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

SECURITIES AND EXCHANGE
COMMISSION,

Plaintiff,

vs.

NATIONAL NOTE OF UTAH, LC, a Utah
Limited Liability Company and WAYNE
LaMAR PALMER, an individual,

Defendants.

**RECEIVER'S MOTION FOR
APPROVAL OF (1) PROPOSED
DISTRIBUTION METHODOLOGY
AND PLAN OF DISTRIBUTION, AND
(2) PROPOSED INITIAL
DISTRIBUTION, AND
MEMORANDUM IN SUPPORT**

Civil No. 2:12-00591

The Honorable Bruce S. Jenkins

YOU ARE RECEIVING THIS MOTION BECAUSE YOU HOLD AN ALLOWED CLAIM IN THIS CASE OR YOUR DISPUTED CLAIM IS NOT RESOLVED AT THIS TIME. THE RECEIVER IS SEEKING AN ORDER FROM THE COURT APPROVING A DISTRIBUTION PLAN UNDER WHICH HE WILL MAKE CASH DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS AS DISCUSSED BELOW.

YOU DO NOT NEED TO TAKE ANY ACTION IF YOU AGREE WITH THE DISTRIBUTION METHODOLOGY AND PLAN OF DISTRIBUTION PROPOSED BY THE RECEIVER.

IF YOU WANT TO CONTEST RECEIVER'S PLAN, YOU MUST FILE A WRITTEN OBJECTION WITH THE COURT BY NO LATER THAN SEPTEMBER 20, 2016.

ABSENT THE FILING OF A WRITTEN OBJECTION, THE RECEIVER WILL REQUEST THAT THE COURT APPROVE HIS PROPOSED PLAN OF DISTRIBUTION OUTLINED BELOW.

R. Wayne Klein, as receiver (the “Receiver”) for National Note of Utah, LC and its affiliated entities (“National Note”) and the assets of Defendant Wayne LaMar Palmer, by and through his counsel of record, hereby requests that the Court enter an Order approving (1) the Receiver’s proposed methodology for distributing liquidated funds of the Receivership Estate to claimants holding allowed claims and a plan of distribution, and (2) the Receiver’s proposed initial distribution. In support hereof, the Receiver states as follows.

I.

CLAIMS IMPACTED BY THIS MOTION

1. 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* which, among other things, set November 3, 2015 as the “Bar Date” for claimants to submit Proofs of Claim to the Receiver.¹

2. A total of 467 Proofs of Claim have been submitted to the Receiver.

3. The Receiver has filed numerous *Motions* requesting that the recommendations made in his *Initial Claims Report*² be adopted by the Court, and objecting to the allowance of certain Proofs of Claim that were submitted to him after the Bar Date and the filing of his Report (the “Claim Motions”).³ Through the Claim Motions, the Receiver has requested the allowance or disallowance of all 467 Proofs of Claim that have been submitted to him.

¹ Docket No. 999.

² Docket No. 1088.

³ Docket Nos. 1089, 1092, 1093, 1123, 1156, 1163, and 1164.

4. The Court has now entered *Orders* on each of the Claim Motions, resolving all disputed Proofs of Claim with the exception of four Proofs of Claim (“ABI Proofs of Claim”) submitted by holders of Assignments of Beneficial Interest (“ABIs”).

5. The amount of each of the investors’ Allowed Claims is based on each investor’s “net principal investment”, *i.e.*, the sum of the total cash invested less all cash distributions received—or, the total cash lost by an investor.

6. Pursuant to these *Orders*,⁴ a total of 437 of the 467 Proofs of Claim submitted to the Receiver have been allowed in the amount asserted or in a reduced amount. As a result of the approval of a settlement agreement, two of these 437 allowed Proofs of Claim has been withdrawn, leaving 435 allowed Proofs of Claim (the “Allowed Claims”).⁵ Attached hereto as Exhibit A is a list disclosing each of the 435 Allowed Claims identified by Proof of Claim number, the amount of each Allowed Claim as set by Court Order, and the percentage of each claimant’s principal investment that had been paid by National Note as of the date that the Receiver was appointed. Allowed Claims are in the total amount of \$47,594,478.47.⁶

⁴ Docket Nos. 1116, 1142-1146, 1150-1151, 1153, 1157, 1167, 1182-1183, 1185.

