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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.

**THIRTEENTH STATUS REPORT OF
R. WAYNE KLEIN, RECEIVER**

*For the Quarter Ending
September 30, 2015*

2:12-cv-00591 BSJ

The Honorable Bruce S. Jenkins

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 Thirteenth Status Report for the period July 1, 2015 through September 30, 2015 (the “Reporting Period”).

I.

PROCEDURAL HISTORY

This action (the “Civil Case”) was commenced by the United States Securities and Exchange Commission (the “SEC”) on June 25, 2012 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”).¹ The court has ordered the Civil Case to proceed to trial on November 2, 2015.

On August 19, 2015, a grand jury indictment was issued for Palmer and his cousin, Julieann Palmer Martin. They were charged with wire fraud, mail fraud, and money laundering. The criminal case is pending.

This is the Thirteenth Status Report for the period of July 1, 2015 through September 30, 2015, defined above as the “Reporting Period.”

II.

CONTINUED OPERATIONS

The Receiver is no longer operating any businesses or rental properties of the Receivership Estate.

III.

REAL ESTATE HOLDINGS

During the Reporting Period, the Receiver closed the sale of four properties, received notice that a prospective buyer had withdrawn offers for two properties, granted a prospective buyer a short extension of its time to complete due diligence on five properties, and actively marketed other properties for sale. Attached hereto as **Exhibit A** is a chart setting forth the

¹ Docket No. 1.

status of all real properties in the Receivership Estate as of September 30, 2015.

A. Liens and Other Interests Asserted Against Real Properties.

1. Assignments of Beneficial Interests (“ABIs”). At the time the Receiver was appointed, 349 ABIs had been recorded against 49 properties in the Receivership Estate, representing approximately \$32.4 million in possible claims against those properties. As a result of the Receiver's efforts, the majority of those ABIs have been voluntarily released, released through settlement, or invalidated through default judgments. At the commencement of the Reporting Period, only fifteen ABIs remained, and during the Reporting Period, the Receiver obtained releases or default judgments related to seven additional ABIs.² These seven ABIs were made against five properties and were asserted in an amount totaling \$810,859.40. Thus, at the end of this Reporting Period, only eight ABIs remain, representing claims asserted in the total amount of \$1,525,000.00 against three properties: Elkhorn Lot number 11, Expressway Business Park, and Farrell Business Park.³ Litigation against the holders of these remaining ABIs is ongoing.⁴

Currently, if properties are sold by the Receiver that have ABIs recorded against them, the net sale proceeds for the property are deposited into the “Real Estate Account,” a segregated reserve account. As ABIs are released or held to be invalid, the Receiver has transferred funds being held in the Real Estate Account to the Receivership Estate’s “Operating

² During the Reporting Period, the Receiver obtained default judgments voiding the ABIs held by Harvest Time Ministries (asserting a \$125,000.00 interest), Mattie Mae Small (asserting a \$12,000.00 interest), and Vetco (asserting a \$550,000.00 interest). See *Klein v. Harvest Time Ministries*, Case No. 2:13-cv-00742-BCW (D. Utah) (action commenced prior to *Klein v. Adams*); *Klein v. Adams*, Case No. 2:14-cv-00614-BSJ (D. Utah).

³ See Part IV.D of the First Report for a description of these properties.

⁴ *Klein v. Adams*, Case No. 2:14-cv-00614-BSJ (D. Utah).

Account.” During the Reporting Period, the Receiver transferred a total of \$1,014,671.64 from the Real Estate Account to the Operating Account as a result of the release or invalidation of ABIs recorded against the Clearview Business Park, Autumn Ridge, Fairfield, and Elkhorn Ridge Lot number48.

2. Deeds of Trust: The Receiver identified 13 properties in the Receivership Estate on which deeds of trust had been recorded at the time of his appointment. At this time, only three properties have trust deeds recorded against them: Overland Trails, located in Eagle Mountain, Utah; certain lots in the Almond Heights development located in Toquerville, Utah; and one parcel of the land associated with the Expressway Business Park located in Spanish Fork, Utah.

B. Real Property Sales That Closed During the Reporting Period. Four Court-approved real property sales were closed by the Receiver during the Reporting Period.

1. Almond Heights Lot F: On August 14, 2015, the Court entered an Order approving a private sale of this residential building lot located in Toquerville, Utah.⁵ The sale closed on August 24, 2015, with the Receivership Estate receiving \$24,733.41 in net sales proceeds, which were deposited into the Operating Account.

2. Almond Heights Lots 23 and 24: On September 1, 2015, the Court entered an Order approving a private sale of these two residential building lots also located in Toquerville, Utah.⁶ These sales closed on August 24, 2015, with the Receivership Estate receiving \$47,018.30 in net sales proceeds. These lots, along with other lots in the Almond

⁵ Docket No. 988.

