims against the Receivership Estate. Until the property is returned to the lender, rents will continue to be paid to the Receiver.

G. **Temple, Georgia: Single Family Residence.** This home is located near Atlanta, in Temple, Georgia, and was being managed by a professional property manager. Further details related to this property are set forth at page 51 of the First Report. During earlier reporting periods, the property was being leased and generating monthly revenue for the Receivership Estate. During this Reporting Period, the tenants ceased paying rents and were evicted. The Receiver has engaged a real estate agent to market the property. In preparation for the sale, the Receiver has approved work by landscapers to improve the appearance of the property and by contractors to make repairs to the home.

### III.

#### **REAL ESTATE HOLDINGS**

A significant portion of the Receivership Estate's potential assets are in real estate holdings, all of which were described in the Receiver's First Report and some of which also are discussed in Part II above. The Receiver has determined that some of the real properties appear to have value for the Receivership Estate and need to be operated and/or marketed for sale, some properties have no equity, and some require further investigation and analysis, including an analysis of the validity and enforceability of certain interests that have been asserted against the properties.

During the Reporting Period, the Receiver has sold numerous properties and actively marketed other properties. Attached hereto as **Exhibit B** is a chart setting forth the status of all real properties in the Receivership Estate as of June 30, 2013.

For purposes of this Status Report, the Receiver discusses the following in Parts A through G:

- Part A below discusses the efforts undertaken during the Reporting Period to release liens and other claims recorded against these properties;
- Part B describes real property sales that closed during the Reporting Period;
- Part C describes real property sales or methods of sale that have been approved by the Court, but which have not yet closed;
- Part D identifies real properties that are subject to sale for which Court approval of the sale or the method of sale has been requested;
- Part E describes properties that were divided by the Receiver to gain clear title to certain properties;
- Part F describes actions taken by the Receiver regarding real properties in which it does not appear that the Receivership Estate has equity; and
- Part G identifies real properties that are believed to have no value.

A. **Efforts to Release Liens and Other Interests Against Real Properties.** As part of the Receiver's investigation of real property holdings of the Receivership Estate, the Receiver has determined that there are numerous types of interests that have been asserted against many of the Receivership Estate's real properties, including at least the following types of interests for which he has taken the following actions:

1. Assignments of Beneficial Interests ("ABIs"). The First and Second Reports described the ABIs that were recorded against a wide variety of the Receivership Estate's real properties purportedly in favor of certain National Note investors. If the ABIs are determined to be valid interests, a significant portion of the real estate sales proceeds held by the Receivership Estate would be paid to the ABI holders, with little money left for investors who were not granted ABIs. The Receiver believes that the ABIs are not legally valid interests. Accordingly, the Receiver has taken the following actions:

a. Request Voluntary Releases: As real estate properties have been sold, the Receiver has sent letters to holders of ABIs recorded against those properties, requesting that the holders voluntarily release the ABIs. Such requests have been met with moderate success. In general, approximately one third to one half of the ABI holders in any given property have executed voluntary releases. In the case of one property, there was only one ABI and it was released by the holder.

b. Sale of Property Free and Clear of Liens: For properties where ABIs have been recorded, the Receiver has asked the Court for permission to sell the properties free and clear of interests, with interests, if any, attaching to the proceeds of the sale. Where such sales have been approved and consummated, the Receiver holds the sales proceeds in a reserve account pending release of the ABIs or the Court's determination of the validity of the ABIs.

c. Lawsuits Filed: As described below in Part V, the Receiver has begun filing lawsuits against overpaid investors and others who received improper payments from National Note or its affiliates. To the extent that the Receiver's investigation revealed that

these defendants also hold ABIs, the lawsuits seek to have the Court invalidate the ABIs. The Receiver plans to file additional lawsuits against those ABI holders who are not overpaid investors, seeking invalidation of the ABIs.

2. Deeds of Trust. Deeds of trust were recorded against some of the Receivership Estate's real properties prior to the entry of the Receivership Order. Several of these deeds of trust are held by National Note investors who were overpaid (meaning they have received distributions in excess of the principal amount of their investments). The Receiver is taking the following actions regarding deeds of trust:

a. Settlement Agreements: In two cases, the Receiver negotiated settlements with the holders, obtaining releases of deeds of trust as follows. An overpaid investor agreed to return overpaid amounts to the Receiver and released his deed of trust on the Deer Meadows property. In the second instance, a deed of trust was held by a lender on the Indian Canyon property. The Receiver negotiated a 25% reduction in the amount owed on the deed of trust and the lender released the deed of trust. Both these settlements have been approved by the Court.<sup>20</sup>

b. Litigation: The Receiver is litigating the validity of deeds of trust on two other properties. First, an investor, the True and Marjorie Kirk Trust, holds a deed of trust on the Twin Pines property located in Brigham City, Utah. The Receiver believes this deed of trust is avoidable under Utah fraudulent transfer law. The Trust has been authorized by the Court to intervene in this case, and has commenced a lawsuit against the Receiver to enforce the

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<sup>20</sup> Docket Nos. 308 & 348.

deed of trust. In the other matter, the Receiver filed suit against John Spinola on June 25, 2013, asserting that his deed of trust recorded against the cabin in Kanab, Utah, is not valid because the promissory note to which the deed of trust is tied has been paid off.

c. Continuing Investigation: A deed of trust has been recorded against the Bandana Cabin property. The Receiver asserts that this deed of trust is avoidable because it was given without equivalent consideration to National Note, and he is currently engaged in negotiations with the holder of this deed of trust related to his claims. The Receiver also is evaluating whether the multiple deeds of trust on the Overland Trails property are valid.

3. Construction Liens. At the time the Receiver was appointed, two construction liens existed against the Clearview Business Park, located in Arizona. The Receiver negotiated a release of one lien and a reduction in the amount of the debt associated with the other. This property has been sold, and the second lien was paid at the closing.

**B. Real Property Sales Approved During the Reporting Period/Closed.** Sixteen Court-approved real property sales were closed by the Receiver during the Reporting Period, each of which is described below. Some of the properties were sold at auction. In most instances where auctions were conducted, the properties sold for higher prices than the initial bid received by the Receiver. While in several cases, the public sale increased the prices by \$5,000.00, in other instances, the auction raised the price by as much as \$50,000.00.

It should be noted that the net sales proceeds for most of these properties were reduced substantially because significant property taxes assessed against the property had not been paid prior to the Receiver's appointment and were required to be satisfied from the sale proceeds; generally, three to four years of property taxes were owed. An unpaid construction lien on the

Clearview Business Park, discussed above, also reduced the net sales proceeds. These unpaid obligations are indications that National Note had been facing financial difficulties for multiple years before the SEC asked the Court to close its operations and appoint a receiver.

1. Elkhorn Lot #5, Malad, Idaho:<sup>21</sup> This partially-built cabin near Malad City, Idaho, sold for \$80,000.00 pursuant to a Court-approved private sale.<sup>22</sup> This sale closed on April 8, 2013, and after payment of three years of back property taxes, sales commissions and closing costs, the Receivership Estate received net sale proceeds in the amount of \$71,803.14. One ABI was recorded against this property, but the ABI was released before the sale closed.

2. Elkhorn Lot #48, Malad, Idaho:<sup>23</sup> This lot in the Elkhorn Ridge subdivision also included a partially-built cabin. It sold for \$80,000.00 pursuant to a Court-approved private sale.<sup>24</sup> The sale closed on April 9, 2013, and after payment of three years of back property taxes, sale commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$73,620.84. The property has one ABI recorded against it, and thus the sale proceeds are being held in a reserve account until the Court rules on the validity and effect of the ABI.

3. Elkhorn Lot #4, Malad, Idaho:<sup>25</sup> This is a vacant building lot in the Elkhorn Ridge subdivision. It sold for \$35,000.00 pursuant to a Court-approved private sale.<sup>26</sup>

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<sup>21</sup> See First Report, p. 26.

<sup>22</sup> Docket No. 231.

<sup>23</sup> See First Report, p. 26.

<sup>24</sup> Docket No. 231.

<sup>25</sup> See First Report, p. 26.

<sup>26</sup> Docket No. 231.



The sale closed on April 26, 2013, and after payment of three years of back property taxes, sale commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$30,893.21. The property has two ABIs recorded against it. One of the ABIs was voluntarily released, but the other ABI has not. As a result, the proceeds from the sale are being held in a reserve account until the Court has ruled on the validity and effect of the ABI.

