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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.	TWENTY-FOURTH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER <i>For the Quarter Ending June 30, 2018</i> 2:12-cv-00591 BSJ The Honorable Bruce S. Jenkins
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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 Twenty-Fourth Status Report for the period April 1, 2018 through June 30, 2018 (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. On February 26, 2018, the Court rejected the plea agreements and set a firm trial date, with the three-week trial beginning September 14, 2018. Ms. Martin subsequently reaffirmed her plea agreement and on May 11, 2018 was sentenced to 16 months in prison followed by three years of probation and ordered to pay approximately \$2 million in restitution.

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, 2018. At the beginning of the Reporting Period, three primary properties remained in the Receivership Estate: 37 lots located in the “Elkhorn Ridge” subdivision in Malad, Idaho; the “Deer Meadows” property located near Duchesne, Utah; and

¹ Docket No. 1.

² Docket No. 1043.

the “Overland Trails” property located in Eagle Mountain, Utah. Progress was made in the sale of two of these three properties during the Reporting Period.

A. **Deer Meadows Sale Closed During the Reporting Period.** On April 24, 2018, the Receiver filed a *Motion Seeking Approval of (1) Public Sale of Property Free and Clear of Interests, (2) Method and Form of Publication Notice, and (3) Public Auction Procedures and Memorandum in Support*,³ requesting authority to sell the Deer Meadows property. The Court entered an *Order* granting this Motion and authorizing a public sale using a stalking horse bid.⁴ After notice of the public sale, the Receiver received no bidders in addition to the stalking horse bid, and therefore he did not hold an auction of the property. The sale of the property to the stalking horse bidder closed on June 6, 2018. A *Receiver's Notice of Public Sale Results* was filed on June 19, 2018 reporting that the Receivership Estate received \$34,506.47 in net sales proceeds from this sale.⁵

B. **Overland Trails Property Sale Awaiting Court Approval.** The Overland Trails property was the subject of numerous deeds of trust and tax liens securing alleged claims exceeding \$225,000. Given the value of the property, the total claims against it resulted in questionable equity for the Receivership Estate. In an effort to reduce administrative expense and ensure equity for the benefit of the Receivership Estate, the Receiver entered into settlement agreements with five holders of liens, agreeing to pay them compromised sums totaling

³ Docket No. 1367.

⁴ Docket No. 1369.

⁵ Docket No. 1392.

\$108,900 in exchange for their release of liens. On May 15, 2018, the Receiver filed a *Motion Seeking Approval of Settlement Agreements Relating to Liens on Overland Trails Property and Memorandum in Support*,⁶ seeking Court approval of these settlement agreements. The Court entered an *Order* granting this Motion on May 18, 2018.⁷ On May 19, 2018, in accordance with the approved settlement agreements, the Receiver paid \$108,900 to five lien holders, and their respective liens were released. In addition, the Receiver paid \$1,000 to Chad A. Timms, who held a second position deed of trust against the property, in exchange for a release of this lien, to avoid litigation costs. Thus, a total of \$109,900 was paid to lienholders to settle claims related to this property.

Subsequently, the Receiver received an offer to purchase the Overland Trails property for \$250,000. On June 22, 2018, the Receiver filed a *Motion Seeking Approval of (1) Public Sale of Property Free and Clear of Interests, (2) Method and Form of Publication Notice, and (3) Public Auction Procedures and Memorandum in Support*,⁸ seeking Court approval to sell the property at auction, using the \$250,000 offer as the opening bid. Although this Motion included a 2016 appraisal valuing the property at \$340,000, at the Court's request, the Receiver engaged a second appraiser to provide an appraisal of the property. On June 28, 2018, the Court entered an *Order Granting Receiver's Motion to Appoint Appraiser for Overland Trails Property*.⁹ The Receiver anticipates receiving this second appraisal during the next Reporting Period, and will supplement

⁶ Docket No. 1377.

⁷ Docket No. 1382.

⁸ Docket No. 1398.

⁹ Docket Nos. 1402, 1403.

his Motion at that time to include the appraisal. At that time, it is anticipated that the Court will consider the Motion.

C. **Remaining Properties.** If the Court approves the sale of the Overland Trails property, the only real estate left in the Receivership Estate will be the building lots in the Elkhorn Ridge development located near Malad, Idaho. Over the past six years, ten of these lots have sold, but 37 remain. The Receiver recently received offers to purchase two additional lots, which will be reported in the next Reporting Period. The Receiver is analyzing potential options related to the disposition of the remaining 35 lots.

III.