⁶ Docket No. 998.

Heights development, are subject to disputed deeds of trust held by Real Estate Investment Partners. As a result of the disputed interests, the Receiver has deposited the net sales proceeds into the Receivership Estate's Real Estate Account pending resolution of the dispute.⁷

3. Byron West Industrial Park Lot 3, Block 1: On August 17, 2015, the Court entered an Order approving a public sale of this commercial building lot located in Minnesota.⁸ The scheduled auction was canceled when because the Receiver received no other offers, and the property was sold to the stalking horse bidder. The sale closed on September 30, 2015, with the Receivership Estate receiving \$95,340.47 in net sales proceeds, which proceeds were deposited into the Receivership Estate's Operating Account. On that same day, the Receiver filed a *Notice of Public Sale Results* was filed with the Court.⁹

C. Offers on Real Properties That Were Withdrawn. On July 14, 2015, the Receiver preliminarily accepted offers to purchase Almond Heights Lots numbers 19 and 20. On September 25, 2015, after conducting agreed due diligence, the potential buyer withdrew its offer, stating that the lots were not suitable for the homes it planned to build.

D. Offers Preliminarily Accepted on Real Properties. During the Reporting Period, the Receiver received offers to purchase Almond Heights Lots numbers C-2, F-3, 14, 15, and 18. The agreed due diligence period was to expire on September 25, 2015, but at the request of the potential buyer, the Receiver agreed to extend the due diligence period until October 9,

⁷ Real Estate Investment Partners asserts a lien against several of the Almond Heights lots, claiming that the amount of its secured claim is \$158,655.62.

⁸ Docket No. 989.

⁹ Docket No. 1012.

2015.

IV.

MINERAL ORES

At the time of the Receiver's appointment, a National Note affiliate owned certain 60 tons of ore which it claimed were worth over \$1.2 billion. As described in his Second Status Report,¹⁰ the Receiver previously entered into a Management Agreement with HMI Management LLC ("HMI"), an entity controlled by a group of investors, permitting HMI to investigate whether these ores have any commercial value.

On July 13, 2015, the Receiver obtained an appraisal of the ores performed by a professor of geology at Brigham Young University (the "Ore Report"). The appraisal involved analyzing the ore with an X-ray fluorescence spectrometer and taking 15 different samples of the ore, which were tested in labs for the presence of precious metals. Samples were sent to multiple labs, as a means of verifying the accuracy of results.

The Ore Report states that the ore has low concentrations of gold, platinum, and palladium. Out of the 60 tons, the total value of these precious metals totals approximately \$960.00. The cost of extracting the precious metals would exceed the value of the metals. Thus, according to the Ore Report, the ore has no commercially-valuable precious metals.

The Ore Report also indicates that the ore has high concentrations of iron, vanadium, and chromium. It is unclear whether the costs of moving the ores and then extracting and purifying these metals would yield net profits for the Receivership Estate.

¹⁰ Second Report, pp. 18-19.

The Receiver has had discussions with representatives of HMI to explore their interest in the ore. If the Receiver is unable to find a buyer, he expects to abandon the Receivership Estate's interest in the ore.

V.

LITIGATION

Litigation commenced by the Receiver since his appointment has involved the litigation to void ABIs, discussed in Part III.A.1 above, litigation to invalidate, when appropriate, trust deeds asserted against real properties of the Receivership Estate, and lawsuits to claw back false profits paid to investors and to collect assets of the Receivership Estate, both of which are discussed below.

A. **Clawback Claims Being Pursued by the Receivership Estate.** The Receiver filed approximately 140 lawsuits to recover transfers made by National Note and its affiliated entities. The Receiver's investigation is ongoing and additional lawsuits may be filed.

1. **Status of Clawback Actions.** As of the close of the Reporting Period, only ten of the total 140 lawsuits are still pending. This was in part due to settlements reached and judgments obtained by the Receiver during the Reporting Period. A summary of the status of the remaining ten actions as well as significant litigation events during the Reporting Period are as follows:

(i) **Settlements.** In two lawsuits, settlement agreements were executed prior to the close of the Reporting Period.¹¹ In

¹¹ *Klein v. Myer*, 2:13-cv-00504-DN (D. Utah); *Klein v. Secure Gold Exchange*, 2:14-cv-00869-DN (D. Utah).

addition, the Receiver obtained a settlement in a third suit as a result of a Court-mediated settlement conference.¹²

(ii) Partial Summary Judgments. The Receiver obtained Orders granting his Motions for Partial Summary Judgment in six cases during the Reporting Period.¹³

b. Pending Summary Judgment Motions. At the close of the Reporting Period, the Receiver had two Motions for Partial Summary Judgment pending.