4. Residential Building Lots at 900 West, Salt Lake City, Utah:<sup>27</sup> These two building lots near downtown Salt Lake City were sold to the Salvation Army for \$70,000.00 pursuant to a Court-approved private sale.<sup>28</sup> The sale closed on May 8, 2013, and after property taxes and closing costs, the Receivership Estate received net sale proceeds in the amount of \$65,295.00. The sale was negotiated directly with the Salvation Army, and thus there were no commissions paid from the sales proceeds. This property had eight ABIs recorded against it. Five of the ABIs have been released voluntarily but three remain, so the proceeds from the sale are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

5. Clearview Business Park, Mesa, Arizona:<sup>29</sup> This property is a partially-constructed business park having eight units. The Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$737,000.00.<sup>30</sup> No bids were submitted higher than the stalking horse bid, and the property sold for \$737,000.00. The

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<sup>27</sup> See First Report, p. 39.

<sup>28</sup> Docket No. 263.

<sup>29</sup> See First Report, p. 49.

<sup>30</sup> Docket No. 177.

sale closed on May 10, 2013, and after payment of four years of back property taxes, totaling \$91,634.94, sale commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$591,295.43. The property has twenty seven ABIs recorded against it. Fourteen have been voluntarily released, but thirteen remain. Accordingly, sale proceeds are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

6. Farrell Business Park, Units 103-104, Gilbert, Arizona:<sup>31</sup> This property consists of two unfinished units in a business park. The Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$153,261.35.<sup>32</sup> At the auction, bidding raised the price to \$203,261.36, an increase of \$50,000.00. The sale closed on May 31, 2013, and after payment of four years of back property taxes and closing costs, the Receivership Estate received net sale proceeds in the amount of \$167,994.10. There were no commissions paid on these sales as the Receiver negotiated directly with the buyer. Fifteen ABIs were recorded against all of the unsold units, including these units. Eleven were voluntarily released, but four remain so the proceeds from the sale are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

7. Farrell Business Park, Unit 105, Gilbert, Arizona:<sup>33</sup> This property consists of an unfinished unit in a business park. The Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$82,000.00.<sup>34</sup> At the auction,

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<sup>31</sup> See First Report, p. 48.

<sup>32</sup> Docket No. 202.

<sup>33</sup> See First Report, p. 48.

<sup>34</sup> Docket No. 203.

bidding raised the price to \$92,000.00, an increase of \$10,000.00. The sale closed on May 21, 2013, and after payment of four years of property taxes, sales commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$70,392.98. Fifteen ABIs were recorded against all of the unsold units, including this unit. Eleven were voluntarily released, but four remain so the proceeds from the sale are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

8. Farrell Business Park, Unit 106, Gilbert, Arizona:<sup>35</sup> This property consists of an unfinished unit in a completed business park. The Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$82,000.00.<sup>36</sup> At the auction, bidding raised the price to \$97,000.00, an increase of \$15,000.00. The sale closed on June 7, 2013, and after payment of four years of back property taxes, sales commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$74,832.11. Fifteen ABIs were recorded against all of the unsold units, including this unit. Eleven were voluntarily released, but four remain so the proceeds from the sale are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

9. Farrell Business Park, Unit 107, Gilbert, Arizona:<sup>37</sup> This property consists of an unfinished unit in a business park. The Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$85,000.00.<sup>38</sup> At the auction,

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<sup>35</sup> See First Report, p. 48.

<sup>36</sup> Docket No. 204.

<sup>37</sup> See First Report, p. 48.

<sup>38</sup> Docket No. 205.

bidding raised the price to \$90,000.00, an increase of \$5,000.00. The sale closed on June 7, 2013, and after payment of four years of back property taxes, sales commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$67,699.81. Fifteen ABIs were recorded against all of the unsold units, including this unit. Eleven were voluntarily released, but four remain so the proceeds from the sale are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

10. Farrell Business Park, Units 109-111, Gilbert, Arizona.<sup>39</sup> This property consists of three unfinished units in a completed business park. The Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$240,000.00.<sup>40</sup> No higher bids were submitted, and the property sold for \$240,000.00. The sale closed on May 16, 2013, and after payment of four years of back property taxes in the amount of \$50,415.26, sales commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$177,584.74. Fifteen ABIs were recorded against all of the unsold units, including these units. Eleven were voluntarily released, but four remain so the proceeds from the sale are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

11. Farrell Business Park, Units 113-114, Gilbert, Arizona.<sup>41</sup> This property consists of two unfinished units in a business park. The Court approved a public sale of the

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<sup>39</sup> See First Report, p. 48.

<sup>40</sup> Docket No. 206.

<sup>41</sup> See First Report, p. 48.

property and auction procedures based on a stalking horse bid in the amount of \$164,000.00.<sup>42</sup> At the auction, bidding raised the price to \$214,000.00, an increase of \$50,000.00. The sale closed on June 3, 2013, and after payment of four years of back property taxes, sales commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$170,188.90. Fifteen ABIs were recorded against all of the unsold units, including these units. Eleven were voluntarily released, but four remain so the proceeds from the sale are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

12. Farrell Business Park, Unit 115-116, Gilbert, Arizona:<sup>43</sup> This property consists of two unfinished units in a completed business park. The Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$160,000.00.<sup>44</sup> No higher or better offers were received, and these units sold to the stalking horse bidder for \$160,000.00. The sale closed on June 11, 2013, and after payment of four years of back property taxes, sales commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$118,576.00. Fifteen ABIs were recorded against all of the unsold units, including these units. Eleven were voluntarily released, but four remain so the proceeds from the sale are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

13. Autumn Ridge Phase I, Lots #8 and #54, Eagle Mountain, Utah:<sup>45</sup> These

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<sup>42</sup> Docket No. 207.

<sup>43</sup> See First Report, p. 48.

<sup>44</sup> Docket No. 208.

<sup>45</sup> See First Report, p. 40.

are the first two of nine lots being purchased by Hallmark Homes. The lots sold for \$37,000.00 each, pursuant to a Court-approved process.<sup>46</sup> The sale closed on May 31, 2013, and after property taxes, sales commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$63,108.31. Thirty seven ABIs had been recorded against these lots. Fourteen have been voluntarily released, but twenty three remain. Thus, sale proceeds are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

14. Autumn Ridge Phase I, Lot #4, Eagle Mountain, Utah:<sup>47</sup> This lot is the first of eight lots being purchased by Merit Homes. The lot sold for \$37,000.00 pursuant to a Court-approved process.<sup>48</sup> The sale closed on June 3, 2013, and after property taxes, sales commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$30,821.91. Thirty seven ABIs had been recorded against these lots. Fourteen have been voluntarily released, but twenty three remain. Thus, sale proceeds are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs.

15. Manhattan Grille Condominium, Manhattan, Montana:<sup>49</sup> This property is a small condominium located in Manhattan, Montana. The property was sold for \$51,000.00 pursuant to a Court-approved sale.<sup>50</sup> The sale closed on June 5, 2013, and after payment of property taxes, sales commissions, and closing costs, the Receivership Estate received net sale

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<sup>46</sup> Docket No. 293.

<sup>47</sup> See First Report, p. 40.

<sup>48</sup> Docket No. 293.

<sup>49</sup> See First Report, p. 28.

<sup>50</sup> Docket No. 300.

proceeds in the amount of \$45,933.32. There were interests recorded against this property, and thus, the net sale proceeds were deposited into the Receivership operating account.

16. Expressway Business Park, Unit 305, Spanish Fork, Utah:<sup>51</sup> This property consists of an unfinished unit in a business park. The Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$64,000.00.<sup>52</sup> At the auction, bidding raised the price to \$69,000.00, an increase of \$5,000.00. The sale closed on June 27, 2013, and after payment of four years of back property taxes, sales commissions, and closing costs, the Receivership Estate received net sale proceeds in the amount of \$55,840.79. There are many ABIs recorded against all of the Expressway Business Park units and related undeveloped land, including against this unit. Some of the ABIs have been voluntarily released, but many remain and, therefore, sale proceeds are being held in a reserve account until the Court has ruled on the validity and effect of the ABIs

**C. Real Property Sales Approved During the Reporting Period/Not Closed.** The Court entered Orders approving private sales or procedures for the public sales of the following properties free and clear of interests, none of which had closed at the end of the Reporting Period. With the exception of one, these sales should close prior to the end of the next reporting period. The exception involves Elkhorn Lot #1 for which the Receiver obtained a buyer, but the sale was not approved based on representations by Palmer that a higher offer could be obtained. As discussed in further detail below, the sale to Palmer's buyer has failed to close.