⁵ Proof of Claim No. 1323, which was one of the Proofs of Claim allowed in a reduced amount, *see* Docket No. 1116, has been withdrawn pursuant to a settlement agreement that was approved by the Court. *See* Docket No. 1098. Recently, the holder of Proof of Claim No. 1062 notified the Receiver that his Proof of Claim should be deemed withdrawn because amounts the Receiver was attempting to collect from Carlton Gentry and Kleen Water Power in a separate ancillary proceeding, *see Klein v. Kleen Water Power*, Civil No. 13-cv-00500-CW-EJF, were amounts that should have been counted as distributions against amounts he paid to Old Glory Mint. In light of this new information, the Receiver has ceased his litigation efforts against Carlton and Kleen Water Power, and will file appropriate papers to have that matter dismissed.

⁶ *See* Exh. A. The Court has entered Orders approving Allowed Claims in a total amount of \$47,622,599.98. In preparing this distribution recommendation, the Receiver discovered \$110.32 in calculation errors by claimants and by the Receiver relating to five claims. Thus, the correct amount of Allowed Claims is \$47,622,710.30. *See* Exh. A.

7. The unresolved four ABI Proofs of Claim are listed in the attached Exhibit B, together with the amount asserted by each of these claimants, and the percentage of each claimants' principal investment that had been paid by National Note as of the date that the Receiver was appointed. The ABI Proofs of Claim assert claims in the total amount of \$749,176.38. These Proofs of Claim are disputed by the Receiver. The Court has reserved any determination of the allowance of the ABI Proofs of Claim⁷ pending the outcome of *Klein v. Adams et al.*, Case No. 2:14-CV-00614 (D. Utah) (the "ABI Suit"). While the Receiver reserves the right to object to these four ABI Proofs of Claim after the conclusion of the ABI Suit, this Motion assumes that ABI Proofs of Claim are allowable in the amounts asserted.⁸ Distributions will be calculated for these claimants, but no distribution will be made to them pending a determination of the allowance or disallowance

II.

PROPOSED INITIAL DISTRIBUTION

8. Prior to the Receiver's appointment, National Note was operated as a Ponzi scheme. Many of the assets that National Note held as of the date of the Receiver's appointment were worth far less than had been disclosed to investors, and in many cases were not being managed appropriately or had been acquired for inflated sums.

⁷ Docket Nos. 1147 and 1151.

⁸ See Exh. B. The Receiver reserves the right to object to the ABI Proofs of Claim, if necessary, after judgment is entered in the ABI Suit. If judgment is entered in the ABI Suit invalidating the ABIs in question, based on prior rulings of the Court, the Receiver anticipates that the ABI Proof of Claims will be allowed claims in this case based on net principal investment amounts. In that event, the Receiver would request an order allowing two of the ABI Proofs of Claim in reduced amounts inasmuch as the Receiver's records show that two of the ABI Proofs of Claim are asserted in amounts that exceed their respective net principal investments. In the event that judgment is entered in the ABI Suit holding the ABIs to constitute valid interests against real property of the Receivership Estate, the Receiver would want to evaluate the nature of the holding and its impact on the ABI Proofs of Claim and make any appropriate objections if necessary.

9. Consistent with his duties, the Receiver has endeavored to discover and maximize the value of these assets for the benefit of investors, and has made significant strides in liquidating many assets of the Receivership Estate. Based on his efforts, the Receiver has liquidated a significant portion of the Receivership Estate's assets, and he believes that it is now appropriate to make an initial distribution to holders of Allowed Claims.

10. At this time, taking into account reserves for disputed real estate claims and costs of administration, the Receiver recommends that \$4,500,000.00 be distributed in accordance with the plan of distribution that he recommends below. The Receiver anticipates that this \$4,500,000.00 distribution will be an initial distribution and that at least one more distribution will be made in the future.

11. The distribution methodologies and the plan of distribution proposed herein, if approved, applies to the proposed initial distribution and all future distributions.

III.

PROPOSED DISTRIBUTION METHODOLOGIES

12. Now that Proofs of Claim have been submitted and allowed or disallowed, the Receiver is charged with recommending a plan of distribution that provides for the most equitable distribution of the assets of the Receivership Estate to those holding the Allowed Claims set forth on Exhibit A, and potentially, if ultimately allowed, to those holding the ABI Proofs of Claim listed on Exhibit B.

