

Peggy Hunt (Utah State Bar No. 6060)  
Chris Martinez (Utah State Bar No. 11152)  
**DORSEY & WHITNEY LLP**  
136 South Main Street, Suite 1000  
Salt Lake City, UT 84101-1685  
Telephone: (801) 933-7360  
Facsimile: (801) 933-7373  
Email: [hunt.peggy@dorsey.com](mailto:hunt.peggy@dorsey.com)  
[martinez.chris@dorsey.com](mailto:martinez.chris@dorsey.com)

*Attorneys for Court-Appointed Receiver R. Wayne Klein*

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

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p style="text-align: right;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>NATIONAL NOTE OF UTAH, LC, a Utah Limited Liability Company and WAYNE LaMAR PALMER, and individual,</p> <p style="text-align: right;">Defendants.</p>	<p style="text-align: center;"><b>NOTICE OF FILING OF RECEIVER'S REPORT ON EXCESS NET SALES PROCEEDS AVAILABLE TO THE RECEIVERSHIP ESTATE AS A RESULT OF RELEASES OF PURPORTED REAL ESTATE INTERESTS</b></p> <p style="text-align: center;">2:12-cv-00591 BSJ</p> <p style="text-align: center;">The Honorable Bruce S. Jenkins</p>
--	---

R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of National Note of Utah, LC, its subsidiaries and affiliates, and the assets of Wayne LaMar Palmer, by and through his counsel, submits this *Notice of Filing of Receiver's Report on Excess Net Sales Proceeds Available to the Receivership Estate as a Result of Releases of Purported Real Estate Interests* (the "Receiver's Report"). The Receiver intends to transfer unencumbered funds as set forth in the Receiver's Report twenty days after the date of the filing of this Notice.

A copy of the Receiver's Report is attached hereto as Exhibit A.

DATED this 26th day of January, 2015.

**DORSEY & WHITNEY LLP**

*/s/ Peggy Hunt*

Peggy Hunt

Chris Martinez

*Attorneys for Receiver*

**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that service of the above **RECEIVER'S NOTICE OF FILING OF RECEIVER'S REPORT ON EXCESS NET SALES PROCEEDS AVAILABLE TO THE RECEIVERSHIP ESTATE AS A RESULT OF RELEASES OF PURPORTED REAL ESTATE INTERESTS** was filed with the Court on this 26th day of January, 2015, and served via ECF on all parties who have requested notice in this case and was served via U.S. Mail, postage prepaid, on this 26th day of January, 2015, on the following:

Wayne Palmer  
8816 South 2240 West  
West Jordan, UT 84088

*/s/ Candy Long*\_\_\_\_\_

# EXHIBIT A

**RECEIVER'S REPORT ON EXCESS NET SALES PROCEEDS  
AVAILABLE TO THE RECEIVERSHIP ESTATE AS A RESULT  
OF RELEASES OF PURPORTED REAL ESTATE INTERESTS**

**Prepared by:**

**R. Wayne Klein  
Klein & Associates, PLLC  
10 Exchange Place, Suite 502  
Salt Lake City, UT 84111**

**Date: January 26, 2015**

## I. INTRODUCTION

Commencing in 2004, National Note of Utah, LC (“NNU”) issued “Assignments of Beneficial Interest” (“ABIs”) to some of its investors, purporting to provide the investors with an interest in certain real estate and these ABIs were recorded in public land records. NNU also granted Deeds of Trust in certain real estate to a more limited number of investors.

The Receiver contests the validity of the ABIs. He has requested that all holders of ABIs voluntarily release their ABIs, and many have done so. For those ABI holders who have not released their ABIs voluntarily, the Receiver has commenced lawsuits against them seeking a declaratory judgment that the ABIs are invalid.<sup>1</sup>

In the meantime, the Receiver has been liquidating assets of the Receivership Estate, including real property against which ABIs and Deeds of Trust are recorded. For each property sale, the Court has entered orders approving the sale free and clear of such purported interests, with the interests, if any, attaching to the net sale proceeds. As has been disclosed to the Court and parties in interest, all net sale proceeds subject to purported interests have been deposited in the Receivership Estate’s “Real Estate Account.” Funds not subject to interests are deposited in the Receivership Estate’s “Operating Account.”

The Receiver has not transferred any money from the Real Estate Account to the Operating Account unless all purported interests against a particular property’s net sale proceeds have been released or resolved. As of December 31, 2014, however, there is \$1,836,168.61 on deposit in the Real Estate Account which is unencumbered because, although ABIs or Deeds of Trust are still asserted, many have been released or resolved. This Report details the purported interests in net proceeds of property sales as of December 31, 2014, and outlines the extent to

---

<sup>1</sup> See Status Report in *Klein v. Adams et al.*, Civil No. 2:14-cv-00614 (D. Utah).

which \$1,836,168.61 is unencumbered assuming all remaining purported interests are valid. Because this is the case, twenty days after the filing of this Notice, unless the Court directs otherwise, the Receiver intends to transfer the now unencumbered \$1,836,168.61 to the unrestricted Operating Account.