(i) The first Motion was filed in the proceeding against Defendant Terry Stallman.¹⁴ The Court in that proceeding requested that the Receiver submit a proposed Memorandum Decision and Order granting the Motion, which the Receiver submitted to the Court on September 24, 2015.

(ii) The second Motion was filed in the proceeding against Joe and Catherine Lovato.¹⁵ On September 3, 2015, the Receiver filed a Request to Submit the Motion for Decision.

¹² *Klein v. Chung*, 2:13-cv-00467-DBP (D. Utah).

¹³ *Klein v. M&M Andreasen Investments et al*, Case No. 2:13-cv-00462-DN (D. Utah); *Klein v. Fabrizius*, 2:13-cv-00472-EJF (D. Utah); *Klein v. Blakeslee Family Living Trust*, Case No. 2:13-cv-00405-TC (D. Utah); *Klein v. Nelson*, Case No. 2:13-cv-00497-TC (D. Utah); *Klein v Slaughter*, 2:13-cv-00524-BCW (D. Utah); and *Klein v. Innovative Services et al.*, Case No. 2:13-cv-00566-DN (D. Utah).

¹⁴ *Klein v. Stallman*, Case No. 2:13-cv-00409-DN (D. Utah).

¹⁵ *Klein v. Lovato*, 2:13-cv-00506-DAK (D. Utah).

c. Scheduling Orders/Trial Dates Set. In six cases,¹⁶ litigation is moving forward as follows:

(i) In the proceeding against Michelle Turpin, the Court has entered a Scheduling Order. Dispositive motions have been filed, and the discovery deadline is set for October 30, 2015.

(ii) In the proceeding against Victor Wagner, the Court has entered a Scheduling Order setting discovery and dispositive motion deadlines for November 30, 2015.

(iii) The proceeding against Christy Palmer, Wayne Palmer's spouse, has been delayed because Ms. Palmer filed for relief under Chapter 13 of the Bankruptcy Code during the Reporting Period. Ms. Palmer did not appear at her scheduled meeting of creditors, and it is anticipated that her case will be dismissed whereupon the Receiver will recommence his suit against her.

(iv) On September 9, 2015, the Court entered an Order in the proceeding against Kleen Water Power adding Carlton Gentry, the company's president, as a defendant, and Mr. Gentry is in the process of being served in Canada pursuant to the Hague

¹⁶ *Klein v. Turpin*, 2:14-cv-00302-RJS-PMW (D. Utah); *Klein v. Wagner*, 2:13-cv-00557-RJS-PMW (D. Utah); *Klein v. Palmer*, 2:13-cv-00581-CW-BCW (D. Utah); *Klein v. Kleen Water Power et al.*, 2:13-cv-00550-CW-EJF (D. Utah); *Klein v. M&M Andreasen Investments et al.*, Case No. 2:13-cv-00462-DN (D. Utah); *Klein v. Blakeslee Family Living Trust et al.*, Case No. 2:13-cv-00405-TC (D. Utah).

Convention.

(v) In the proceeding against the Blakeslee Family Trust and Joel Blakeslee, as indicated above, the Court entered partial summary judgment against the Blakeslee Family Trust. Discovery is currently being conducted on the Receiver's claim against Joel Blakeslee as a subsequent transferee. The Court has entered a scheduling Order setting the dispositive motions deadline for December 31, 2015.

(vi) In the proceeding against M&M Andreasen Investments, Inc. and Max Andreasen, as indicated above, the Court entered summary judgment against M&M Andreasen. Discovery is currently being conducted on the Receiver's claim against Max Andreasen as a subsequent transferee.

B. Settlement of Litigation. During the Reporting Period, the Court approved the following settlement agreements:

1. Thirteenth Motion to Approve Settlement Agreements. On July 9, 2015, the Court entered an Order approved seven settlement agreements that are expected to bring \$93,000.00 into the Receivership Estate.¹⁷ As of September 30, 2015, \$33,008.00 of this amount has been paid.

¹⁷ Docket No. 966.

2. Fourteenth Motion Approve Settlement Agreements. On September 1, 2015, the Court entered an Order approving nine settlement agreements that are expected to bring \$304,379.28 into the Receivership Estate.¹⁸ As of September 30, 2015, \$206,799.28 has been paid to the Receivership Estate. As part of this Order, the Court also approved a tenth settlement, where the amount that will be recovered by the Receiver is uncertain inasmuch as the Receivership Estates promissory note in the amount of \$203,797.83 which is backed by a deed of trust on property in Virginia. However, the property is encumbered and is the subject of litigation, so it is unclear how much the Receivership will actually receive when the property is sold and the related litigation is concluded.

VI.