MISCELLANEOUS MATTERS

The following occurred during the Reporting Period with regard to claims and asset recovery:

A. **Final Resolution of the ABI Appeal.** As noted in prior Status Reports, National Note issued 349 Assignments of Beneficial Interests ("ABIs") to certain investors. Three hundred and forty-six of these ABIs were voluntarily released or were invalidated after the Receiver commenced litigation to invalidate the ABIs.¹⁰ Ultimately, this Court entered a *Memorandum Decision* and *Judgment* invalidating the three remaining ABIs,¹¹ but the holders of those ABIs ("Disputed ABIs") appealed to the United States Court of Appeals for the Tenth

¹⁰ See *Klein v. Adams*, Civil No. 2:14-CV00614.

¹¹ *Id.*, Docket No. 525 (Memorandum Decision entered Oct. 25, 2016); Docket No. 526 (Judgment entered Nov. 14, 2016).

Circuit.¹² On April 3, 2018, the Tenth Circuit dismissed the appeal, and a mandate in that appeal has now been entered.¹³ Accordingly, all litigation related to the ABIs is now complete and all of the remaining ABIs have been invalidated.

B. Resolution of Disputed Claims. As of beginning of this Reporting Period, all disputes related to Proofs of Claim had been resolved, with the exception of Proofs of Claim submitted by the holders of the Disputed ABIs (the “Disputed Claims”). Pursuant to an *Order Granting Receiver’s Motion for Approval of (1) Proposed Distribution Methodology and Plan of Distribution, and (2) Proposed Initial Distribution as Modified* (the “Initial Distribution Order”),¹⁴ the Receiver had reserved \$20,960.85 on account of the Disputed Claims in the event that they were ultimately allowed. On May 11, 2018, after the dismissal of the ABI appeal, the Receiver filed a *Motion Seeking Allowance of Previously Disputed Claims and Authorization to Release Funds*,¹⁵ which was granted by the Court by *Order* entered on May 14, 2018.¹⁶ Accordingly, at this time, all Disputed Claims have been resolved, and the Receiver paid the funds that had been on reserve on account of the previously Disputed Claims on May 15, 2018.

C. Deeds of Trust. Based on the Court’s approval of the settlement agreements with the holders of deeds of trust on the Overland Trails property discussed above, all deeds of trust against properties of the Receivership Estate have now been satisfied or released.

¹² *Klein v. Olson*, No. 16-4215 (10th Cir).

¹³ *Klein v. Adams*, Civil No. 2:14-CV00614, Docket No. 561.

¹⁴ Docket No. 1231.

¹⁵ Docket No. 1374.

¹⁶ Docket No. 1376.

D. Collection Efforts on Judgments and Defaulted Settlement Agreements. Out of 32 judgments the Receiver obtained, the Receiver is still pursuing collection efforts on six. The Receiver is also attempting to collect on one settlement where the overpaid investor stopped making required payments as required by the parties' agreement.

1. Utah Residents. The Receiver obtained judgments against Utah residents, known as the "Andreasens" and "Slaughter", which have not been paid. During the Reporting Period, the Receiver obtained state court supplemental orders related to the Andreasens and Slaughter requiring these debtors to appear and provide information about their finances and assets. The orders also prohibit the debtors from disposing of significant assets until the judgments are paid. As a result of these efforts, on June 2018, the Andreasens signed a settlement agreement under which they have agreed to pay \$49,636.99, the amount of the original judgment, by no later than September 1, 2018. Although Slaughter offered to a discounted settlement of the judgment in excess of \$100,000 against her, the Receiver rejected that offer and is evaluating the value of executing on that judgment, which is recorded against real property owned by Slaughter.

2. Joel Blakeslee ("Blakeslee"). The Receiver obtained a judgment in the amount of over \$32,000 against Blakeslee, a Nevada resident. A debtor examination was conducted in August 2017, which revealed his ownership of income property located in northern Nevada, and a home. The Receiver has recorded the judgments against these properties, and he plans to obtain appraisals and preliminary title reports to determine whether there is equity in the properties that would justify executing on the real estate.

3. Other Judgments. Three other unpaid judgments against defendants in other states have been referred to a law firm in New Jersey for collection.

4. Defaulted Settlement Agreement. Cory Palmer has failed to make payments under a settlement agreement he entered into with the Receiver. Mr. Palmer's attorney has informed the Receiver that Mr. Palmer has lost his employment and moved out of the area. The Receiver has asked for updated financial information to assist him in evaluating his collection options.

E. Collection of Amounts Owed Under Approved Settlement Agreements. The Receiver continues to collect installment payments owed under Court-approved settlement agreements. During the Reporting Period, two investors completed payment of all amounts they owe under their respective settlement agreements. Payments under two additional settlement agreements should be paid in full by December 31, 2018. A fifth settlement payment is conditioned upon the resolution of litigation between other parties. The attorney for the defendants in that matter has informed the Receiver that payment will likely be made by the end of the year.

IV.

DISTRIBUTIONS

A. The Initial Distribution. On November 14, 2016, pursuant to the Initial Distribution Order, 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 checks related to this initial distribution have now cleared.