13. While all holders of Allowed Claims have lost money in this Ponzi scheme, some have lost the entire sum of cash they invested, while others recovered some of that cash from distributions they received from National Note prior to the collapse of the Ponzi scheme.

14. For each party affected by this Motion, the Receiver has divided the total cash paid to the investor (if any) prior to the Receiver's appointment by the total amount of the investor's principal investment (*i.e.*, the total cash paid to National Note) to determine the "Pre-Receivership Percentage Return" for that investor. The Pre-Receivership Percentage Return for each claimant is listed on Exhibit A and Exhibit B. The following table is a summary of the Pre-Receivership Percentage Returns in this case, categorized in 10% increments.

Return of Cash Invested (Pre-Receivership Percentage Return)	Number of Claimants	Total Claim Amounts
0%	119	\$8,444,705.72
1-9%	52	\$8,209,520.45
10-19%	44	\$6,181,692.76
20-29%	25	\$6,981,884.10
30-39%	42	\$4,634,256.99
40-49%	29	\$2,764,373.05
50-59%	35	\$4,699,194.75
60-69%	29	\$2,263,494.32
70-79%	33	\$3,386,368.52
80-89%	16	\$444,289.78
90-99%	15	\$333,874.41
Total	439	\$48,343,654.85

So, for example, 119 claimants holding Allowed Claims were paid nothing prior to the Receiver's appointment (*i.e.*, have a 0% Pre-Receivership Percentage Return), and their aggregate claims total \$8,444,705.72.

15. Because there will not be sufficient funds to pay all \$48 million in claims, the Receiver has considered the use of different distribution methodologies typically employed in Ponzi scheme cases with the goal of proposing a plan of distribution that is most fair and equitable to all victims.

16. The most common distribution methodologies implemented in Ponzi scheme cases are a straight *pro rata* approach and a "rising tide" approach.

17. Under a *pro rata* approach, available funds are distributed to all holders of allowed claims on a *pro rata* basis, regardless of how much the claimants were paid from the Ponzi enterprise before its collapse. Thus, the Pre-Receivership Percentage Return is irrelevant--those investors who recovered a large portion of the cash they paid to National Note would receive the same percentage of the initial distribution as those investors who lost all of their investment up to the amount of an allowed claim.⁹

18. Under a rising tide approach, on the other hand, the Receiver takes into account cash distributions that claimants were paid prior to the Ponzi enterprise's collapse—making the Pre-Receivership Percentage Return relevant. Available funds are distributed on a *pro rata* basis first to those holders of allowed claims who were paid little or nothing from the Ponzi enterprise. Once these receivership distributions help these holders “catch up” with holders who had prior distributions —*i.e.*, their return from funds paid by the Receiver nears the Pre-Receivership Percentage Return of investors who were paid during the Ponzi operation, distribution of any additional funds is paid to the next lowest-paid tier of investors.

19. The data in the above table illustrate the divergent results that will occur in this case if a pure *pro rata* approach is used or a pure rising tide approach is used. Under the *pro rata* approach, equal percentage distributions would be made to all holders of Allowed Claims, including holders who have already been paid back more than 90% of the cash that they invested. Under the rising tide methodology, on the other hand, funds would be distributed to those holders of Allowed Claims who lost the greatest share of their cash, but with many

⁹ Thus, if a claimant was to receive more than 100% of its net principal investment as a result of a *pro rata* distribution, the amount of the *pro rata* payment to that claimant would be reduced so that claimant only receives the amount of its allowed claim or its net principal investment. In this case, only one claim exists where the *pro rata* distribution amount would be reduced to ensure that the claimant will not receive more than 100% of the claimant's net principal investment amount (Proof of Claim No. 1333).

claimants holding Allowed Claims receiving nothing. Under this scenario, an initial distribution would only be made to those holders of Allowed Claims with a Pre-Receivership Percentage Return of less than approximately 24%, which would amount to approximately one-half of all victims receiving a distribution with all others receiving nothing at this time.

III.