These properties are subject to certain recorded interests, and thus upon closing, all net

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<sup>51</sup> See First Report, p. 45.

<sup>52</sup> Docket No. 270.

sale proceeds obtained from the encumbered properties are expected to be held in reserve by the Receiver on behalf of the Receivership Estate pending resolution of all disputes related to such interests.

1. Indian Canyon Land, Duchesne County, Utah:<sup>53</sup> The Court has approved the sale of this property at auction.<sup>54</sup> The purchaser, Duchesne County, bid \$148,222.56. No other bidders qualified to participate in the auction, so the sale to Duchene County is final. The Receiver is in the process of closing this sale.

2. Elkhorn Lot #1, Malad, Idaho:<sup>55</sup> At a hearing held on April 12, 2013 at which the Receiver was seeking to sell this partially-built cabin to a third party buyer for \$130,000.00, Palmer represented to the Court that he had a buyer willing to pay \$143,000.00 in cash. As a result, the Court approved the sale to Palmer's buyer.<sup>56</sup> The title company issued a title commitment on May 8, 2013, but the buyer delayed closing. The Receiver granted the buyer additional time to come up with the funds to close, and the buyer finally agreed that if he did not close by June 14th, he would forfeit his \$7,150.00 deposit. At the end of that period, the buyer did not close, the original purchaser obtained by the Receiver stated it no longer had an interest in the property, thus causing the Receiver to have to remarket the property for sale. These efforts are ongoing.

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<sup>53</sup> See First Report, p. 23.

<sup>54</sup> Docket No. 269.

<sup>55</sup> See First Report, p. 26.

<sup>56</sup> Docket No. 264. The order was signed on April 15, 2013.



3. East Meadows Trailer Park, Vernal, Utah:<sup>57</sup> On May 2, 2013, the Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$1,025,000.00.<sup>58</sup> The auction was held on June 10, 2013, and a high bid in the amount of \$1,030,000.00 was obtained. This sale is expected to close in early July.

4. Bandana Cabin, Duchesne County, Utah:<sup>59</sup> On June 14, 2013, The Court approved a public sale of the property and auction procedures based on a stalking horse bid in the amount of \$260,000.00.<sup>60</sup> The auction is scheduled for August 9, 2013.

5. Autumn Ridge Phase I:<sup>61</sup> Merit Homes and Hallmark Homes have agreed to purchase seventeen building lots pursuant to certain Court-approved procedures.<sup>62</sup> As discussed above,<sup>63</sup> the builders have closed on the purchases of three of these lots and are expected to purchase another fourteen lots in the coming months pursuant to the pre-approved sale procedures.

**D. Sale of Real Properties/Court Approval Requested.** At the close of the Reporting Period, the Receiver had negotiated the sale of certain real property and had filed a Motion with the Court seeking approval of the private sales free and clear of any interests as set forth below. The property is subject to certain recorded interests, and thus all net sale proceeds

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<sup>57</sup> See First Report, p. 34.

<sup>58</sup> Docket No. 292.

<sup>59</sup> See First Report, p. 32.

<sup>60</sup> Docket No. 341.

<sup>61</sup> See First Report, p. 40.

<sup>62</sup> Docket No. 293.

<sup>63</sup> See Part III.B., above.

obtained will be held in reserve by the Receiver on behalf of the Receivership Estate at closing, pending resolution of all disputes related to such interests.

1. Autumn Ridge Phase II, Eagle Mountain City, Utah.<sup>64</sup> The Receiver filed a Motion on May 15, 2013, seeking approval to sell sixty two lots in a partially developed subdivision located in Eagle Mountain City for \$538,000.00 with the sale to be free and clear of interests.<sup>65</sup> At a hearing, the Court expressed concerns about a term of the agreement requiring the Receiver to have a role in purchasing water for the development. The Receiver has negotiated revisions to the purchase agreement without any terms relating to water. The revised purchase agreement will be submitted to the Court in the near future.

E. Property Division—Obtaining Clear Title. In 2008, National Note agreed to purchase 278.06 acres of land adjacent to Elkhorn Ridge Estates, located near Malad, Idaho.<sup>66</sup> The land purchased was divided into five parcels, which National Note was to purchase in stages. National Note agreed to pay \$834,180.00 for this land, equal to \$3,000.00 per acre. By late 2011, National Note had completed payments for the first three parcels, had paid for a portion of the fourth parcel, and had made no payments on fifth parcel. At the time of the entry of the Receivership Order, National Note was in default, and foreclosure proceedings on the fourth and fifth parcels had been commenced by the seller financiers

During the Reporting Period, the Receiver negotiated a settlement agreement with the

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<sup>64</sup> See First Report, p. 40.

<sup>65</sup> Docket No. 303.

<sup>66</sup> See Initial Report at p. 26.

sellers which was approved by the Court by Order entered on May 2, 2013.<sup>67</sup> The agreement has several components: i) the sellers have agreed to waive any claims to the first three parcels, ii) the Receiver agreed on behalf of the Receivership Estate to waive any claim to the fifth parcel and to return that parcel to the sellers, and iii) as of June 19, 2013, the fourth parcel was divided into two sections, with the Receivership Estate retaining 43.68 acres and 8.31 acres returned to the sellers. As a result of this agreement, the Receivership Estate will have clear title to 217.68 acres of land which the Receiver will market for sale.

**F. Relinquished Real Properties—Lack of Equity.** During the Reporting Period, the Receiver filed one motion seeking authority to relinquish real property which the Receiver believes has no equity for the Receivership Estate as follows:<sup>68</sup>

1. Riverbend Estates, Middleton, Idaho.<sup>69</sup> This property is a 172-acre parcel of land in Middleton, Idaho, which was purchased by National Note for approximately \$10.4 million. The Receiver has determined that there is no equity in this property because in 2012, the property was appraised as having a value of \$1 million, and there is a secured debt against the property that exceeds \$5 million. During the Reporting Period, the Receiver has negotiated a settlement agreement with the secured creditor pursuant to which the Receiver will relinquish the property on behalf of the Receivership Estate to the lender. In return, the creditor has agreed, *inter alia*, to release the Receivership Estate from all potential claims that it might hold against the Receivership Estate, to pay all property taxes owed on the property and the costs of effecting

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<sup>67</sup> Docket No. 289.

<sup>68</sup> The Receiver is evaluating other properties where there may be no equity.

<sup>69</sup> See First Report, p. 25.

the transfer, and to reimburse the Receiver for certain of his costs in seeking approval of the agreement by the Court.<sup>70</sup>

**G. Properties Believed to Have No Value—Option.** As discussed in Part IV.D.29 – Part IV.D.32 of the First Report, National Note owns three old, inner city homes, located in Cleveland and Toledo, Ohio and Chicago, Illinois as well as a building lot in Cleveland. Efforts to market these properties have been unsuccessful because brokers have refused to visit the properties. The Receiver granted an option to a real estate investor to purchase the three properties with homes, subject to Court approval. The option was to have been exercised by May 4, 2013. The buyer did not exercise the option and the Receiver has no other prospects for realizing value from the properties. The Receiver intends to ask the Court for permission to abandon these properties.

#### IV.

##### **NON-REAL ESTATE ASSETS**

In addition to real estate, the Receivership Estate is comprised of other categories of assets, including certain personal property described in Part A below, unrefined ore discussed in Part B below, and recovery of improper transfers made by National Note prior to the Receiver's appointment discussed in Part C below.

**A. Personal Property.** National Note owned a limited amount of personal property. Most of the personal property was sold and reported in prior reporting periods. Small amounts of revenue, outlined in the financial discussion below, were received during the current

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<sup>70</sup> Docket No. 178.

Reporting Period from the online sale of items by the auctioneer.

**B. Alleged Mineral Assets.** As described in the Second Report,<sup>71</sup> the Receiver entered into a Management Agreement with HMI Management LLC, controlled by a group of investors ("HMI"), to assist the Receiver in investigating whether ore held by National Note had any commercial value. The Receiver receives regular reports from HMI on its progress in efforts to recover precious metals from this ore. If net proceeds are obtained from the processing of this ore, a share of the profits will be paid to the Receivership Estate in accordance with Management Agreement described in the Second Report.