CLAIMS PROCESS

On September 1, 2015, the Court entered an *Order Granting Receiver's Amended Motion Seeking Approval of Proposed Claim Procedures and Accompanying Forms and Setting Bar Date*.¹⁹ The bar date to file proofs of claim is November 3, 2015. As set forth in the *Certificate of Service* that the Receiver has filed,²⁰ on or about September 2, 2015, the Receiver commenced service of bar date notices and Proof of Claim forms. In cases where forms were returned as undeliverable, the Receiver has used his best efforts to locate the potential claimant and deliver the forms.²¹ Publication service has also been made in accordance with the procedures approved

¹⁸ Docket No. 1000.

¹⁹ Docket No. 999.

²⁰ Docket No. 1032.

²¹ *See id.*

by the Court.²²

As of September 30, 2015, 198 Proofs of Claims were submitted to the Receiver. All Proofs of Claim have been logged by the Receiver and confirmation of receipt has been made to each claimant within ten days of receipt. The Receiver has begun review of the Proofs of Claim that have been submitted.

VII.

FINANCIAL ANALYSIS

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

1. **Bank Accounts.** As discussed above, the Receiver maintains two bank accounts for the operation of the Receivership Estate: a general operating account (the “Operating Account”) and an account holding earnest money 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:

Account	Account Balance
Operating Account ²³	\$4,690,060.43
Real Estate Account	\$1,085,421.05
TOTAL	\$5,775,481.48

²² See *id.*

²³ Pursuant to the Court’s *Order Approving the Receiver’s Third Interim Fee Application for Receiver and Receiver’s Professionals for Services Rendered from July 1, 2013 through December 31, 2013*, Docket No. 828, the Receiver has established a separate Savings Account tied to the Operating Account in which he is holding 20% of the professional fees incurred by him and his counsel related to that fee application. Money to open this Savings Account was transferred from the Operating Account. This Savings Account has a current balance of \$122,833.13, and is in addition to the amounts reported above.

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

Source	Amount In
Settlement Agreement proceeds	\$235,230.23
Real estate sales proceeds ²⁴	\$120,073.88
Interest, refunds	\$774.82
Transfers from Real Estate Account	\$1,014,671.64
TOTAL	\$1,370,750.57

3. Operating Account Expenditures. The following table shows the categories of operating expenses that have been paid from the Operating Account during the Reporting Period:

Type of Expense	Amount Out
Utilities, property insurance	\$2,561.64
Real estate publication, recording fees	\$1,861.17
Appraisal fee: mineral ores	\$2,340.79
Publish notices of claim process	\$7,371.60
Miscellaneous operating expenses	\$342.76
TOTAL	\$14,477.96

4. Real Estate Account Deposits and Withdrawals. Two properties were sold during the Reporting Period that had interests claimed against it. As reported in Part III.B, above, the net proceeds of \$47,018.30 were deposited into the Real Estate Account. A total of \$1,014,671.64 was transferred from the Real Estate Account to the Operating Account in situations where all existing ABIs had been released.²⁵

5. SFAR Attached as Exhibit B is a copy of the Standardized Fund Accounting Report for the Reporting Period. Administrative Expenses. On September 1, 2015,

²⁴ This amount reflects Net Sale Proceeds obtained from the sale of the properties discussed above in Part III.B.

²⁵ See Part III.A.1, above.

the Court entered an *Order Approving the Receiver's Fourth Interim Fee Application for Receiver and Receiver's Professionals for Services Rendered from January 1, 2014 through December 31, 2014*.²⁶ On September 2, 2015, \$461,314.44 was paid to Dorsey & Whitney LLP for its fees and expenses and \$352,088.63 was paid to Klein & Associates for work of the Receiver and his staff. On September 21, 2015, the Court entered an Order approving the payment of fees to insolvency expert Lone Peak Valuation Group,²⁷ and on September 22, 2015, fees and expenses in the amount of \$72,886.08 were paid.

For the current Reporting Period, the Receiver and his staff have spent a total of 338.8 hours on behalf of the Receivership Estate. Total fees incurred by the Receiver during the Reporting Period are in the total amount of \$51,867.50. Dorsey & Whitney LLP's total fees and expenses incurred during the Reporting Period are in the total amount of \$75,191.30.²⁸

VIII.

NEXT STEPS

At this time, the Receiver anticipates addressing the following priorities in the coming months:

1. Claims Process. During the Reporting Period, the Receiver began to receiver Proofs of Claims. The Bar Date established by the Court for the submission of Proofs of Claims is November 3, 2015. As Proofs of Claim have been submitted, the Receiver has notified

²⁶ Docket No. 1001.

²⁷ Docket No. 1011.

