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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>TWENTIETH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER <i>For the Quarter Ending June 30, 2017</i></p> <p>2:12-cv-00591 BSJ</p> <p>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 (“National Note”), as well as certain subsidiaries and entities affiliated with National Note and the assets of Wayne LaMar Palmer (“Palmer”), hereby submits this Twentieth Status Report for the period April 1, 2017 through June 30, 2017 (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 held a trial on November 2, 2015 and on November 30, 2015 entered judgment against Palmer and National Note.²

On August 19, 2015, a grand jury indicted Palmer and his cousin, Julieann Palmer Martin. On February 5, 2017, both pleaded guilty. Palmer pleaded guilty to two felony counts: a scheme and artifice to defraud and money laundering. Ms. Martin pleaded guilty to one felony count of concealing fraud by another. They are scheduled to be sentenced on September 11, 2017.

II.

REAL ESTATE TRANSACTIONS

Attached hereto as **Exhibit A** is a chart setting forth the status of all real properties in the Receivership Estate as of June 30, 2017. After closing on the two lots sold during the Reporting Period, five primary properties remain in the Receivership Estate: 39 lots located in the “Elkhorn Ridge” subdivision in Malad, Idaho; the “Deer Meadows” property located near Duchesne, Utah; 1 industrial lot located in Minnesota; the “Overland Trails” property located in Eagle Mountain, Utah; and the “Expressway Business Park” properties located in Spanish Fork, Utah. All of these properties are being marketed for sale, but each has unique challenges. The Receiver is evaluating sale alternatives and potential abandonment of some of the properties.

¹ Docket No. 1.

² Docket No. 1043.

A. **Real Property Sales Closed During the Reporting Period.** On June 1, 2017, the Court entered an *Order* approving the sale of Elkhorn Lot Nos. 6 & 7 for a total sum of \$44,000.00.³ The sale closed on June 9, 2017 with net proceeds of \$39,483.79 being paid to the Receivership Estate.

B. **Property Offers Subject to Court Approval.** No offers were accepted by the Receiver for other Receivership properties during the Reporting Period.

C. **Expressway Business Park.** On April 21, 2017, the Court entered an *Order Appointing Appraiser for Expressway Business Park Land.*⁴ The Receiver obtained the appraisal on July 12, 2017, after the close of the Reporting Period. The Receiver anticipates filing a motion to sell this property based on the new appraised value shortly, and the appraised value as well as the proposed sale will be discussed in the Receiver's next status report.

III.

STATUS OF REAL ESTATE INTERESTS

A. **Assignments of Beneficial Interest ("ABIs").** As noted in prior Status Reports, all but three of the 349 ABIs issued by National Note to investors have been voluntarily released or resolved. This Court has ruled that the remaining three ABIs are invalid⁵ but the holders of those ABIs filed an appeal of the Court's Judgment on December 22, 2016 (the "ABI Appeal").⁶

³ Docket No. 1295.

⁴ Docket No. 1275.

⁵ *Klein v. Adams*, Civil No. 2:14-CV00614, Docket No. 525 (Memorandum Decision entered Oct. 25, 2016); Docket No. 526 (Judgment entered Nov. 14, 2016).

⁶ Case No. 16-4215 (10th Cir.).

Mediation efforts by the Tenth Circuit mediator did not result in a settlement. Thus, the ABI Appeal is proceeding. As of the close of the Reporting Period, the briefing had been completed and the parties are awaiting a decision by the Tenth Circuit. Although oral argument was requested by the Appellants, at this time, the Court has not notified the parties that it intends to conduct argument.

B. Deeds of Trust. Of the thirteen properties on which deeds of trust had been recorded at the time of the Receiver's appointment, all deeds of trust have been satisfied or released except as to the two properties noted below.

1. Overland Trails, Eagle Mountain, Utah: There are six deeds of trust remaining and recorded against this property, claiming to secure a total of \$252,136.91 in debt. The Receiver does not believe that all of these deeds of trust are valid, but he is attempting to sell the property before incurring expense to dispute the interests.

2. Expressway Business Park, Spanish Fork, Utah: There are three remaining deeds of trust recorded against this property, which are held by Westar Equities, Jeff Sessions, and Evolution Holdings. Westar Equities maintains that it is owed the principal amount of \$9,634.30 plus accrued interest. The interests of Sessions and Evolution Holdings are in unspecified amounts, but the Receiver believes that the purported debts relate to tenant improvements that were promised by National Note but never completed. Because the Receiver believes that National Note holds a superior lien that was effective before the dates of the deeds of trust given to Sessions and Evolution Holdings, the Receiver intends to contest the Sessions and Evolution Holdings deeds of trust.