As set forth above, in accordance with the Initial Distribution Order, the Receiver had

reserved \$20,960.85 of the funds distributed as part of the initial distribution on account of the Disputed Claims. On May 14, 2018, the Court entered an Order allowing the Disputed Claims and authorizing the release and distribution of these funds.¹⁷ These funds were distributed the following day.

B. The Second Distribution. On May 16, 2018, the Receiver filed a *Motion Seeking Authorization to Make Second Distribution*.¹⁸ At a hearing held on June 6, 2018 which was continued to June 8, 2018, the Court requested additional information about the distributions that had been made and the ones proposed. Accordingly, the Receiver filed an *Amended Motion Seeking Authorization to Make Second Distribution*,¹⁹ and after a hearing on June 21, 2018, the Court entered an *Order* granting the Motion.²⁰

Pursuant to that Order, the Receiver distributed on June 29, 2018, a total of \$2,005,394.41 to 228 holders of Allowed Claims entitled to a distribution under the rising tide methodology approved by the Court as part of the Initial Distribution Order. With the second distribution, all investors who lost money as a result of their National Note investments have recovered at least 27.57% of their net principal investment.

¹⁷ Docket No. 1376.

¹⁸ Docket No. 1379.

¹⁹ Docket No. 1387.

²⁰ Docket No. 1400. In conjunction with this Order, the Receiver also filed, at the Court's request, a schedule identifying the names of the investors to whom distributions had been and were scheduled to be made. See Docket Nos., 1387, 1388, 1390.

V.

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 used to hold deposits for the sales of real estate (the "Real Estate Account").²¹ The balances in these accounts as of the close of the Reporting Period are as follows:

Account	Account Balance
Operating Account	\$2,242,369.85
Real Estate Account	\$8,000.00
TOTAL	\$2,250,359.85

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	\$8,700.00
Sales of real estate	\$53,828.62
Bank interest	\$686.85
TOTAL	\$63,215.47

²¹ 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 \$122,002.01 and is in addition to the amounts reported below.

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
Title reports, notices, appraisals	\$2,774.41
Legal fees for collection counsel	\$45.00
Releases of liens on Overland Trails	\$109,900.00
TOTAL	\$112,719.41

4. Real Estate Account Deposits and Withdrawals. The Receiver transferred \$1,321,125.39 from the Real Estate Account on May 3, 2018 after the dismissal of the appeal related to the ABIs. The account remains open in the event it is needed to hold deposits relating to future real estate transactions, with \$8,000 in the account.

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

6. Administrative Expenses. On February 23, 2018, the Receiver filed a *Fourteenth Interim Fee Application* for the Receiver and his counsel for services rendered during the period of October 1, 2017 to December 31, 2017.²² The Court held a hearing on this application on April 30, 2018 and requested supplemental briefing from counsel on fees related to the ABI appeal, which was filed on May 11, 2018.²³ As of this time, the Court has not ruled on the application. The Receiver also filed a *Fifteenth Interim Fee Application* on June 21, 2018 for services rendered during the period of January 1, 2018 to March 31, 2018.²⁴ A hearing on this

²² Docket No. 1360.

²³ Docket No. 1375.

²⁴ Docket No. 1393.

application has been scheduled for August 6, 2018.

For the current Reporting Period, the Receiver and his staff have spent a total of 78.3 hours on behalf of the Receivership Estate. Billable services provided by the Receiver during the Reporting Period total \$15,310.00. For the current Reporting Period, Dorsey has spent a total of 84 hours on behalf of the Receivership Estate. Total fees, less voluntary reductions, are in the total amount of \$24,146.50 and out of pocket expenses total \$541.26.

VI.

NEXT STEPS

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

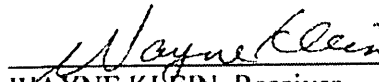
1. Property Sales. The Receiver expects to obtain approval to sell the Overland Trails property and close on that sale. Furthermore, he will continue his efforts to sell the remaining Elkhorn Ridge lots, located near Malad, Idaho, and analyze options for the sale of these lots.
2. Judgment and Settlement Collection. The Receiver will continue his efforts to collect unpaid judgments and payments owed under settlement agreements. He will also continue to collect installment payments under approved settlement agreements.
3. Criminal Trial. The criminal trial of Wayne Palmer is scheduled to begin on September 14, 2018. The Receiver expects that criminal prosecutors will require information and testimony from the Receiver in that trial.

VII.

CONCLUSION

Substantial progress was made during the Reporting Period. Not only has the Receiver distributed just over \$2 million to holders of Allowed Claims, but he moved closer toward his final administration of the Receivership Estate as set forth above. At this time, the only matters remaining are the sale of Overland Trails and the remaining Elkhorn Meadow lots, collection of unpaid judgments, the collection of defaulted and installment settlements, and testifying in the criminal trial of Wayne Palmer. The Receiver is analyzing the most efficient way to finalize administration of these matters so that he can make a final distribution by no later than the first half of 2019.