**C. Pre-Receiver Asset Transfers.** Prior to the Receiver's appointment, National Note made certain transfers of assets which assets or their value may be recoverable for the benefit of the Receivership Estate, including but not limited to National Notes' payment of false profits and commissions on investments. A discussion of the types of claims discovered by the Receiver and his intended course of action for recovery of these claims is set forth in the next section, below.

## V.

### LITIGATION

**A. Claims Being Pursued by the Receivership Estate.**

On May 20, 2013, the Court entered an Order reappointing the Receiver,<sup>72</sup> and based on that Order, the Receiver filed Notices of Appointment in twenty six judicial districts, in addition to the five in which he had previously filed such Notices. On May 21, 2013, the Court entered

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<sup>71</sup> Second Report, pp. 18-19.

<sup>72</sup> Docket No. 311.

an amended Order allowing the Receiver to commence litigation.<sup>73</sup>

Since that time, the Receiver has filed 136 lawsuits against the recipients of funds transferred to them by National Note prior to the entry of the Receivership Order.<sup>74</sup> These transfers fall into several categories described below. The Receiver's investigation is ongoing and additional lawsuits are expected to be filed in the future.

Monies obtained through this litigation are expected to be a significant asset of the Receivership Estate. Such funds, however, will be net of the expense of obtaining settlements, judgments and the ordinary costs of litigation, such as filing fees, which alone totaled \$54,000.00.

The lawsuits filed by the Receiver to date include:

1. Improper Commissions Paid: Based on National Note's books and records, commissions were paid to certain parties for soliciting investors for National Note. The Receiver has filed seven lawsuits seeking recovery of commissions paid, and where applicable, recovery of false profits received by these individuals:
  - a. Joel Blakeslee: On June 6, 2013, the Receiver sued Mr. Blakeslee to recover \$503.67 in commissions, plus monies he received as an investor;
  - b. Mark Licciardo and Linda Mueller: A lawsuit was filed on June 17, 2013, alleging that these individuals received \$52,684.23 in commissions and to recover monies Mr. Licciardo received as an investor;

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<sup>73</sup> Docket No. 315.

<sup>74</sup> Copies of the complaints in each of these lawsuits can be viewed on the Receiver's website: <http://www.kleinutah.com/index.php/receiverships/national-note-of-utah-lc>.



- c. Ralph Ball: On June 7, 2013, the Receiver sued Mr. Ball to recover \$5,200.00 in commissions;
- d. Amin Haq: Mr. Haq was sued on June 7, 2013, for \$10,000.00 in commissions;
- e. Dennis Heaton: Mr. Heaton was sued on June 13, 2013. The Receiver is seeking to recover \$137,939.10 in commissions, plus monies he received as an investor;
- f. Peggy Baird: Ms. Baird was sued on June 21, 2013 as part of the Receiver's effort to recover \$7,924.38 in commissions plus monies she received as an investor; and
- g. Keller Realty: The Receiver sued Keller Realty on June 7, 2013 to recover \$10,000.00 in commissions.

2. Unpaid and Forgiven Loans, Unreimbursed Draws and Advances.

National Note's books and records show that borrowers or former employees owed money to National Note and the amount owed does not appear to have been paid or appears to have been forgiven for no consideration. The lawsuits filed in this category are:

- a. Wilton Battles: On June 21, 2013, suit was commenced alleging that Mr. Battles owes the Receivership Estate \$25,376.83 for monies loaned to him;
- b. Innovative Services: On June 21, 2013, the Receiver sued Innovative Services seeking the recovery of \$20,000.00 loaned to it which has not been repaid;
- c. Richard Madsen: The Receiver filed suit on June 21, 2013 against Mr. Madsen to recover \$15,850.00 in unpaid loans;

- d. 106<sup>th</sup> Southtowne Hotel, LLC: The Receiver sued 106<sup>th</sup> Southtowne Hotel, LLC on June 24, 2013, to recover \$130,174.40 in unpaid loans;
- e. Estate of Leo Pavich: On June 25, 2013, the Receiver sued the estate of Leo Pavich to recover \$38,308.52 in unpaid loans;
- f. Thomas Schultz: The Receiver sued Mr. Schultz on June 21, 2013, to recover \$437,894.59 in unpaid loans that were forgiven for no benefit to National Note;
- g. Drew Brinar: Mr. Brinar was sued on June 21, 2013, to recover \$234,192.60 in unpaid loans that were forgiven for no benefit to National Note;
- h. Chad Colbert: The Receiver filed suit against Mr. Colbert on June 21, 2013, seeking the recovery of \$84,000.00 in unpaid loans that were forgiven for no benefit to National Note;
- i. Michelle Anderson: On June 21, 2013, the Receiver sued Ms. Anderson to recover \$68,589.28 in unpaid advances;
- j. Brian Brady: Mr. Brady was sued on June 21, 2013, to recover unpaid advances in the amount of \$25,348.38;
- k. Jackie Clayton: The Receiver sued Ms. Clayton on June 24, 2013, to recover \$62,500.00 in unpaid loans;
- l. Donald Maloney: On June 21, 2013, the Receiver sued Mr. Maloney to recover \$25,000.00 in unpaid loans;
- m. Kleen Water Power: This company was sued on June 21, 2013, seeking recovery of \$35,000.00 in unpaid loans; and
- n. Real Property Solutions: On June 21, 2013, suit was filed against



this company to recover \$17,500.00 in unpaid loans;

3. Credit Card Companies: Lawsuits were filed against the following credit card companies where the Receiver's investigation revealed that: i) the credit cards were issued to individuals, not National Note, and payments for credit card charges were paid by National Note, and ii) credit cards issued in the name of National Note were used for personal expenses of Palmer or other employees, but the payments were made by National Note.

a. American Express: The Receiver filed suit against American Express on June 24, 2013, to recover \$1,393,225.05 in payments made to it by National Note;

b. AT&T Universal Card: The Receiver sued this company on June 24, 2013, seeking the recovery of \$62,853.24 in charges paid by National Note;

c. Key Bank Card Services: On June 24, 2013, the Receiver filed suit against Key Bank Card Services to recover \$43,941.77 in payments made to it by National Note; and

d. RC Willey: The Receiver sued RC Willey on June 24, 2013, seeking recovery of \$41,273.77 paid to it by National Note.

4. Employees and Family Members: The Receiver investigated payments made to employees of National Note and relatives of Palmer. In general, the Receiver has determined that it would not be appropriate to seek the recovery of salary paid to employees who did not appear to have decision-making or management authority, did not control the financial records of the company, and did not have other financial transactions with National Note, such as borrowing money from the company or selling properties to the company. In certain instances, however, suit against insiders is appropriate and, thus, the Receiver has begun to commence suits

in this category as follows:

a. Reed Larsen: Suit was filed on June 24, 2013, against Mr. Larsen and several other companies controlled by him for recovery of \$2,405,785.70 paid to them by National Note.

b. Dan Ainsworth: The Receiver sued Mr. Ainsworth on June 25, 2013, seeking recovery of \$279,090.83 paid to him by National Note. For several years, Mr. Ainsworth was the chief accountant for National Note and prepared its financial statements;

c. Victor Wagner: Mr. Wagner was the Chief Financial Officer of National Note for a time and also borrowed money from National Note which has not been repaid. The June 24, 2013 lawsuit against him seeks recovery of \$503,742.40 paid to Wagner by National Note.

d. Christopher Affleck: Mr. Affleck, a former employee of National Note, was sued on June 24, 2013 for \$67,147.97 owed to National Note which had not been repaid.

e. Christy Palmer: The Receiver sued Christy Palmer, the wife of Palmer, on June 24, 2013, seeking the recovery of \$598,950.00 she owes to National Note. The bulk of this amount is for credit card purchases she made which were paid by National Note and for amounts that she borrowed from National Note.

f. Valerie Bills: Ms. Bills, a sibling of Palmer, was sued on June 24, 2013, seeking recovery of \$91,032.00 in investment returns paid to her by National Note.

g. Cory Palmer: Cory Palmer, a sibling of Palmer, was sued on June 24, 2013, seeking recovery of \$90,632.00 in investment returns paid to him by National Note.

h. Debra Palmer: Debra Palmer, a sibling of Palmer, was sued on June 24, 2013, seeking recovery of \$90,632.00 in investment returns paid to her by National Note.

i. Ken Palmer: Ken Palmer, a sibling of Palmer, was sued on June 24, 2013, seeking recovery of \$18,527.00 in investment returns paid to him by National Note.

j. Mont Palmer: Mont Palmer, a sibling of Palmer, was sued on June 21, 2013, seeking recovery of \$1,137,847.66 paid to him by National Note.

k. Dan Palmer: Dan Palmer, a sibling of Palmer, was sued on June 24, 2013, seeking recovery of \$90,632.00 in investment returns paid to him by National Note.

l. Karen Thomas: Thomas, a sibling of Palmer, was sued on June 24, 2013, seeking recovery of \$249,292.31 in investment returns paid to her and affiliated entities by National Note.