IV.

LITIGATION/SETTLEMENTS/COLLECTIONS

The following occurred during the Reporting Period with regard to litigation:

A. **Wilton Battles Judgment.** In 2013, the Court approved a settlement between the Receiver and Mr. Battles. Included as part of that settlement agreement was a confession of judgment that the Receiver could file in the event of default. Mr. Battles ultimately defaulted, and during the Reporting Period, the Receiver sought entry of the confession of judgment in accordance with the settlement agreement. On May 5, 2017, the Court entered judgment against Mr. Battles in the amount of \$24,876.82.⁷

B. **Green Apple Settlement.** In May, 2017, the Receiver filed a *Renewed Motion Seeking Approval of Settlement Agreement With Green Apple Holding LLC*.⁸ This matter involved claims held by the Receivership Estate related to a tax sale of Florida real property on which National Note held a mortgage. The Court held a hearing on June 30, 2017 and requested additional information from the Receiver. Just after the close of the Reporting Period, on July 10, 2017, the Receiver filed a *Supplemental Memorandum* in support of the motion,⁹ and the Court thereafter entered an *Order* granting the motion.¹⁰ This settlement agreement will be discussed in the next status report.

⁷ *Klein v. Battles*, 2:13-cv-00560-TC, Docket Nos. 9 & 11.

⁸ Docket No. 1291.

⁹ Docket No. 1303.

¹⁰ Docket No. 1306.

C. Star Pointe Settlement. On June 7, 2017, the Receiver filed a *Motion Seeking Approval of Settlement Agreement With Star Pointe Development, LLC and Star Pointe Partners, LLC*.¹¹ The Court held a hearing on the motion on June 30, 2017, and entered an *Order* granting the motion and approving the settlement agreement just after the close of the Reporting Period, on July 6, 2017.¹² Under the settlement agreement, the Receivership Estate will receive \$10,000 to resolve its claims in certain litigation related to tax rebates. This amount is in addition to the \$70,000 the Receivership Estate received earlier in connection with the foreclosure of property owned by Star Pointe Development, LLC.

D. Collection Efforts on Judgments. The Receiver has pursued collection of 32 judgments and unpaid settlements that he previously obtained on behalf of the Receivership Estate. For each of the judgments, the Receiver investigated the collectability of the judgments, including in many cases (where the amount of the judgement warranted), the employment of a private investigation firm to research the assets that might be available to satisfy the judgments. As a result of his research, the Receiver determined that it would be most beneficial to the Receivership Estate to abandon efforts to collect on 16 of the 32 judgments due to the inability to collect based on, among other things, bankruptcy discharge or lack of assets held by the judgment debtor. Three judgments have been collected previously. Of the 13 remaining judgments, one may not be collectable due to bankruptcy, but the Receiver has continued his efforts during the Reporting Period to execute and collect on the remaining judgments. During

¹¹ Docket No. 1297.

¹² Docket No. 1300.

the Reporting Period, the following three recoveries were obtained:

1. Christy Palmer. Ms. Palmer is the wife of Defendant Wayne Palmer. After the Receiver filed a lawsuit against her related to transfers that she had received from Mr. Palmer or National Note, Ms. Palmer filed for bankruptcy several times. In her last Chapter 7 bankruptcy case, the Receiver filed a proof of claim for the Receivership Estate's claims, and the Chapter 7 trustee ultimately made a distribution in May 2017 to the Receiver from Ms. Palmer's non-exempt assets in the total amount of \$1,120.05. This matter is now closed.

2. Timothy and Kellie McKenna. The Receiver obtained a default judgment against the McKennas in July 2015 in the total amount of \$16,565.20. This judgment was domesticated in Nevada, where the McKennas reside. During the Reporting Period, the McKennas paid \$11,500 to the Receivership Estate in exchange for a release of the judgment. This matter is now closed.