²⁸ A summary of fees and expenses that have been incurred on behalf of the Receivership Estate by the Receiver and the Receiver's legal counsel in prior Reporting Periods is set forth in each of the status reports and the interim fee applications.

the claimants of his receipt of the Claim and of the assigned Claim number. Both prior to and after the Bar Date, the Receiver will engage in the process of analyzing Claims received, requesting additional information when needed, and attempting to work out agreements with claimants who have submitted Claims in amounts that do not coincide with the Receiver's records. The Receiver intends to file a report with the Court recommending allowed Claim amounts in the first quarter of 2016.

2. Litigation. As discussed in Part V above, the Receiver anticipates continuation of litigation seeking to invalidate eight remaining ABIs, as well as litigation of several remaining ancillary proceedings to recover property of the Receivership Estate. The Receiver may also be required to file additional lawsuits against potential defendants with whom he has entered tolling agreements if settlement negotiations are not fruitful.

3. Collection of Judgments. The Receiver anticipates continuing his efforts to execute on judgments that he has obtained.

4. Property Sales. The Receiver will continue his efforts to sell additional real estate properties in the Receivership Estate. Based on offers already received, the Receiver expects to sell at least five properties during the next Reporting Period. It is anticipated that the sale of some of the remaining properties, especially those with environmental problems, will take additional time.

IX.

CONCLUSION

Solid progress was made during the Reporting Period. The Receiver looks forward to completing the claims process so recovered funds can begin to be returned to investors.

DATED this 4th day of December, 2015.



WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above **THIRTEENTH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER** was filed with the Court on this ___th day of December, 2015, and served via ECF on all parties who have requested notice in this case. A copy was also served on Wayne Palmer by U.S. Mail, postage prepaid at:

Wayne Palmer
8816 South 2240 West
West Jordan, UT 84088

/s/ Candy Long_____

EXHIBIT A

REAL PROPERTIES--STATUS

As of 9/30/15. 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					
3 Elkhorn Ridge Estates-42 Building Lots	Malad, ID				Marketed for sale with broker; several lots sold (described below)
4 Elkhorn Ridge-4 Undeveloped Parcels	Malad, ID				Property split approved [Docket No. 289] Listed for sale with broker
7 Ogden Office Building	Ogden, UT	699,000			Building is vacant; property is being marketed through broker
10 Deer Meadows	Duchesne Co., UT	72,000			Marketed for sale through broker; lien released in settlement
20 Overland Trails	Eagle Mtn., UT				Property being evaluated for equity and sale
21 Cedar Fort Land (Fairfield)-85 Acres	Fairfield, UT	255,000			Property is being marketed through broker
23 Expressway Business Park-Land	Spanish Fork, UT	1,250,000			Second buyer withdrew preliminary offer following due diligence
25 Almond Heights-14 Building Lots	Toquerville, UT	842,000			
Lot #F-3		35,150	31,635		Offer accepted 7/14/15
Lot #C-2		34,200	30,780		Offer accepted 7/14/15
Lot #14		35,150	31,635		Offer accepted 7/14/15
Lot #15		33,250	29,925		Offer accepted 7/14/15
Lot #18		30,400	27,360		Offer accepted 7/14/15
Lot #19		22,800	20,520		Offer withdrawn
Lot #20		22,800	20,520		Offer withdrawn
Lot #F		32,300	31,000	24,733.41	Sale approved [Docket No. 988] Sale closed 8/24/15
Lot #23		31,350	24,000	20,346.06	Sale approved [Docket No. 998] Sale closed 9/4/15
Lot #24		33,250	31,000	26,672.24	Sale approved [Docket No. 998] Sale closed 9/4/15
29 Bear Grove Industrial Park-8 Lots	Byron, MN	1,675,200			Property is listed for sale with broker; property encumbered by bond
Lot 3, Block 1 (Parcel #8510)			149,500	95,340.47	Sale approved [Docket No. 989] Sale closed 9/30/15
PROPERTIES SOLD OR RELEASED					
Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
1 River Run/Riverbend Subdivision-Land	Middleton, ID	N.A.	N.A.	N.A.	No equity. Court approved release of property to lender [Dkt. No. 590]
2 Single family home: 1st Avenue	Middleton, ID	115,000	105,000	102,461.72	Sale approved [Docket No. 734] Sale closed 10/15/14
Single family home: Hawthorne Ave.	Middleton, ID	80,000	76,000	69,569.48	Sale approved [Docket No. 804] Sale closed 11/17/14
3 Elkhorn Ridge Estates-47 Building Lots	Malad, ID				Marketed for sale with broker; several lots sold (described below)
Lot #1		135,000	155,000	142,834.78	Sale approved [Docket No. 419] Sale closed 8/29/13
Lot #2		35,000	31,500	27,725.00	Sale approved [Docket No. 492] Sale closed 12/6/13
Lot #4		35,000	35,000	30,893.21	Sale approved [Docket No. 231] Sale closed 4/26/13
Lot #5		80,000	80,000	71,803.14	Sale approved [Docket No. 231] Sale closed 4/8/13
Lot #48		80,000	80,000	73,620.84	Sale approved [Docket No. 231] Sale closed 4/9/13
5 Manhattan Grille Condominium	Manhattan, MT	49,000	51,000	45,933.32	Sale approved [Docket No. 300] Sale closed 6/5/13
6 Twin Pines Apartments	Brigham City, UT	N.A.		172,020.02	Sale approved [Docket No. 736] Sale closed 9/14/14
8 Summit Park Lot	Summit Park, UT	40,000	37,500	32,477.61	Court approved sale [Docket No. 135] Sale closed 1/24/13
9 Bandanna Cabin	Fruitland, UT	260,000	260,000	226,374.07	Sale at auction approved [Docket No. 341] Sale closed 10/24/13
11 Outpost/Indian Canyon	Duchesne Co., UT	N.A.	148,222.56	134,068.12	Sale approved [Docket No. 269] Sale closed 8/21/13
12 East Meadows Mobile Home Park	Vernal, UT	N.A.	1,025,000	979,620.29	Sale approved [Docket No. 292] Sale closed 7/29/13
13 Quail Hollow Apartments	Vernal, UT	N.A.	N.A.	N.A.	Determined not owned by Receivership Estate
14 Residential Building Lots at 900 West	Salt Lake City, UT	N.A.	70,000	65,295.00	Sale approved [Docket No. 263] Sale closed 5/8/13