## II. EXTENT OF TRUST DEED ABI INTERESTS

At the time the Receiver was appointed on June 25, 2012, 26 Trust Deed and 349 ABIs had been recorded against real estate owned by NNU or its affiliates. These purported interests are summarized in the tables below:

### I. Recorded Trust Deeds as of Commencement of Case

Property	Number of Trust Deeds	Total Face Value of Trust Deeds
7800 South Office Building	1	\$175,000.00
Almond Heights Subdivision	3	\$363,655.62
Cottonwood Lane Properties	1	\$1,900,000.00
Deer Meadows Land	1	\$40,000.00
East Meadows Mobile Home Park	2	\$209,564.90
Expressway Land (Lot #215, 305, 307-326, two metes and bounds parcels)	2	\$2,100,000.00
Expressway Land (109, 204)	2	\$253,792.28
Fairview Cabin	1	\$265,489.64
Fruitland Cabin	1	\$250,000.00
Indian Canyon/Outpost	1	\$22,500.00
Kanab Home	1	\$280,200.00
Overland Trails Lots	7	\$246,671.67
Riverbend Land	1	\$3,700,000.00
Spanish Fork Development Land	1	\$112,500.00
Twin Pines Apartments	1	\$400,000.00
<b>Total</b>	<b>26</b>	<b>\$10,329,374.11</b>

2. Recorded ABIs as of Commencement of Case

<b>Property</b>	<b>Number of ABIs</b>	<b>Total Face Value of ABIs<sup>2</sup></b>
900 West Land (Salt Lake City)	8	\$551,136.31
Autumn Ridge Phases I and II	32	\$2,415,704.27
Clearview Business Park	28	\$2,943,941.69
Cottonwood Lane Properties	41	\$1,404,923.22
East Meadow Mobile Home Park	5	\$195,810.00
Elkhorn Ridge Lots	48	\$1,499,334.83
Expressway Business Park Units and Land	108	12,098,417.78
Fairfield Land	46	1,920,401.80
Farrell Business Park	15	3,405,000.00
Ogden Office Building	17	1,050,010.34
Riverbend Home (Hawthorne)	1	245,000.00
<b>Total</b>	<b>349</b>	<b>27,729,680.24</b>

**III. EXISTING TRUST DEEDS AND UNENCUMBERED ASSETS**

The Receiver investigated the financial transactions and legal viability of each of the Trust Deeds known to exist as set forth above. Thereafter, the Receiver undertook to obtain releases of or compromises related to as many of these Trust Deeds, and filed litigation when appropriate. Details about the Receiver's efforts in this regard are included in his quarterly Status Reports.

As discussed above, to date, the Receiver has deposited all net sale proceeds of real property in the Real Estate Account if there was an unresolved disputed Trust Deed recorded against the property at the time of the sale. Any existing Trust Deed, to the extent valid, attached to the net sale proceeds in the Real Estate Account. As a result of the Receiver's efforts, however, some interests no longer exist against the net sale proceeds and, therefore, although some disputed interests remain against the net sale proceeds outlined, the funds on deposit in the

---

<sup>2</sup> This total differs slightly from the number in the Ninth Status Report due to an inadvertent calculation error.



Real Estate Account are unencumbered because they exceed the face amount of the remaining asserted disputed interests. The Receiver believes that the unencumbered funds should be transferred to the Operating Account.

At this time, the net sale proceeds from following property sales still have Trust Deeds asserted against them. This chart shows the amount of net sale proceeds that are unencumbered inasmuch as the proceeds on deposit in the Real Estate Account are in excess of the face amount of existing Trust Deeds:

<b>Property Sold</b>	<b>Net Sale Proceeds</b>	<b>Face Amount of Existing Trust Deeds</b>	<b>Unencumbered Funds</b>
Almond Heights, Lot #17 <sup>3</sup>	\$21,752.44	\$30,000.00	\$0.00
Almond Heights, Lot #26 <sup>4</sup>	\$27,151.02	\$158,655.62	\$0.00
East Meadows Mobile Home Park	\$979,620.29	\$59,000.00	\$920,620.29
Fruitland Cabin	\$226,374.07	\$250,000.00	\$0.00
<b>Total</b>			<b>\$920,620.20</b>

#### **IV. EXISTING ABIs AND UNENCUMBERED ASSETS**

The Receiver investigated the financial transactions and legal viability of each of the ABIs known to exist as set forth above. Thereafter, the Receiver undertook to obtain voluntary releases of the ABIs, informing holders that he did not believe that such ABIs were valid or enforceable. As a result of those efforts, many ABI holders voluntarily released their ABIs. After all attempts to obtain voluntary releases were exhausted, the Receiver commenced litigation in several contexts against the ABI holders seeking a declaratory judgment that the

<sup>3</sup> The Trust Deed recorded against Lot #17 also encumbers Almond Heights Lots 18-22. Accordingly, when those Lots are eventually sold, there should be equity in the property after satisfaction of the Trust Deed.