3. Joe and Catherine Lovato. The Receiver obtained a judgment against the Lovatos on January 13, 2017 in the total amount of \$47,558.57. As part of his execution of the judgment, the Receiver commenced a garnishment proceeding and succeeded in garnishing \$23,337.60 from a bank account controlled by the Lovatos. At a state court hearing on the garnishment, the Lovatos agreed to relinquish any claim to the garnished funds and to pay an additional \$16,662.40, for a total of \$40,000 in satisfaction of the judgment. The Receiver agreed to this compromise, and \$16,662.40 was paid to the Receivership Estate on June 30, 2017. The garnished funds were turned over to the Receiver just after the close of the Reporting Period. This matter is now closed.

V.

INITIAL DISTRIBUTION

On November 14, 2016, the Receiver distributed \$4.49 million to the holders of “Allowed Claimants” who were entitled to a distribution under the *Plan of Distribution* that was approved by the Court. All distribution payments related to the initial distribution have now cleared.

VI.

FINANCIAL ANALYSIS

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

1. **Bank Accounts.** The Receiver maintains two bank accounts for the operation of the Receivership Estate: a general operating account (the “Operating Account”) and an account holding the net proceeds of real estate sales to which disputed interests have attached (the “Real Estate Account”).¹³ The balances in these accounts as of the close of the Reporting Period are as follows:

Account	Account Balance
Operating Account	\$981,324.83
Real Estate Account	\$961,257.76
TOTAL	\$1,942,582.59

¹³ 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 \$122,940.53, and is in addition to the amounts reported below.

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	\$7,650.00
Real estate sale net proceeds	\$39,483.79
Collections on judgments	\$29,282.45
Interest	\$263.40
TOTAL	\$76,679.64

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
Real estate notice publication	\$143.86
Legal fees for collection counsel	\$6,076.63
Other operating expenses	\$49.56
TOTAL	\$6,270.05

4. Real Estate Account Deposits and Withdrawals. The only transactions in the Real Estate Account were deposits of accrued interest.

5. SFAR. Attached as **Exhibit B** is a copy of the Standardized Fund Accounting Report for the Reporting Period

6. Administrative Expenses. On June 1, 2017, the Court entered an Order approving the *Eleventh Interim Fee Application* for the Receiver and his counsel, covering the period from January 1, 2017 to March 31, 2017.¹⁴ On that date, the Receiver paid \$13,505.00 to the Receiver and his firm, and \$30,541.69 to Dorsey & Whitney LLP.

¹⁴ Docket No. 1294.

For the current Reporting Period, the Receiver and his staff have spent a total of 74.5 hours on behalf of the Receivership Estate. Billable services provided by the Receiver during the Reporting Period total \$12,207.50. Dorsey & Whitney LLP's total fees and expenses incurred during the Reporting Period are in the total amount of \$60,685.07.¹⁵

VII.

NEXT STEPS

The Receiver anticipates addressing the following priorities in the coming months:

1. Litigation, Settlements, and Appeal. At this time, with the exception of the ABI Appeal discussed above and actions taken to execute on judgments, all litigation has been finally adjudicated or otherwise resolved. As discussed in Part IV.A above, the Receiver will likely be required to commence litigation against investors who have defaulted under Court-approved settlement agreements.
2. Collection of Judgments. The Receiver anticipates continuing his efforts to collect on judgments that have been entered in favor of the Receivership Estate.
3. Property Sales. The Receiver will continue his efforts to sell the remaining real estate held by the Receivership Estate.

¹⁵ 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 earlier Status Reports and the interim Fee Applications.

VIII.

CONCLUSION

Administration of the Receivership Estate is in a phase where progress may be slow. The Receiver anticipates that in the near future, the ABI Appeal will be decided. As noted above, the remaining real property will take additional time and collection efforts related to judgments and defaulted settlement agreements may be protracted and difficult. The Receiver will continue his efforts to close the Receivership Estate as efficiently and quickly as possible.

DATED this 11th day of August, 2017.



WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above **TWENTIETH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER** was filed with the Court on this 11th day of August, 2017, and served via ECF on all parties who have requested notice in this case.