15	Cottonwood Road Property-4 acres	Salt Lake City, UT	N.A.	N.A.	N.A.	No equity; court approved release of property to lender [Dkt. No. 179]
15	Cottonwood Road Property-1 acre	Salt Lake City, UT	N.A.	291,000	279,189.07	Sale at auction approved [Docket No. 495] Sale closed 11/8/13
16	National Note Office Building	West Jordan, UT	285,000	285,000	55,903.09	Sale approved [Docket No. 161] Sale closed 3/19/13
17	Palmer Residence	West Jordan, UT	N.A.	N.A.	N.A.	No equity. Court approved abandonment of property [Dkt. No. 869]
18	Star Pointe Development	Salt Lake City, UT	N.A.	N.A.	70,000.00	Court approved settlement agreement with lender [Docket No. 608]
19	Autumn Ridge Subdivision-Phase I	Eagle Mtn., UT				
	Phase I-Lot #2		37,000	39,900	35,635.21	Sale approved [Docket No. 692]. Sale closed 7/8/14
	Phase I-Lot #3		37,000	39,900	35,711.84	Sale approved [Docket no. 644] Sale closed 5/1/14
	Phase I-Lot #4		37,000	37,000	30,821.91	Sale approved to builders [Docket No. 293] Sale closed 6/3/13
	Phase I-Lot #8		37,000	37,000	31,554.15	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
	Phase I-Lot #54		37,000	37,000	31,554.16	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
	Phase I-Lot #41		37,000	37,000	30,857.73	Sale approved to builders [Docket No. 293] Sale closed 8/14/13
	Phase I-Lot #40		37,000	37,000	30,911.96	Sale approved to builders [Docket No. 293] Sale closed 9/25/13
	Phase I-Lot #33		37,000	37,000	30,775.92	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #6		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #7		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #11		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #16		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
	Phase I-Lot #21		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #30		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #39		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
	Phase I-Lot #51		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #52		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #55		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase I-Lot #60		37,000	37,000	31,355.89	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
	Phase II-62 Building Lots		N.A.	538,000	446,610.24	Sale approved [Docket No. 460] Sale closed 10/1/13
21	Cedar Fort Land (Fairfield)-8 acres	Fairfield, UT	24,000	25,000	22,274.21	Sale at auction approved [Docket No. 458] Sale closed 11/14/13
22	Expressway Business Park	Spanish Fork, UT				
	Unit #109		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 241]
	Unit #305		65,000	69,000	55,840.79	Court approved sale at auction [Docket No. 270] Sale closed 6/27/13
	Unit #204		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 364]
	Unit #215		N.A.	127,500	112,965.27	Sale approved at auction [Docket No. 393] Sale closed 10/30/13
24	Gooseberry Cabin	Fairview, UT	N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 125]
25	Almond Heights-21 Building Lots	Toquerville, UT	842,000			
	Lot #7		38,000	32,000	29,388.95	Sale approved [Docket No. 829]. Sale closed 12/18/14
	Lot #10		38,950	36,000	30,552.54	Sale approved [Docket No. 906]. Sale closed 3/31/15
	Lot #11		37,050	32,000	6,788.12	Sale approved [Docket No. 829]. Sale closed 12/16/14
	Lot #12		38,000	32,000	6,787.90	Sale approved [Docket No. 829]. Sale closed 12/16/14
	Lot #13		37,050	32,000	6,787.75	Sale approved [Docket No. 829]. Sale closed 12/16/14
	Lot #17		30,400	24,000	21,752.44	Sale approved [Docket No. 829]. Sale closed 12/11/14
	Lot #25		35,150	34,000	29,216.54	Sale approved [Docket No. 951]. Sale closed 5/21/15
	Lot #26		34,200	32,000	27,151.02	Sale approved [Docket No. 829]. Sale closed 12/17/14
26	Kanab Home	Kanab, UT	199,000	197,000	18,162.90	Sale approved [Docket No. 746]. Sale closed 9/4/14
27	Farrell Business Park-12 Units	Gilbert, AZ				
	Unit 103		76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13
	Unit 104		76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13
	Unit 105		80,000	92,000	70,392.98	Court approved sale at auction [Docket No. 203] Sale closed 5/21/13
	Unit 106		80,000	97,000	74,832.11	Court approved sale at auction [Docket No. 204] Sale closed 6/7/13