5. Litigation Related to Interests in Real Property: This litigation involves voiding or avoiding interests that are asserted against real property held by the Receivership Estate, including the following:

a. Kanab Property Lien: John Spinola holds a lien against certain property of the Receivership Estate located in Kanab, Utah, yet the Receiver's investigation shows that the debt related to this lien has been paid in full or in part, and that the lien may be void or avoidable. The Receiver filed suit on June 25, 2013 against Mr. Spinola related these claims.

b. Bandana Cabin Lien: A lien has been asserted against this property, which the Receiver has determined is void or voidable. During the Reporting Period,

the Receiver has engaged in negotiations with the holder of this lien. If those negotiations are not successful, the Receiver expects to file suit against the lienholder to seek to have it voided or avoided.

c. ABIs: As discussed above, numerous investors hold ABIs against real property of the Receivership Estate. The Receiver has filed and will continue to file lawsuits against the holders of these ABIs in instances where he cannot obtain their voluntary release. Some of these claims are made in complaints filed against overpaid investors, insiders, and others described herein.

6. Overpaid Investors: Persons who received payments from National Note in excess of their principal investment are required to return those funds to the Receivership Estate. As discussed in earlier Reports, to avoid litigation, the Receiver has sent demand letters to overpaid investors, requesting turn over these funds, and some investors have returned these funds. Further, as noted below in Part V.B, the Receiver has reached settlements with a number of overpaid investors. Most overpaid investors, however, have not responded to the Receiver's requests for turnover or have refused to return the excess amounts of their investments. Thus, in June 2013, the Receiver filed 111 lawsuits against overpaid investors, which suits made demand for overpaid funds and, where relevant, invalidation of ABIs. Three of these lawsuits were filed against recipients of commissions, seven included family members, and included insider lawsuits (Mr. Larsen and Mr. Wagner) discussed above. A list of the 99 remaining investors, exclusive of those who received commissions and insiders, that were sued for recovery of overpayments is attached as Exhibit C.

The lawsuits against overpaid investors seek the return of all payments made to them by

National Note. The complaints note that only a portion of these amounts are overpayments—called “false profits.” However, governing law provides that if the overpaid investors did not act in good faith, the Receiver can recover all of the payments to them, not just the false profits. Whether an investor acted in good faith in receiving payments from National Note will depend on a number of factors, such as whether the investor was involved in managing the business of National Note, received commissions for soliciting others to invest, was on notice that the investment returns were unrealistic (including investors who were being paid as much as 18% interest), and withdrew funds based on suspicions that the investment program was not legitimate. The burden is on the defendants to prove that they acted in good faith and without knowledge of the fraud. If the defendants meet this burden, the Receiver will be able to recover only the false profits, not the entire amount of payments made to them.

The process of resolving these lawsuits has already begun. In one case, an investor signed a settlement agreement just a few days after the lawsuit was filed against her. In a few other cases, the Receiver has been provided with information showing that the defendants have had their debts discharged in recent bankruptcies or have provided hardship affidavits verifying their financial inability to repay the amounts owed. In these instances, the lawsuits have been or will be dismissed.

Investigation of overpayments to investors continues. The Receiver expects that additional lawsuits will be filed against overpaid investors.

7. Tolling Agreements: In connection with his investigation of payments made by National Note, a number of recipients have requested additional time to conduct analysis of their own records or to negotiate a settlement with the Receiver. In these cases, the

Receiver has entered into a tolling agreement with the party to extend any applicable statute of limitations. Absent resolution of these potential claim by settlement or otherwise, the Receiver expects to file lawsuits against these parties in the coming months.

**B. Settlements With Overpaid Investors.** As discussed in previous Reports, in advance of filing lawsuits against overpaid investors, the Receiver sent demand letters to the investors, requesting a voluntary return of the overpaid amounts. As described in more detail below, some investors voluntarily returned the amount of their overpayments, some agreed to return the overpaid amounts after signing a settlement agreement with the Receiver, and some have agreed to return lesser amounts based on demonstrated financial hardship. In several other instances, the Receiver has agreed to waive claims he might assert in return for the investor waiving claims the investor might assert against future monies collected by the Receivership Estate. As noted above, in connection with certain of these settlement agreements, the Receiver has also obtained releases of deeds of trust and ABIs.

1. Full Repayments Without Settlement Agreements. Between February 19, 2013 (in the prior Reporting Period) and June 30, 2013, ten investors repaid \$82,754.47 to the Receivership Estate that had been paid to them in excess of the principal amount of their investments. During this Reporting Period, \$62,406.73 of this total amount was recovered.

2. First Motion for Approval of Settlement Agreements. On April 22, 2013, the Receiver filed a motion seeking Court approval of eight settlement agreements with overpaid investors.<sup>75</sup> Six of these settlement agreements required the investors to return a total of

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<sup>75</sup> Docket No. 271.



\$213,037.36 to the Receivership Estate. Over \$198,000.00 of this amount has been recovered to date, with the balance due by December 31, 2013. Two of these agreements allowed the investors to repay less than the full amount of their overpayments. In one case, the investor waived significant claims that it might have otherwise asserted against the Receivership Estate and in the other, the investor demonstrated significant financial hardship that justified a reduction. In the seventh agreement, the Receiver agreed to waive \$3,141.92 in overpayments by an investor in return for the son of this investor agreeing to waive \$17,200.00 of the amount of claim he might assert in the future. In the eighth agreement, the Receiver agreed to pay \$2,500.00 for the release of a deed of trust recorded against the Indian Canyon property held by the seller of the property. This represented a 25% reduction in the amount owing to the seller. The Court held a hearing on these settlement agreements on May 15, 2013, and entered an Order approving the agreements on May 20, 2013.<sup>76</sup>

3. Second Motion for Approval of Settlement Agreements. A motion was filed with the Court on May 28, 2013, seeking approval of a second group of six settlement agreements with overpaid investors.<sup>77</sup> Five of these settlement agreements will result in the investors repaying a total of \$210,234.28 to the Receivership Estate. Four of these are full repayments while the fifth is a reduced amount based on the investor releasing a deed of trust and waiving over \$400,000.00 in claims that otherwise could be asserted against the Receivership Estate. In the sixth settlement, the Receiver agreed to waive a claim of the Receivership Estate to a \$49,671.39 overpayment in return for related investors waiving

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<sup>76</sup> Docket No. 308.

<sup>77</sup> Docket No. 324.

\$199,000.00 in claims they otherwise could assert based on losses in other investment accounts. The Court held a hearing on this settlement motion on June 14, 2013, and on June 18, 2013 entered an Order approving these settlement agreements.<sup>78</sup>

C. Actions Against the Receivership Estate. The following has occurred during the Reporting Period with regard to actions that have been commenced in the Civil Case:

1. Complaint in Intervention Filed by First National Bank of Layton (“FNB”): No activity occurred during the Reporting Period in this matter and none is expected in the future.<sup>80</sup>
2. Complaint in Intervention Filed by Rhonda Pilcher, Barry Pilcher and Commercial Design & Construction, Inc.:<sup>81</sup> This Complaint has been dismissed.<sup>82</sup>
3. Complaint in Intervention Filed by the True & Marjorie Kirk Family Trust (the “Kirk Trust”):<sup>83</sup> The Court has permitted the Kirk Trust to intervene in the Civil Case to assert rights related to certain property identified in the First Report as the “Twin Pines Apartments.”<sup>84</sup> The Receiver has filed an answer disputing that the Kirk Trust has a secured interest in the property, and affirmatively asserting claims against Kirk Trust. Litigation of this matter is ongoing.

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<sup>78</sup> Docket No. 348.

<sup>79</sup> Docket No. 23.

<sup>80</sup> See Docket No. 181.

<sup>81</sup> See Docket No. 28.

<sup>82</sup> Docket No. 125.

<sup>83</sup> See Docket No. 89.

<sup>84</sup> See First Report at pp. 29-30.