/s/ Candy Long_____

EXHIBIT A

REAL PROPERTIES--STATUS

As of 6/30/17. 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-41 Building Lots	Malad, ID	Varies			Marketed for sale through broker; several lots sold (described below)
	Lots #6 & 7		70,000	44,000	39,483.79	Sale approved [Docket No. 1295]. Sale closed 6/9/17
10	Deer Meadows	Duchesne Co., UT	72,000			Marketed for sale through broker; lien releases obtained
20	Overland Trails	Eagle Mtn., UT	340,000			Appraisal obtained; being marketed; numerous trust deed liens
23	Expressway Business Park-Land	Spanish Fork, UT	1,250,000			Motion for sale for \$250,000 denied. Continuing to market property
29	Bear Grove Industrial Park-Block 1, Lot 4	Byron, MN	285,000			Bond encumbrance; property is being marketed through broker

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				Lots sold to date are:
	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 #3		35,000	22,000	19,344.67	Sale approved [Docket No. 1261]. Sale closed 1/31/17
	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
4	Elkhorn Ridge-4 Undeveloped Parcels	Malad, ID	250,000	240,000	226,369.05	Sale approved [Docket No. 1173]. Sale closed 9/9/16
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
7	Ogden Office Building (49% ownership)	Ogden, UT	699,000	600,000	241,836.07	Sale approved via auction [Docket No. 1042]. Sale closed 1/6/16
8	Summit Park Lot	Summit Park, UT	40,000	37,500	32,477.61	Sale approved [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 #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 #8		37,000	37,000	31,554.15	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
	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 #33		37,000	37,000	30,775.92	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 #40		37,000	37,000	30,911.96	Sale approved to builders [Docket No. 293] Sale closed 9/25/13
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 #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 #54		37,000	37,000	31,554.16	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
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
21 Cedar Fort Land (Fairfield)-85 Acres	Fairfield, UT	255,000	213,925	242,656.49	Sale approved [Docket No. 1186]. Sale closed 8/12/16
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 #A-2		159,750	148,200	118,730.60	Sale Approved [Docket No. 1099] Sale closed 3/22/16
Lot #C-2		34,200	30,780	24,136.91	Sale Approved [Docket No. 1075] Sale closed 3/1/16
Lot #F		32,300	31,000	24,733.41	Sale approved [Docket No. 988] Sale closed 8/24/15
Lot #F-3		35,150	31,635	24,887.93	Sale Approved [Docket No. 1075] Sale closed 3/1/16
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 #14		35,150	31,635	6,525.25	Sale Approved [Docket No. 1075] Sale closed 3/1/16
Lot #15		33,250	29,925	6,254.50	Sale Approved [Docket No. 1075] Sale closed 3/1/16
Lot #17		30,400	24,000	21,752.44	Sale approved [Docket No. 829]. Sale closed 12/11/14
Lot #18		30,400	27,360	23,562.06	Sale Approved [Docket No. 1075] Sale closed 3/1/16
Lot #19		22,800	18,600	-1,200.46	Sale Approved [Docket No. 1068] Sale closed 1/25/16
Lot #20		22,800	18,600	-1,526.81	Sale Approved [Docket No. 1068] Sale closed 1/25/16
Lot #21		11,500	7,700	4,198.82	Sale approved [Docket No. 1256]. Sale closed 2/9/17
Lot #22					Sale approved [Docket No. 1256]. Sale closed 2/9/17
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
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
	Lot 3, Block 1 (Parcel #8510)		149,500	149,500	95,340.47	Sale approved [Docket No. 989] Sale closed 9/30/15
	Block 2, Lots 4-5		448,300	448,300	279,963.57	Sale at auction approved [Docket No. 1084] Sale closed 3/31/16
	Block 2, Lot 1		285,000	280,000	34,019.74	Sale approved [Docket No. 1118]. Sale closed June 15, 2016
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		10,182,116.00	9,826,743.92	7,093,453.28	