Unit 107		80,000	90,000	67,699.81	Court approved sale at auction [Docket No. 205] Sale closed 6/7/13
Unit 109		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
Unit 110		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
Unit 111		80,000	80,000	59,194.92	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
Unit 113		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
Unit 114		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
Unit 115		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
Unit 116		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
28 Clearview Business Park-8 Units	Mesa, AZ	415,954	737,000	591,295.43	Court approved sale at auction [Docket No. 177] Sale closed 5/10/13
29 Bear Grove Industrial Park-8 Lots	Byron, MN	1,675,200			Property is listed for sale with broker; property encumbered by bond
Parcel #8516		281,500	210,000	10,000.00	Sale approved [Docket No. 853]. Sale closed 3/27/15
Parcel #8509		156,700	149,000	98,795.03	Sale approved [Docket No. 849]. Sale closed 3/16/15
Parcel #8512		305,000	235,000	6,500.00	Sale approved [Docket No. 854]. Sale closed 3/6/15
Parcel #6060		340,000	235,000	10,000.00	Sale approved [Docket No. 875]. Sale closed 3/24/15
30 Georgia Single Family Residence	Temple, GA	135,000	125,000	106,843.83	Sale approved [Docket No. 553] Sale closed 1/10/14
31 Chicago Single Family Residence	Chicago, IL	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
32 Cleveland Single Family Residence	Cleveland, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
33 Cleveland Building Lot	Cleveland, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
34 Toledo Single Family Residence	Toledo, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
Total		7,578,416.00	7,442,583.92	5,676,602.71	

EXHIBIT B

Wayne Klein, Receiver for National Note of Utah
10 Exchange Place, Ste. 502
Salt Lake City, UT 84111
801-456-4593

STANDARDIZED FUND ACCOUNTING REPORT

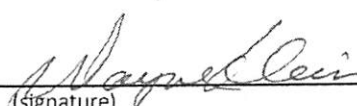
Civil – Receivership Fund

Fund Name: SEC v. National Note of Utah
Civil Court Docket No. 2:12-CV-00591 BSJ

Reporting Period 07/01/2015 to 09/30/2015

Standardized Fund Accounting Report for National Note of Utah - Cash Basis				
Receivership; Civil Court Docket No. 2:12-CV-00591 BSJ				
Reporting Period 07/01/2015 to 09/30/2015				
Fund Accounting (See Instructions):				
		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 07/01/2015):	\$6,395,777.23		
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	\$0.00		
Line 3	Cash and Securities	\$0.00		
Line 4	Interest/Dividend Income	\$926.08		
Line 5	Business Asset Liquidation	\$167,092.18		
Line 6	Personal Asset Liquidation	\$0.00		
Line 7	Third-Party Litigation Income	\$235,240.23		
Line 8	Miscellaneous - Other	\$46.00		
	Total Funds Available (Lines 1 - 8)		\$6,799,081.72	
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors	\$0.00		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$424,974.71		
Line 10b	Business Asset Expenses	\$7,106.36		
Line 10c	Personal Asset Expenses	\$0.00		
Line 10d	Investment Expenses	\$0.00		
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees	\$431,164.50		
	2. Litigation Expenses	\$30,149.94		
	Total Third-Party Litigation Expenses	\$461,314.44		
Line 10f	Tax Administrator Fees and Bonds	\$0.00		
Line 10g	Federal and State Tax Payments	\$0.00		
	Total Disbursements for Receivership Operations	\$893,395.51		
Line 11	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11a	Distribution Plan Development Expenses:			
	1. Fees:	\$0.00		
	Fund Administrator			
	Independent Distribution Consultant (IDC)			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Miscellaneous	\$0.00		
	Total Plan Development Expenses	\$0.00		
Line 11b	Distribution Plan Implementation Expenses:			
	1. Fees:	\$0.00		
	Fund Administrator			
	IDC			
	Distribution Agent			