4. Complaint in Intervention Filed by American Pension Services (“APS”).<sup>85</sup>

The Court permitted APS to intervene in the Civil Case to assert certain claims related to APS’s role as a custodian of certain National Note investor accounts. To date, APS has not filed the lawsuit against the Receiver that it had sought to file. No further litigation in this matter is expected.

VI.

RECORDS OF THE RECEIVERSHIP ENTITIES

The Receiver has made substantial progress in his financial analysis and investigation of the Receivership Estate. He believes that he has located most of the internal financial records created by National Note for itself and its affiliated entities. The Receiver has reconstructed all banking transactions for National Note and its affiliated entities since January 1, 2007. This has enabled and will enable the Receiver to verify the accuracy of National Note’s internal records, identify recipients of funds, and know the amount of investments and withdrawals by investors. Although his investigation is ongoing, from what he has reviewed to date, the Receiver has determined from National Note’s internal records show that National Note was insolvent since 1994, and that the enterprise was operated as a Ponzi scheme.

VII.

FINANCIAL ANALYSIS

A. Questionable Transactions. In his earlier Reports, the Receiver discussed National Note’s questionable transactions that he had discovered. As his investigation has continued, the Receiver has learned of additional questionable transactions as follows:

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<sup>85</sup> See Docket No. 101.

1. “Black Sand” Ore. In 2010, National Note began making payments to the owner of Utah Land Banks, LLC, an entity that asserts that it is the owner of 450 tons of “Black Sand” gold and platinum ore valued at \$100 million. The Receiver has learned to date of a total of \$178,945.73 in payments that National Note made to this company. The recipient of these funds asserts this sum was for services and intellectual property related to developing a process for extracting gold and platinum from 20 tons of ore concentrates. The Receiver is investigating whether these funds were properly paid and can be recovered. The timing and amount of these payments is consistent with other indicators that when National Note began having difficulty raising sufficient funds from new investors to pay existing investors, it began making representations to investors that it had access to specialized ores that contained large amounts of gold and platinum and that profits from these ores would be used to repay investors.

2. Ghana Gold. National Note contacted a citizen of Ghana, who now lives in Utah, and paid this person to travel to Ghana in 2011 with a representative of National Note. The ostensible purpose of the trip was to negotiate with a Ghanaian general to purchase gold. The two representatives of National Note met with the general, but purchased no gold from him. The representatives also met with a private gold seller. While in Ghana, bank accounts were opened in Ghana by the citizen, and National Note later wired \$174,280.00 to banks in Ghana. The Receiver has not yet been able to determine what happened to the funds wired to Ghana. This investigation is ongoing.

3. Loan Forgiveness: National Note made loans or gave advances to employees which were later forgiven. National Note records indicate that in 2009, the company forgave a loan to its employee Thomas Schultz in the amount of \$437,894.59. In 2008, Chad

Colbert owed \$84,000.00 to National Note relating to the Riverbend project, which debt was forgiven and “capitalized” to the Riverbend development. This had the effect of artificially increasing the value of the Riverbend project on the books of National Note and allowed the company to avoid showing this write-off as a loss. On December 31, 2008, National Note forgave a loan to Drew Brinar in the amount of \$234,192.60. Rather than write off the loan—which would be a charge against income—National Note capitalized it, adding the amount of the forgiven loan to the value of the Clearview Business Park. These book entries are contrary to generally accepted accounting principles. As discussed above, in all of these cases, the Receiver has sued these former employees to recover the amounts that were forgiven.

4. Borrowers: The records of National Note list many accounts where the borrowers appear to still owe money to National Note. The Receiver has analyzed these records to if these accounts are collectable. The Receiver’s investigation has revealed that many of the “loans” carried on the books of National Note do not reflect monies actually owed to National Note. Thus, although National Note showed these “loans” as assets, in many instances, they were not, and the assets listed in the financial records of National Note have been substantially overvalued for many years. Obviously, because debts do not really exist, there will be no recovery for the Receivership Estate. Examples of these supposed “borrowers” include:

- In 1998, a family was considering purchasing a mobile home. The family signed an agreement to “hold” a particular mobile home for purchase. The family later decided not to proceed with the sale. This purchase contract was transferred to National Note, which carried the receivable on its books—for 14 years—at a value of \$9,600.00 even though the

purchase was never consummated, no payments were made, and there were no efforts to collect on the note.

- Prior to 2002, National Note had made two loans to a borrower for \$178,480.13 which were secured by real property. When the borrower defaulted, National Note foreclosed on the property in 2002. After it foreclosed, National Note continued to carry the \$178,480.13 loan as a note receivable assets and it also included the property on its books as an asset. In addition to double counting assets, the values stated on the books were grossly overstated—the real property was never worth \$1,550,000.00.

- Many loans were carried on the books of National Note where the loan had been paid off, but where some additional interest was shown to have accrued on the loan. This additional interest was never collected, but it continued to be carried on the books of National Note. In numerous instances, this interest continued to be shown for more than ten years after the underlying loan had been paid off.

**B. Receivership Financial Information.** The following financial information is provided for the Reporting Period:

1. Bank Accounts. The Receiver initially opened fifteen bank accounts for the operation of the Receivership. These have now been consolidated into one general operating account (the “Operating Account”). Additionally, one additional bank account has been opened to hold deposits on real estate purchases and the net proceeds of real estate sales to which disputed interests have attached (the “Real Estate Account”). The balances in these accounts as of the close of the Reporting Period are as follows:

<b>Entity/Operation</b>	<b>6/30/13 Account Balance</b>
Operating Account	\$759,313.55
Real Estate Account	\$1,893,105.13
<b>TOTAL</b>	<b>\$2,652,418.68</b>

2. Operating Account Deposits. The sources of funds deposited into the Operating Account during the Reporting Period are shown in the following table:

<b>Source</b>	<b>Amount</b>
Real estate sales <sup>86</sup>	\$117,736.46
Rents	\$48,390.29
Asset sales (non-real estate)	\$2,225.94
Settlement funds	\$403,707.65
Insurance, utility refunds	\$795.64
Bank credits	\$134.70
<b>TOTAL</b>	<b>\$572,990.68</b>

3. Operating Account Expenditures. The expenses, by category, that have been paid from the Operating Account during the Reporting Period are:

<b>Type of Expense</b>	<b>Amount</b>
Utilities	\$3,722.64
Publish legal notices	\$6,919.98
Dues to owners' associations	\$3,855.00
Appraisals	\$3,050.00
Insurance	\$2,378.15
Maintenance	\$1,471.46
Title company expense	\$250.00
Real property closing expenses <sup>87</sup>	\$7,297.42
Property taxes	\$14,875.03
Miscellaneous expenses <sup>88</sup>	\$931.49
<b>TOTAL</b>	<b>\$44,751.17</b>

<sup>86</sup> These are the proceeds from the sales of properties that are not subject to liens. The proceeds from the sales of properties that had liens were deposited into the Real Estate Account.

<sup>87</sup> This category includes monies paid to lender holding a lien on property, surveys, and creation of legal descriptions of properties.

<sup>88</sup> This category includes bank fees, storage unit rental, and other miscellaneous expenses.



4. Real Estate Account Deposits and Expenditures. The transactions in the Real Estate Account during the quarter were as follows:

Source	Amount
Deposits: properties not closed	\$177,150.00
Deposit refunds	(\$42,000.00)
Real estate sales closed	\$1,756,114.13
Bank fees	(\$147.00)
<b>TOTAL</b>	<b>\$1,891,117.13</b>

5. Administrative Expense of Receiver and Counsel. The Receiver and his staff have spent many hours in taking control of the Receivership Entities and their assets. Furthermore, the Receiver has necessarily required the assistance of legal counsel, and counsel has been active in providing such services to the Receivership Estate. For the Reporting Period, the Receiver and his staff have spent a total of 1,947.9 hours valued at \$217,586.00.<sup>89</sup> Additionally, the Receiver has advanced funds to the Receivership Estate for expenses incurred or operating costs for which he will seek reimbursement. The Receiver's legal counsel has spent approximately 557.6 billable hours and incurred expenses on behalf of the Receivership Estate with total receivables for the Reporting Period in the amount of \$138,144.00.<sup>90</sup>

<sup>89</sup> During the first reporting period, the Receiver reported total fees of \$121,464.00. *See* First Report, p. 59. During the second reporting period, the Receiver reported total fees of \$199,458.00. *See* Second Report, p. 29. During the third reporting period, the Receiver reported total fees of \$227,155.00. *See* Third Report, p. 28. Thus, as of the close of the current Reporting Period, total fees of the Receiver are in the amount of \$765,663.00.