PROPOSED PLAN OF DISTRIBUTION

20. The Receiver proposes making an initial distribution as set forth in paragraphs 22-30 below, and at least one additional future distribution as set forth in paragraphs 31-33 below. The Receiver has consulted with the Securities and Exchange Commission (“SEC”) regarding the plan of distribution recommended herein, and the SEC has informed the Receiver that it supports this recommendation.

21. The Receiver submits that the proposed plan of distribution outlined below is reasonable, fair and equitable given the circumstances in this case, and should be approved.

Initial Distribution

22. As stated above, the Receiver currently believes that \$4,500,000.00 of the funds he has on hand should be distributed at this time.

23. After analysis and thoughtful consideration, the Receiver recommends that the Court approve a distribution methodology for this initial distribution that includes both a *pro rata* distribution and a rising tide distribution. Under his hybrid approach, \$1,500,000.00 of the \$4,500,000.00 would be distributed *pro rata* to all holders of Allowed Claims, and \$3,000,000.00 will be distributed under a rising tide approach. This will allow all victims in this case to receive a distribution, but those who lost the greatest amount of cash will receive a larger proportionate share of the distribution.

Proposed Pro Rata Distribution

24. As noted, the Receiver proposes distributing \$1,500,000.00 in his initial distribution on a *pro rata* basis to all holders of Allowed Claims, and would reserve amounts that might be payable on account of the ABI Proofs of Claim in the event that they were ultimately allowed as asserted. The amount of the *pro rata* distribution percentage is calculated by dividing the total proposed distribution in the amount of \$1,500,000.00 by \$48,343,654.85, the adjusted total amount of all Allowed Claims plus the face amount of the disputed ABI Proofs of Claim.

25. In so doing, each holder of an Allowed Claim will receive a distribution in the amount of 3.10% of the total amount of the claimant's Allowed Claim, and the Receiver would reserve 3.10% of the face amount of each disputed ABI Proof of Claim until such time as such Proofs of Claim are allowed or disallowed.¹⁰

26. The chart attached as Exhibit C sets forth the *pro rata* distribution proposed in the initial distribution. Exhibit C-1 lists the proposed distributions by Proof of Claim numbers. Exhibit C-2 lists the proposed distributions by the percentage of distributions received.

Rising Tide Distribution

27. As noted, the Receiver proposes distributing \$3,000,000.00 in his initial distribution on a rising tide basis to all holders of Allowed Claims, and would reserve amounts that might be payable on account of the ABI Proofs of Claim in the event that they may be ultimately allowed as asserted and are entitled to a distribution under the rising tide methodology.

¹⁰ If disallowed, the funds reserved would be made available in a subsequent distribution to holders of Allowed Claims. If allowed, the funds reserved would be paid to the holders of the ABI Proofs of Claim based on the amount of the claim allowed by the Court.

28. Under the rising tide methodology, each holder of Allowed Claims who has a Percentage Return, after the *pro rata* distribution, in an amount less than 20.05% will receive a distribution. If the Percentage Return is more than 20.05%, no distribution will be made to the claimant as part of the initial distribution under the rising tide distribution.

29. For those entitled to a distribution, the amount of each distribution will be in an amount that brings the claimant's return of cash invested to 20.05%. For the one holder of the disputed ABI Proofs of Claim that fits in this category, the Receiver will reserve the funds that would be distributed until such time as the ABI Proofs of Claim are allowed or disallowed by the Court.¹¹

30. The chart attached hereto as Exhibit D sets forth the rising tide distribution proposed in the initial distribution. Exhibit D-1 lists the proposed distributions by Proof of Claim numbers. Exhibit D-2 lists the proposed distributions by the percentage of distributions received.

Future Distributions

31. As noted above, it is anticipated that there will be at least one additional distribution in this case. The Receiver is recommending that the rising tide approach be applied to any future distribution.

32. The Receiver will file a notice of any future distribution with the Court which will include disclosure of the amount that the Receiver proposes distributing, and the distributions that will be made under the rising tide distribution method.

33. The Receiver submits that the approach recommended for future distributions is fair and equitable and should be approved.

¹¹ If disallowed, the funds reserved would be made available for a subsequent distribution to other holders. If allowed, the funds reserved would be paid to the holders of the ABI Proofs of Claim based on the amount of the claim allowed by the Court.

IV.