	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Investor Identification:	\$7,371.60		
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond	\$0.00		
	5. Miscellaneous	\$0.00		
	6. Federal Account for Investor Restitution	\$0.00		
	(FAIR) Reporting Expenses	\$0.00		
	Total Plan Implementation Expenses	\$7,371.60		
	Total Disbursements for Distribution Expenses Paid by the Fund	\$7,371.60		
Line 12	Disbursements to Court/Other:			
	Investment Expenses/Court Registry Investment			
Line 12a	System (CRIS) Fees	\$0.00		
Line 12b	Federal Tax Payments	\$0.00		
	Total Disbursements to Court/Other	\$0.00		
	Total Funds Disbursed (Lines 9 - 12):		\$900,767.11	
Line 13	Ending Balance (As of 09/30/2015):			\$5,898,314.61
Line 14	Ending Balance of Fund - Net Assets:			
Line 14a	Cash & Cash Equivalents	\$5,898,314.61		
Line 14b	Investments	\$0.00		
Line 14c	Other Assets or Uncleared Funds	\$0.00		
	Total Ending Balance of Fund - Net Assets			\$5,898,314.61
Other Supplemental Information:				
		Detail	Subtotal	Grand Total
	Report of Items NOT To Be Paid by the Fund:			
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:			
Line 15a	Plan Development Expenses Not Paid by the Fund:			
	1. Fees:	\$0.00		
	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Miscellaneous	\$0.00		
	Total Plan Development Expenses Not Paid by the Fund	\$0.00		
Line 15b	Plan Implementation Expenses Not Paid by the Fund:			
	1. Fees:	\$0.00		

	Fund Administrator			
	IDC			
	Distribution Agent			
	Consultants			
	Legal Advisers			
	Tax Advisers			
	2. Administrative Expenses	\$0.00		
	3. Investor Identification:	\$0.00		
	Notice/Publishing Approved Plan			
	Claimant Identification			
	Claims Processing			
	Web Site Maintenance/Call Center			
	4. Fund Administrator Bond	\$0.00		
	5. Miscellaneous	\$0.00		
	6. FAIR Reporting Expenses	\$0.00		
	Total Plan Implementation Expenses Not Paid by the Fund	\$0.00		
Line 15c	Tax Administrator Fees and Bonds Not Paid by the Fund	\$0.00		
	Total Distributions for Plan Administration Expenses Not Paid by the Fund	\$0.00		
Line 16	Disbursements to Court/Other Not Paid by the Fund:			
Line 16a	Investment Expenses/Court Registry Investment System (CRIS) Fees	\$0.00		
Line 16b	Federal Tax Payments	\$0.00		
	Total Disbursements to Court/Other Paid by the Fund:	\$0.00		
Line 17	DC & State Tax Payments	\$0.00		
Line 18	No. of Claims:			
Line 18a	# of Claims Received This Reporting Period	198		
Line 18b	# of Claims Received Since Inception of Fund	198		
Line 19	No. of Claimants/Investors:			
Line 19a	# of Claimants/Investors Paid This Reporting Period	0		
Line 19b	# of Claimants/Investors Paid Since Inception of Fund	0		
	Receiver: Wayne Klein			
	By:  (signature)			
	Wayne Klein (printed name)			
	Receiver, National Note (title)			
	Date: 10/13/15			

NNU SFAR - 3rd Quarter 2015							
Line Breakdown							
	Line 2	Line 4	Line 5	Line 6	Line 7	Line 8	Total
Rent Received	\$0.00						
Overpaid Investors					\$235,230.23		
National Note			\$120,073.88	\$0.00	\$10.00		
Real Estate Holding			\$47,018.30				
Royalties Received						\$0.00	
Interest		\$926.08					
Refunds						\$46.00	
Advances by Receiver							
	\$0.00	\$926.08	\$167,092.18	\$0.00	\$235,240.23	\$46.00	\$403,304.49
	Line 10a	Line 10b	Line 10g	Line 10e-1	Line 10e-2	Line 11b-3	Total
Receivership Expenses	\$424,974.71	\$7,106.36	\$0.00	\$431,164.50	\$30,149.94	\$7,371.60	
Refund Deposit from Prior Period		\$0.00					
Adjustment - NNU Account		\$0.00					
	\$424,974.71	\$7,106.36	\$0.00	\$431,164.50	\$30,149.94	\$7,371.60	\$900,767.11
	Line 14a						
National Note	\$109,283.62						
Savings	\$122,833.13						
High-Yield Operating	\$4,580,776.81						
Real Estate Holding	\$81,334.84						
High-Yield Real Estate	\$1,004,086.21						
	\$5,898,314.61						
Created by James Shupe on 10/12/2015							