<sup>4</sup> The Trust Deed recorded against Lot #26 also encumbers Almond Heights Lots 23-25. Accordingly, when those Lots are eventually sold, there should be equity in the property after satisfaction of the Trust Deed.

ABIs are invalid. Details about the Receiver's efforts in this regard are included in his quarterly Status Reports and most recently in the Status Report filed in *Klein v. Adams et al.*, Civil No. 2:14-cv-00614 (D. Utah).

As discussed above, to date, the Receiver has deposited all net sale proceeds of real property in the Real Estate Account if there were disputed interests recorded against the property at the time of the sale. Any existing ABIs, to the extent valid, attach to the net sale proceeds in the Real Estate Account. As a result of the Receiver's efforts, however, many ABIs are no longer interests against the net sale proceeds and, therefore, although some disputed interests remain against the net sale proceeds outlined, the funds on deposit in the Real Estate Account are unencumbered because they exceed the face amount of the remaining asserted disputed interests. The Receiver believes that the unencumbered funds should be transferred to the Operating Account.

At this time, the net sale proceeds from following property sales still have ABIs asserted against them. Also, this chart shows the amount of net sale proceeds that are unencumbered as of December 31, 2014 inasmuch as the proceeds on deposit in the Real Estate Account are in excess of the face amount of unreleased ABIs:

<b>Property Sold</b>	<b>Net Sales Proceeds</b>	<b>Face Amount of Existing ABIs</b>	<b>Unencumbered Funds</b>
900 West (Salt Lake City)	\$65,295.00	\$43,936.31	\$21,358.69
Autumn Ridge Phases I and II	\$1,058,442.59	\$655,873.88	\$402,568.71
Clearview Business Park <sup>5</sup>	\$591,295.43	\$834,847.23	\$0.00
Cottonwood Road	\$281,189.07	\$202,700.00	\$78,489.07
East Meadows Mobile Home Park	\$979,620.29	\$0.00	\$920,620.29 <sup>6</sup>

<sup>5</sup> While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.

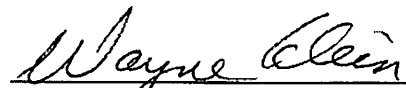
<sup>6</sup> A Trust Deed and ABIs were recorded against this property. The Trust Deed remains but all ABIs have been released. The balance of unencumbered net sale proceeds reflects the reduction for the existing Trust Deed outlined in the chart above.

Elkhorn Ridge, Lot #4	\$30,893.21	\$15,000.00	\$15,893.21
Elkhorn Ridge, Lot #48 <sup>7</sup>	\$73,620.84	\$125,000.00	\$0.00
Expressway Business Park, Unit #215 <sup>8</sup>	\$112,965.27	\$2,959,533.95	\$0.00
Fairfield Land <sup>9</sup>	\$27,274.21	\$320,366.61	\$0.00
Farrell Business Park	\$847,238.64	\$450,000.00	\$397,238.64
Riverbend Home (Hawthorne) <sup>10</sup>	\$69,569.48	\$245,000.00	\$0.00
<b>Total</b>			<b>\$1,836,168.61</b>

## V. CONCLUSION

As of December 31, 2014, the Receivership Estate's Real Estate Account had a balance in the amount of \$4,412,357.56. Of this amount, \$1,836,168.61 is unencumbered based on the information provided above. Accordingly, the Receiver intends to transfer \$1,836,168.61 to the unrestricted Operating Account twenty days after the filing of this Report with the Court unless directed otherwise by the Court.

Dated this 26<sup>th</sup> day of January, 2015.

  
 \_\_\_\_\_  
 R. Wayne Klein  
 Court-Appointed Receiver for National Note  
 of Utah, LC and affiliated Entities.

<sup>7</sup> While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.

<sup>8</sup> The ABIs recorded in relation to this property are against 24 different Expressway Business Park properties and Units, including Unit #215. While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.

<sup>9</sup> While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.

<sup>10</sup> While this property has been sold, the total face value of unreleased ABIs is still greater than the net sale proceeds.