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**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;">RECEIVER’S MOTION TO ABANDON REAL PROPERTY IN WEST JORDAN, UTAH AND SUPPORTING MEMORANDUM</p> <p style="text-align: center;">2:12-cv-00591 BSJ</p> <p style="text-align: center;">The Honorable Bruce S. Jenkins</p>
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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, and pursuant to 28 U.S.C. §§ 2001(a) and 2002 and the *Order Appointing Receiver and Staying Litigation*, respectfully requests that the Court enter the proposed Order, attached hereto as **Exhibit A**, authorizing the Receiver to abandon real property located in West Jordan, Utah. This Motion is supported by the Declaration of R. Wayne Klein, Receiver (the “Receiver Declaration”).

MEMORANDUM IN SUPPORT

I.

BACKGROUND

1. On June 25, 2011, the above-captioned case was commenced by the Securities and Exchange Commission (the “SEC”) against Defendants National Note of Utah, LC (“NNU”) and Wayne LaMar Palmer (“Palmer”) (collectively, the “Receivership Defendants”), and in conjunction therewith, the Court entered, in relevant part, an Order Appointing Receiver and Staying Litigation (the “Receivership Order”).¹ Pursuant to the Receivership Order, the Receiver was appointed, and NNU and forty-one of its affiliated companies (the “Palmer Entities”) and all Palmer’s assets were placed in the Receiver’s control.² For purposes of this Motion, NNU and the Palmer Entities will be referred collectively as NNU.

2. The Court has directed and authorized the Receiver to, among other things, take the following actions:

- “[D]etermine the nature, location and value of all property interests of the Receivership Defendants and the Palmer Entities . . . [.]”³
- “[T]ake custody, control and possession of all Receivership Property and records. . . .”⁴
- “[T]ake immediate possession of all real property of the Receivership Defendants and the Palmer Entities. . . .”⁵

¹ Docket No. 9 (Receivership Order).

² See generally *id.*

³ *Id.* at ¶ 7(A).

⁴ *Id.* at ¶ 7(B).

⁵ *Id.* at ¶ 19.

- “[T]ransfer, compromise, or otherwise dispose of any Receivership Property, other than real estate, in the ordinary course of business, on the terms and in the manner the Receiver deems most beneficial to the Receivership Estate, and with due regard to the realization of the true and proper value of such Receivership Property.”⁶

II.

REAL PROPERTY TO BE ABANDONED

3. Since his appointment, the Receiver has identified numerous real properties as being part of the Receivership Estate, and where appropriate, listed such properties for sale.⁷

4. In some instances, however, the Receiver has determined that properties have no equity and no benefit to the Receivership Estate. Relevant to the instant Motion is Palmer’s home, located at 8816 South 2240 West, West Jordan, Utah 84088 (the “Property”).⁸

III.

REASONS FOR ABANDONMENT

5. The Property was built in approximately 1995 and is located West Jordan, Utah.⁹

6. Upon information and belief, on October 20, 2004, Palmer obtained two loans from Wilmington Finance, Inc. (“Wilmington”) in the amounts of \$240,000 and \$60,000 (the “Loans”) to purchase the Property.¹⁰

⁶ *Id.* at ¶ 37.

⁷ Receiver Declaration ¶ 4.

⁸ Receiver Declaration ¶ 5.

⁹ Receiver Declaration Exhibit 1 (Appraisal), at 2.

¹⁰ *Motion and Memorandum to Intervene to Lift Injunction Against Real Property Collateral of JPMorgan Chase Bank, N.A.*, Docket No. 767 (the “Motion to Lift Injunction”), at ¶ 4.

7. Upon information and belief, the Loans are secured by Deeds of Trust on the Property which were recorded in Salt Lake County, State of Utah on October 26, 2004, as Entry Nos. 9207346 and 9207347.¹¹

8. Upon information and belief, on January 8, 2013, Wilmington assigned the Deeds of Trust to JP Morgan Chase Bank, N.A. ("Chase") by Corporate Assignments of Deeds of Trust filed with the Salt Lake County Recorder on April 19, 2013 as Entry Nos. 11622848 and 11622395.¹²

9. The Receiver is informed that Palmer has since defaulted on the Loans by failing to make his monthly mortgage payments.¹³ According to Chase, as of September 2014, the outstanding balance of the loans was \$270,301.74 and \$70,048.56, for a total of \$340,350.31, not including attorney fees and costs.¹⁴

10. On September 24, 2014, Chase filed a *Motion and Memorandum to Intervene to Lift Injunction Against Real Property Collateral of JPMorgan Chase Bank, N.A.* (the "Motion to Lift Injunction"), Docket No, 767, so that it could pursue foreclosure remedies.