NOTICE AND OPPORTUNITY TO FILE OBJECTIONS

34. All holders of Allowed Claims will be affected by the relief sought herein. Additionally, the holders of the unresolved ABI Proofs of Claim may be affected by this Motion.

35. As a result, holders of the Allowed Claims and the ABI Proofs of Claim should be given notice of this Motion and an opportunity to object.

36. Accordingly, this Motion is being served on all affected parties, and such parties are informed that they have thirty (30) days from the date of the filing of this Motion to file a written objection to the Motion with the Court.

37. The Motion also will be posted on the Receivership website.

V.

MEMORANDUM OF LAW

38. A key objective of receiverships is to distribute recovered funds to defrauded investors as fairly and expeditiously as possible.¹²

39. It is well established that the Court has broad discretion in fashioning relief in equity receiverships.¹³ While the SEC or a receiver may recommend a distribution plan, it is the Court that approves a plan of distribution.¹⁴

40. Because distribution plans are based on equitable principles,¹⁵ the overarching test in determining whether to approve a plan of distribution is whether the proposed distribution

¹² *VesCor Capital Corp. v. Valle Verde L.P., et al.*, No. 2:07-CV-0363 (Memorandum Decision and Order to Transfer Funds from Interpleader and to Release Funds for Use by the Receivership in Valle Verde, Jan. 29, 2009) (D. Utah) (Benson, J.).

¹³ *SEC v. Forex Asset Mgmt., LLC*, 242 F.3d 325, 328 (5th Cir. 2001); *SEC v. Credit Bancorp, Ltd.*, 290 F.3d 80, 91 (2d Cir. 2002); *SEC v. Hardy*, 803 F.2d 1034, 1037-39 (9th Cir. 1986).

¹⁴ *SEC v. 4NExchange, et al.*, No. 2:02-CV-0431 (Order Approving First Plan of Partial Distribution, Feb. 16, 2005) (D. Utah) (Kimball, J.).

plan is “fair and reasonable.”¹⁶ Distribution plans approved by the court may set forth how future distributions will be handled.¹⁷ Receivers may segregate funds that are subject to still-pending objections so the distribution can proceed for non-objecting claimants.¹⁸

41. Distribution plans do not have to please all claimants; “line drawing in distribution plans inevitably leaves out or disadvantages some claimants.”¹⁹ Courts in this District have approved distribution plans that include a rising tide methodology²⁰ and hybrid approaches that incorporate pro rata and rising tide components.²¹

42. The Receiver believes that the plan of distribution outlined above is fair and reasonable and should be approved.

¹⁵ *Broadbent v. Advantage Software, et al.*, No. 2:02-CV0039 (Order and Memorandum Decision, Sep. 17, 2009) (D. Utah) (Campbell, J.).

¹⁶ *SEC v. Wealth Mgmt., LLC*, 628 F.3d 323, 332-33 (7th Cir. 2010). *Accord, SEC v. 4NExchange, et al.*, No. 2:02-CV-0431 (Order Approving First Plan of Partial Distribution, Feb. 16, 2005) (D. Utah) (Kimball, J.).

¹⁷ *Commodity Futures Trading Commission v. U.S. Ventures LC, et al.*, No.2:11CV0099 (Order Granting Receiver’s Motion Proposing Plan of Distribution, Jun. 30, 2014) (D. Utah) (Jenkins, J.).

¹⁸ *SEC v. 4NExchange, et al.*, No. 2:02-CV-0431 (Order Approving First Plan of Partial Distribution, Feb. 16, 2005) (D. Utah) (Kimball, J.).

¹⁹ *SEC v. 4NExchange, et al.*, No. 2:02-CV-0431 (Order Approving First Plan of Partial Distribution, Feb. 16, 2005) (D. Utah) (court held hearing on proposed distribution plan and objections) (Kimball, J.). *Accord, SEC v. TLC Inv. & Trade Co.*, 147 F. Supp.2d 1031, 1042 (C.D. Ca. 2001).