<sup>90</sup> During the first reporting period, counsel reported total fees and costs of \$46,491.50. *See* First Report, p. 59. During the second reporting period, counsel reported total fees and costs of \$58,705.32. *See* Second Report, p. 29. During the third reporting period, counsel reported total fees and costs of \$134,778.81. *See* Third Report, p. 29. Thus, as of the close of the current Reporting Period, total fees and costs for counsel are in the amount of \$378,119.63.

## VIII.

### NEXT STEPS

This Reporting Period has seen a significant change in emphasis. The vast majority of the work of the Receiver and his counsel during the quarter has focused on property sales and initiating litigation against persons who owe money to the Receivership Estate. At this time, the Receiver anticipates addressing the following priorities in the coming months:

1. Property Sales. As discussed in Part III above, the Receiver has spent substantial time during the Reporting Period marketing and selling real property holdings of the Receivership Estate. The Receiver will continue to aggressively pursue sales of properties that he has identified as having value for the Receivership Estate, including by conducting due diligence on the value of the properties, liens asserted against the properties, the best means of selling properties, and ways of overcoming defects relating to various properties. In all cases, the Receiver will sell real estate only after obtaining Court approval.

2. Challenging Liens. As discussed in Part III above, the Receiver and his legal counsel have been investigating and evaluating interests asserted against real property holdings, including the ABIs issued by Palmer. During the Reporting Period, the Receiver has filed suit against holders of ABIs and deeds of trust, negotiated the releases of deeds of trust, and entered into negotiations with other lien holders. These efforts will continue. In particular, the Receiver expects to file additional lawsuits against those holding ABIs in real estate that has already been sold. The Receiver expects to get the ABI claims invalidated so the proceeds from the sales of the real estate can be made available for distribution to all victims.

3. Litigation. In light of the large number of lawsuits filed during June, the

Receiver expects that significant time will be spent in the coming months serving these lawsuits on the defendants, providing discovery, responding to motions to dismiss, and negotiating settlements with defendants.

4. Analysis of Insolvency and Ponzi. The Receiver has begun work preparing a report demonstrating the time periods when National Note was insolvent and showing that National Note was operating as a Ponzi scheme for many years.

IX.

CONCLUSION

Significant progress has been made during the Reporting Period. The Receiver intends to continue to efficiently administer the estate in a manner that maximizes the value of the Receivership Estate so as to maximize any distribution available to investors.

DATED this 13<sup>th</sup> day of August, 2013.

  
\_\_\_\_\_  
WAYNE KLEIN, Receiver



**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that service of the above **FOURTH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER** was filed with the Court on this \_\_\_\_ day of August, 2013, and served via ECF on all parties who have requested notice in this case, including the Securities and Exchange Commission.

/s/ Peggy Hunt\_\_\_\_\_

# EXHIBIT A

NATIONAL NOTE OF UTAH, LC  
Additional Companies Included in the Receivership Order

Bonneville Minerals, LLC	Made Art Licensing, LLC
Centennial Aviation, LLC	Montana One, LLC
The Corner Corporation	ND I, LLC
DPLM LLC	NPL America LLC
Elkhorn Ridge, LLC	Network Leisure Shoppes, Inc.
Expressway Business Park Owners Organization, LLC	Note Systems, Inc.
Farrell Business Park Association	Old Glory Minting Company LLC
Freedom Minerals I, LLC	Ovation 106, LLC
Freedom Minerals II LLC	Passport Properties, L.C.
HSB Technologies, LLC	Pedigree Properties
Homeland Development I, LLC	Presidential Utah Properties LC
Homeland Development II, LLC	Prima Wave I, LLC
Homeland Funding Corp.	The Property Company, LLC
Homeland Holding Corp.	Real Estate Finance Institute, Inc.
Homeland Minerals, LLC	Riverbend Estates LC
Homeland Mortgage, Inc.	Spanish Fork Development, LLC
Homeland Mortgage, L.C.	Territory Land Company, Inc.
Indian Canyon, LLC	Top Flight, LLC
Kona T. Investments LLC	Traditions in Timber
Land, Utah, LC	Twin Pines Property, LC
	Vision Land, LLC

# EXHIBIT B

## REAL PROPERTIES--STATUS

As of 6/30/2013 Investigation Ongoing All Information Subject to Change

The numbers in the first column correspond with numbers of these properties as described in the Receiver's First Status Report.

Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
PROPERTIES CURRENTLY IN RECEIVERSHIP ESTATE					
1 River Run/Riverbend Subdivision -- Land	Middleton, ID	N.A.			No equity. Motion filed to release property to lender [Docket No. 278]
2 River Run/Riverbend Subdivision -- 2 Adjacent Homes	Middleton, ID	N.A.			Operating through property manager
3 Elkhorn Ridge Estates-47 Building Lots Lot # 1	Malad, ID		143,000		Marketed for sale with broker; several lots sold (described below)
6 Twin Pines Apartments	Brigham City, UT				Sale approved [Dkt No. 264]; buyer did not close; new offer received
7 Ogden Office Building	Cotton, UT				Operating through property manager; subject of litigation
9 Bandana Cabin	Fruitland, UT		260,000		Operating and attempting to negotiate with Co-Owner
10 Deer Meadows	Duchesne Co., UT		72,000		Public sale approved [Docket No. 341]; auction pending
11 Outpost/Indian Canyon	Duchesne Co., UT				Marketed for sale through broker; lien released in settlement
12 East Meadows Trailer Park	Verona, UT		148,222.56		Sale approved [Docket No. 269]; awaiting closing
15 Cottonwood Road Property	Salt Lake City, UT		1,025,000		Sale approved [Docket No. 292]; awaiting closing
Approx. 1 acre					
17 Palmer Residence	West Jordan, UT				Discussions ongoing with potential purchasers
18 Star Pointe Development	Salt Lake City, UT				Court order authorizes Palmer to retain on a temporary basis
19 Autumn Ridge Subdivision: Phase I	Eagle Mountain, UT				Evaluating interest in property
Phase I -- 17 Building Lots (14 remain)					
Phase I -- 2 Building Lots					
Phase II -- 62 Building Lots					
20 Overland Trails	Eagle Mtn., UT		629,000		Property is listed for sale with broker
21 Cedar Fort Land (Fairfield)	Fairfield, UT		74,000		Sale approved to builders [Docket No. 293]; awaiting closing of each lot
22 Expressway Business Park-4 Business Condo Units (2 remain)	Spanish Fork, UT				Motion to approve sale filed [Docket No. 303]; approval pending
Unit 204					Property being evaluated for equity and sale
Unit 215					Offers received; motion to be filed seeking Court approval
23 Expressway Business Park -- Land	Spanish Fork, UT				No equity; motion to approve release of property to lender to be filed
25 Almond Heights Subdivision -- 22 Building Lots	Toquerville, UT	3,500,000			Operating property; discussions ongoing with potential purchasers
					Marketed for sale through broker
					Property being evaluated for equity and sale
26 Kanab Cabin	Kanab, UT				
29 Bear Grove Industrial Park -- 6 Building Lots	Byron, MN	987,700			Property being evaluated for equity; lawsuit filed against lien holder
					Marketed for sale through broker
30 Georgia Single Family Residence	Tempe, GA				Tenants were evicted; property is being repaired to sell
31 Chicago Single Family Residence	Chicago, IL				Potential buyer declined option; will seek approval to abandon properties
32 Cleveland Single Family Residence	Cleveland, OH				Potential buyer declined option; will seek approval to abandon properties
33 Cleveland Building Lot	Cleveland, OH				Potential buyer declined option; will seek approval to abandon properties
34 Toledo Single Family Residence	Toledo, OH				Potential buyer declined option; will seek approval to abandon properties