EXHIBIT B

Standardized Fund Accounting Report for National Note of Utah - Cash Basis

Receivership; Civil Court Docket No. 2:12-CV-00591 BSJ

Reporting Period 04/01/2017 to 06/30/2017

Fund Accounting (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 04/01/2017):	\$2,039,144.73		
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	\$0.00		
Line 3	Cash and Securities	\$0.00		
Line 4	Interest/Dividend Income	\$278.89		
Line 5	Business Asset Liquidation	\$39,483.79		
Line 6	Personal Asset Liquidation	\$0.00		
Line 7	Third-Party Litigation Income	\$36,932.45		
Line 8	Miscellaneous - Other	\$0.00		
	Total Funds Available (Lines 1 - 8)		\$2,115,839.86	
	<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	\$13,505.00		
	Line 10b Business Asset Expenses	\$6,270.05		
	Line 10c Personal Asset Expenses	\$0.00		
	Line 10d Investment Expenses	\$0.00		
	Line 10e Third-Party Litigation Expenses			
	1. Attorney Fees	\$30,541.69		
	2. Litigation Expenses	\$0.00		
	Total Third-Party Litigation Expenses	\$30,541.69		
	Line 10f Tax Administrator Fees and Bonds	\$0.00		
	Line 10g Federal and State Tax Payments	\$0.00		
	Total Disbursements for Receivership Operations	\$50,316.74		
	Disbursements for Distribution Expenses Paid by the Fund:			
Line 11	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	
	<i>Total Plan Development Expenses</i>	\$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:	\$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. Federal Account for Investor Restitution	\$0.00	
	(FAIR) Reporting Expenses	\$0.00	
	<i>Total Plan Implementation Expenses</i>	\$0.00	
	Total Disbursements for Distribution Expenses Paid by the Fund	\$0.00	
Line 12	Disbursements to Court/Other:		
	<i>Investment Expenses/Court Registry Investment</i>		
Line 12a	<i>System (CRIS) Fees</i>	\$0.00	
Line 12b	<i>Federal Tax Payments</i>	\$0.00	
	Total Disbursements to Court/Other	\$0.00	
	Total Funds Disbursed (Lines 9 - 12):		\$50,316.74
Line 13	Ending Balance (As of 06/30/2017):		\$2,065,523.12
Line 14	Ending Balance of Fund - Net Assets:		
Line 14a	<i>Cash & Cash Equivalents</i>	\$2,065,523.12	
Line 14b	<i>Investments</i>	\$0.00	
Line 14c	<i>Other Assets or Uncleared Funds</i>	\$0.00	
	Total Ending Balance of Fund - Net Assets		\$2,065,523.12

Other Supplemental Information:

	Detail	Subtotal	Grand Total
	<i>Report of Items NOT To Be Paid by the Fund:</i>		
Line 15	Disbursements for Plan Administration Expenses Not Paid by the Fund:		
	<i>Line 15a Plan Development Expenses Not Paid by the Fund:</i>		

	1. Fees:	\$0.00
	Fund Administrator	
	IDC	
	Distribution Agent	
	Consultants	
	Legal Advisers	
	Tax Advisers	
	2. Administrative Expenses	\$0.00
	3. Miscellaneous	\$0.00
	<i>Total Plan Development Expenses Not Paid by the Fund</i>	\$0.00
Line 15b	<i>Plan Implementation Expenses Not Paid by the Fund:</i>	
	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
	<i>Total Plan Implementation Expenses Not Paid by the Fund</i>	\$0.00
	<i>Tax Administrator Fees and Bonds Not Paid by the Fund</i>	\$0.00
Line 15c	<i>Fund</i>	\$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:	
	<i>Investment Expenses/Court Registry Investment</i>	
Line 16a	<i>System (CRIS) Fees</i>	\$0.00
Line 16b	<i>Federal Tax Payments</i>	\$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	<i># of Claims Received This Reporting Period</i>	0
Line 18b	<i># of Claims Received Since Inception of Fund</i>	468

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	429

Receiver: National Note of Utah, LC

By: Wayne Klein
(signature)

Wayne Klein
(printed name)

Receiver
(title)

Date: August 3, 2017

NNU SFAR - 2nd Quarter 2017

Line Breakdown							
	Line 2	Line 4	Line 5	Line 6	Line 7	Line 8	Total
Rent Received	\$0.00						
Overpaid Investors					\$36,932.45		
National Note			\$39,483.79	\$0.00	\$0.00		
Real Estate Holding			\$0.00				
Royalties Received						\$0.00	
Interest		\$278.89					
Refunds						\$0.00	
Witness Fees						\$0.00	
Advances by Receiver							
	\$0.00	\$278.89	\$39,483.79	\$0.00	\$36,932.45	\$0.00	\$76,695.13
	Line 10a	Line 10b	Line 10f	Line 10e-1	Line 10e-2	Line 11b-3	Total
Receivership Expenses	\$13,505.00	\$6,270.05	\$0.00	\$30,541.69	\$0.00	\$0.00	
Refund Deposit from Prior Period		\$0.00					
Adjustment - NNU Account		\$0.00					
	\$13,505.00	\$6,270.05	\$0.00	\$30,541.69	\$0.00	\$0.00	\$50,316.74
	Line 14a						
National Note	\$122,064.54						
Savings	\$122,940.53						
High-Yield Operating	\$859,260.29						
Real Estate Holding	\$59,582.40						
High-Yield Real Estate	\$901,675.36						
	\$2,065,523.12						

Created by James Shupe on 7/30/2017