²⁰ *SEC v. 4NExchange, et al.*, No. 2:02-CV-0431 (Order Approving First Plan of Partial Distribution, Feb. 16, 2005) (D. Utah) (Kimball, J.). *See also U.S. Commodity Futures Trading Commission v. Wilson*, 2013 WL 3776902 at *5 (S.D. CA, July 17, 2013) (“consideration of prior withdrawals as a full or partial satisfaction results in a fair method for a majority of the defrauded customers”); *CFTC v. Lake Shore Asset Management, Ltd.*, No. 07C3598, 2010 WL 960362, at *7-10 (N.D. Ill. Mar. 15, 2010); *CFTC v. Equity Financial Group, LLC*, No. Civ. 04-1512, 2005 WL 2143975, at *24-25 (D. N.J. Sept. 2, 2005); *CFTC v. Hoffberg*, No. 93C3106, 1993 WL 441984, at *2-3 (N.D. Ill. Oct. 28, 1993).

²¹ *Commodity Futures Trading Commission v. U.S. Ventures LC, et al.*, No.2:11CV0099 (Order Granting Receiver’s Motion Proposing Plan of Distribution, Jun. 30, 2016) (D. Utah) (Jenkins, J.).

43. As discussed above, the Receiver is proposing an initial distribution to be made upon approval of the plan set forth herein that employs a pro rata distribution of \$1,500,000.00 and a rising tide distribution in the amount of \$3,000,000.00. Future distributions will be made using a rising tide approach.

44. The Receiver submits that use of the hybrid distribution methodology proposed for the initial distribution is the most reasonable and fair for at least the following three reasons. First, as a result of the proposed *pro rata* distribution, every holder of an Allowed Claim will receive at least some portion of the funds that have been recovered. This recognizes the time and effort undertaken by these investors to submit Proofs of Claim and to assist the Receiver in his investigation and recovery of assets. Second, the Receiver anticipates that making a *pro rata* distribution to every holder of an Allowed Claim may reduce the likelihood of objections to the proposed distribution plan—objections that would otherwise increase the costs of administration and delay distributions. Third, as a result of the proposed rising tide distribution proposed as part of the initial distribution and future distributions, the bulk of recovered funds will benefit those investors most harmed by National Note’s fraud—those who received little or no return of the cash that they invested with National Note prior to the Receiver’s appointment.

45. The plan of distribution proposed by the Receiver herein is structurally identical to the plan of distribution approved by this Court in *U.S. Commodity Futures Trading Commission v. U.S. Ventures LC, et al.*²² The Receiver believes that the same rationale supporting the hybrid distribution plan in the *U.S. Ventures* case recommends its use here.

²² Case No. 2:11-CV-0099, Docket No. 367 (D. Utah) (Jenkins, J.) (Order Granting Receiver’s Motion Proposing Plan of Distribution, Jun. 30, 2014).

VI.

CONCLUSION

For the reasons stated herein, the Receiver requests that the Court enter the proposed form of Order attached hereto as Exhibit E (1) granting this Motion, (2) approving the distribution methodology and the proposed plan of distribution described above, (3) authorizing the Receiver to make an initial distribution to the holders of Allowed Claims in the amount of \$4,500,000.00 pursuant to the approved plan of distribution, and (4) authorizing the Receiver to reserve distributions related to the disputed ABI Proofs of Claim until such time as an order is entered allowing or disallowing such Proofs of Claim.

DATED this 24th day of August, 2016.

DORSEY & WHITNEY LLP

/s/ Peggy Hunt

Peggy Hunt

Attorneys for Receiver

CERTIFICATE OF SERVICE

I hereby certify that the above **RECEIVER'S MOTION FOR APPROVAL OF (1) PROPOSED DISTRIBUTION METHODOLOGY AND PLAN OF DISTRIBUTION, AND (2) PROPOSED INITIAL DISTRIBUTION, AND MEMORANDUM IN SUPPORT** was filed with the Court on this 24th day of August, 2016, and served via ECF on all parties who have requested notice in this case.

/s/ Candy Long

CERTIFICATE OF SERVICE – MAIL, OTHER

I hereby certify that on the 24th day of August, 2016, I caused to be served by regular first class United States Mail, postage fully paid, a true and correct copy of the **RECEIVER'S MOTION FOR APPROVAL OF (1) PROPOSED DISTRIBUTION METHODOLOGY AND PLAN OF DISTRIBUTION, AND (2) PROPOSED INITIAL DISTRIBUTION, AND MEMORANDUM IN SUPPORT** to the following:

Wayne Palmer
8816 South 2240 West
West Jordan, Utah 84088

/s/ Candy Long