PROPERTIES SOLD OR RELEASED					Status
Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	
3 Elkhorn Ridge Estates--47 Building Lots	Malad, ID	N.A.	N.A.	N.A.	Marketed for sale with broker; several lots sold (described below)
Lot # 4		35,000	35,000	30,893.21	
Lot # 5		80,000	80,000	71,803.14	
		80,000	80,000	73,620.84	
Lot # 48		N.A.	N.A.	N.A.	
4 Elkhorn Ridge Estates -- 5 Parcels	Malad, ID				Agreement to split approved [Docket No. 289]; split finalized 6/19/13
5 Manhattan Grille Condominum	Manhattan, MT	49,000	51,000	45,933.32	
8 Summit Park Lot	Summit Park, UT	40,000	37,500	32,477.61	
13 Quail Hollow Apartments	Vernal, UT	N.A.	N.A.	N.A.	
14 Residential Building Lots at 900 West	Salt Lake City, UT	N.A.	70,000	65,295.00	
15 Cottonwood Road Property	Salt Lake City, UT	N.A.	N.A.	N.A.	Determined not owned by Receivership Estate
Approx. 4 acres		N.A.	N.A.	N.A.	
16 National Note Office Building	West Jordan, UT	285,000	285,000	55,903.09	
19 Autumn Ridge Subdivision: Phase I	Eagle Mtn., UT	N.A.	N.A.	N.A.	
Phase I -- Lot #4		37,000	37,000	30,821.91	
Phase I -- Lot #8		37,000	37,000	31,554.15	Sale approved to builders [Docket No. 293]; sale closed 6/3/13
Phase I -- Lot #54		37,000	37,000	31,554.16	
22 Expressway Business Park	Spanish Fork, UT	N.A.	N.A.	N.A.	
Unit 109		N.A.	N.A.	N.A.	
Unit 305		65,000	69,000	55,840.79	
24 Gooseberry Cabin	Fairview, UT	N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 241]
27 Farrell Business Park -- 12 Units	Gilbert, AZ	N.A.	N.A.	N.A.	
Unit 103		76,631	101,631	83,997.05	
Unit 104		76,631	101,631	83,997.05	
Unit 105		80,000	92,000	70,392.98	
Unit 106		80,000	97,000	74,832.11	Court approved sale at auction [Docket No. 202]; sale closed 5/31/13
Unit 107		80,000	90,000	67,699.81	
Unit 109		80,000	80,000	59,194.91	
Unit 110		80,000	80,000	59,194.91	
Unit 111		80,000	80,000	59,194.92	
Unit 113		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 203]; sale closed 5/21/13
Unit 114		80,000	107,000	85,094.45	
Unit 115		80,000	80,000	59,288.00	
Unit 116		80,000	80,000	59,288.00	
28 Clearview Business Park -- 8 Units	Mesa, AZ	415,954	737,000	591,295.43	
Total		2,114,216	2,651,761	1,964,261.29	Court approved sale at auction [Docket No. 208]; sale closed 6/11/13
					Court approved sale at auction [Docket No. 208]; sale closed 6/11/13
					Court approved sale at auction [Docket No. 177]; sale closed 5/10/13

# EXHIBIT C



**OVERPAID INVESTORS**

LAWSUITS FILED AS OF JUNE 30, 2013

*Note: This list does not include commission recipients and relatives of Palmer who are identified in the body of the Fourth Status Report.*

<b>Name</b>	<b>Amount</b>	<b>Date Filed</b>	<b>Name</b>	<b>Amount</b>	<b>Date Filed</b>
Andreason, Max	49,636.99	6/17/2013	Marlowe, Joe	31,529.42	6/19/2013
Baclet, Jeff	5,221.92	6/17/2013	McCool, Robert	74,386.85	6/7/2013
Baird, Peggy L.	25,348.29	6/24/2013	McDonald, Analee	10,283.44	6/19/2013
Barth, Sarah	12,939.40	6/19/2013	McKenna, Timotny D.	16,465.20	6/21/2013
Bawden, Eric	24,943.97	6/17/2013	Mehlhoff, Sherman	8,305.40	6/21/2013
Bawden, Hal	30,069.97	6/17/2013	Meldrum, Robert	7,308.50	6/13/2013
Berger, Hans	20,381.92	6/21/2013	Mitchell, Robert K.	29,782.82	6/24/2013
Bickmore, Isaac	13,552.06	6/21/2013	Mortensen, Sarah	8,567.36	6/21/2013
Bladen, Ryan	5,775.94	6/17/2013	Mortensen, Senor	64,429.91	6/21/2013
Braun, Stephen	10,153.44	6/17/2013	Myer, Eric	5,404.11	6/19/2013
Buchman, Joe	8,066.93	6/17/2013	Myer, Fred	10,708.86	6/19/2013
Butters, Kay	66,893.05	6/17/2013	Nelson, Edda I.	50,051.22	6/19/2013
Chen, Lei	21,769.32	6/13/2013	Nielsen, Ashley	142,687.81	6/21/2013
Chung, Hong Shiek	16,098.55	6/17/2013	Noyes, Catherine	15,000.00	6/7/2013
Condie, Jim	16,759.23	6/21/2013	Palmer, Van	5,668.13	6/20/2013
Corbett, Marilyn	37,000.00	6/6/2013	Payne, Roy E.	5,564.60	6/20/2013
Cousins, Harry	60,246.58	6/21/2013	Peiris, Ralph S.	11,457.16	6/20/2013
Dale, Evan	11,632.69	6/17/2013	Peiris, Vasanti	19,388.59	6/6/2013
Davis, Lynda S.	24,620.83	6/21/2013	Perrin, Colt West	22,337.88	6/20/2013
Eaton, Glendale	12,091.78	6/13/2013	Powell, Richard	9,004.44	6/13/2013
Elliott, Charles W.	5,171.45	6/17/2013	Reid, Jeremy	11,176.51	6/20/2013
Evans, Scott	11,880.82	6/17/2013	Rutledge, Tom	11,431.71	6/20/2013
Fabrizius, Harley	8,144.13	6/17/2013	Sandberg, Jim	13,730.42	6/20/2013
Fenison, Anthony	25,290.04	6/6/2013	Schutte, Richard	26,498.63	6/13/2013
Flynn, Carolyn	17,154.54	6/21/2013	Sefton, David L.	6,476.71	6/20/2013
Flynn, Mark S.	24,322.92	6/17/2013	Sher, Emil	61,146.57	6/20/2013
Ford, Kenneth	42,280.81	6/13/2013	Shoen, James	40,906.55	6/21/2013
Fuller, Ted	49,056.48	6/13/2013	Sieverts, Dave	71,068.13	6/21/2013
Garrett, Lois	6,574.36	6/17/2013	Slaughter, Duane	85,454.78	6/21/2013
Hansen, Judy (Trust)	17,648.30	6/21/2013	Spires, Brian A.	29,661.47	6/21/2013
Haslam, Kent	14,558.72	6/24/2013	Stallman, Terry	10,713.02	6/6/2013
Heaton, Jane	37,657.53	6/13/2013	Stoker Family Trust	21,063.86	6/21/2013
Heiner, Douglas	106,831.98	6/21/2013	Sudbury, Glen (Estate)	73,569.69	6/21/2013
Heishman, Bud	11,918.35	6/21/2013	Thornton, Janice	48,637.29	6/19/2013
Heishman, Edyth	8,361.82	6/21/2013	Thornton, Richard	67,137.63	6/19/2013
Himmer, Dale	16,620.42	6/21/2013	Torrance, Deborah	7,648.62	6/6/2013

Hoaglin, Barbara	6,269.17	6/13/2013	Van Gordon, Stephen	27,616.08	6/13/2013
Howe, Charles	139,355.37	6/13/2013	Vega, Tony	30,645.58	6/19/2013
Huene, Don & Trust	16,615.57	6/17/2013	Welliver, Jennifer	12,743.15	6/17/2013
Inlow, Clifford	8,160.27	6/17/2013	Wells, Christine	25,949.95	6/19/2013
Iwamoto, Takeo	19,839.08	6/21/2013	Wells, Doug	99,358.79	6/19/2013
Keeton, Manohack	4,843.34	6/6/2013	West, Deborah	90,514.05	6/21/2013
Keeton, Timothy	19,524.61	6/7/2013	Whitehouse, Carla	14,592.85	6/21/2013
LaValley, Kim	11,914.49	6/21/2013	Wirtala, Russ	78,807.41	6/19/2013
Lawrence, Lloyd	10,921.70	6/21/2013	York, Brian J.	27,533.17	6/19/2013
Livingston, LaVon H.	6,199.83	6/17/2013	York, James C.	41,019.17	6/19/2013
Lofthouse, Larry	84,062.66	6/21/2013	Young, John	10,506.76	6/13/2013
Lovato, Joe	47,558.57	6/19/2013	Young, Scott	8,360.27	6/19/2013
MacCord, Ray	45,397.44	6/19/2013	Zane, Allan	18,173.68	6/19/2013
Mackey, Joe	75,425.47	6/19/2013			