11. The Court held a hearing on the Motion to Lift Injunction on November 10, 2014, whereby it continued the matter and instructed Chase to obtain an appraisal on the Property and continued the hearing until December 12, 2014.¹⁵

¹¹ Motion to Lift Injunction, at ¶ 5 and Exh. A & B.

¹² Motion to Lift Injunction at ¶ 6 and Exh. C & D.

¹³ Receiver Declaration ¶ 7.

¹⁴ Motion to Lift Injunction at ¶¶ 7-8 and Exh. E & F.

¹⁵ See Order Granting Motion to Intervene, Docket No. 810.

12. At the December 12, 2014 hearing, Chase provided a copy of the appraisal (the “Appraisal”) to the Court and the Receiver. A true and correct copy of the Appraisal is attached to the Receiver Declaration as Exhibit 1.¹⁶

13. As of December 8, 2014, the appraised value of the Property was \$353,000.00.¹⁷

14. Palmer stated at the December 12, 2014 hearing that he has not made monthly payments on the Loans since this case began and is currently unable to make the payments.¹⁸ Accordingly, any equity that may exist in the Property continues to decline.

15. Counsel for Chase informed the Court at the December 12, 2014 hearing that the total owed on the Loans has increased since September 2014.¹⁹

16. Based on the information provided to him by Chase and the representations made to the Court, the Receiver has concluded that there is no equity in the Property for the Receivership Estate. In sum, the Receiver is informed that Palmer owes at least \$340,350.31 to Chase on the Property, and every month that amount increases. Even if the Property sold for the full appraised value, the expenses of sale, including a standard 6% commission, closing costs, etc., would exceed \$20,000. Accordingly, in the Receiver’s business judgment, abandonment of the Property is in the best interests of the Receivership Estate.²⁰

¹⁶ Receiver Declaration ¶ 8.

¹⁷ Receiver Declaration Exhibit 1 (Appraisal), at 2.

¹⁸ Receiver Declaration ¶ 10.

¹⁹ Receiver Declaration ¶ 9.

²⁰ Receiver Declaration ¶ 11.

IV.

NOTICE OF THE MOTION

17. The Receiver will give notice of this Motion to Palmer and Chase.²¹

CONCLUSION

For the reasons set forth herein, the Receiver requests that the Court enter the proposed Order, attached hereto as **Exhibit A**, authorizing him to abandon the Receivership Estate's interest in the Property because the Property has no equity and no value to the Receivership Estate. The Receiver also requests any other relief that the Court deems appropriate under the circumstances.

DATED this 19th day of December, 2014.

DORSEY & WHITNEY LLP

/s/ Peggy Hunt

Peggy Hunt
Chris Martinez
Sarah Goldberg
Attorneys for Receiver

²¹ Receiver Declaration ¶ 12.

CERTIFICATE OF SERVICE

I certify that on December 19, 2014, the foregoing **RECEIVER'S MOTION TO ABANDON REAL PROPERTY IN WEST JORDAN, UTAH AND SUPPORTING MEMORANDUM** (the "Motion") was filed with the Court and served via ECF on all parties who have requested notice in this case, including counsel for Chase.

I further certify that on December 19, 2014, the Motion was served on the following by U.S. First Class Mail, postage prepaid:

Wayne L. Palmer
8816 S. 2240 W.
West Jordan, UT 84088

/s/ Sarah Goldberg

EXHIBIT A

Prepared and submitted by:

Peggy Hunt (Utah State Bar No. 6060)\
Chris Martinez (Utah State Bar No. 11152)
Sarah Goldberg (Utah State Bar No. 13222)

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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.

**ORDER GRANTING RECEIVER'S
MOTION TO ABANDON REAL
PROPERTY LOCATED IN WEST
JORDAN, UTAH AND SUPPORTING
MEMORANDUM**

2:12-cv-00591 BSJ

The Honorable Bruce S. Jenkins

The matter before the Court is the *Receiver's Motion to Abandon Real Property in West Jordan, Utah and Supporting Memorandum* (the "Motion"). The Court has considered the Motion, the *Declaration of R. Wayne Klein in Support of the Motion* and applicable law. Based thereon and for good cause appearing,

IT IS HEREBY ORDERED THAT:

(1) The Motion is **GRANTED**; and

(2) The Receiver is authorized to abandon, on behalf of the Receivership Estate, the Receivership Estate's interest in the property located at 8816 South 2240 West, West Jordan, Utah 84088.

DATED this ____ day of December, 2014.

BY THE COURT:

The Honorable Bruce S. Jenkins
U.S. District Court Judge