DATED this 17th day of July, 2018.



WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above **TWENTY-FOURTH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER** was filed with the Court on this 17th day of July, 2018, and served via ECF on all parties who have requested notice in this case.

/s/ Candy Long_____

EXHIBIT A

	A	B	C	D	E	F	G
1		REAL PROPERTIES--STATUS					
2		As of 6/30/18. Investigation Ongoing. All Information Subject to Change.					
3		The numbers in the first column correspond with numbers of these properties as described in the Receiver's First Status Report.					
4		Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
5		PROPERTIES CURRENTLY IN RECEIVERSHIP ESTATE					
6		3 Elkhorn Ridge Estates-37 Building Lots	Malad, ID	Various			
7		10 Deer Meadows	Duchesne Co., UT	54,000	41,000.00	34,506.47	Sale approved [Docket No. 1369]. Sale closed 6/6/18
8		20 Overland Trails	Eagle Mtn., UT	340,000	250,000.00		Motion to approve sale filed 6/22/18 [Docket No. 1398]
9		PROPERTIES SOLD OR RELEASED					
10		Property Name	Location	Listing Price	Sales Price	Net Sale Proceeds	Status
11		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]
12		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
13		Single family home: Hawthorne Ave.	Middleton, ID	80,000	76,000	69,569.48	Sale approved [Docket No. 804]. Sale closed 11/17/14
14		3 Elkhorn Ridge Estates-47 Building Lots	Malad, ID				Lots sold to date are:
15		Lot #1		135,000	155,000	142,834.78	Sale approved [Docket No. 419] Sale closed 8/29/13
16		Lot #2		35,000	31,500	27,725.00	Sale approved [Docket No. 492] Sale closed 12/6/13
17		Lot #3		35,000	22,000	19,344.67	Sale approved [Docket No. 1261]. Sale closed 1/31/17
18		Lot #4		35,000	35,000	30,893.21	Sale approved [Docket No. 231] Sale closed 4/26/13
19		Lot #5		80,000	80,000	71,803.14	Sale approved [Docket No. 231] Sale closed 4/8/13
20		Lots #6 & 7		70,000	44,000	39,483.79	Sale approved [Docket No. 1295]. Sale closed 6/9/17
21		Lot #22			22,000	19,322.15	Sale approved [Docket No. 1364]. Sale closed 4/2/18
22		Lot #25			25,200	22,178.62	Sale approved [Docket No. 1341]. Sale closed 1/29/18
23		Lot #48		80,000	80,000	73,620.84	Sale approved [Docket No. 231] Sale closed 4/9/13
24		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
25		5 Manhattan Grille Condominium	Manhattan, MT	49,000	51,000	45,933.32	Sale approved [Docket No. 300] Sale closed 6/5/13
26		6 Twin Pines Apartments	Brigham City, UT	N.A.		172,020.02	Sale approved [Docket No. 736]. Sale closed 9/14/14
27		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
28		8 Summit Park Lot	Summit Park, UT	40,000	37,500	32,477.61	Sale approved [Docket No. 135] Sale closed 1/24/13
29		9 Bandanna Cabin	Fruitland, UT	260,000	260,000	226,374.07	Sale at auction approved [Docket No. 341] Sale closed 10/24/13
30		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
31		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
32		13 Quail Hollow Apartments	Vernal, UT	N.A.	N.A.	N.A.	Determined not owned by Receivership Estate
33		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
34		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]
35		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
36		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
37		17 Palmer Residence	West Jordan, UT	N.A.	N.A.	N.A.	No equity. Court approved abandonment of property [Dkt. No. 869]
38		18 Star Pointe Development	Salt Lake City, UT	N.A.	N.A.	70,000.00	Court approved settlement agreement with lender [Docket No. 608]
39		19 Autumn Ridge Subdivision-Phase I	Eagle Mtn., UT				
40		Phase I-Lot #2		37,000	39,900	35,635.21	Sale approved [Docket No. 692]. Sale closed 7/8/14
41		Phase I-Lot #3		37,000	39,900	35,711.84	Sale approved [Docket no. 644] Sale closed 5/1/14
42		Phase I-Lot #4		37,000	37,000	30,821.91	Sale approved to builders [Docket No. 293] Sale closed 6/3/13
43		Phase I-Lot #6		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
44		Phase I-Lot #7		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
45		Phase I-Lot #8		37,000	37,000	31,554.15	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
46		Phase I-Lot #11		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13

	A	B	C	D	E	F	G
47		Phase I-Lot #16		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
48		Phase I-Lot #21		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
49		Phase I-Lot #30		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
50		Phase I-Lot #33		37,000	37,000	30,775.92	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
51		Phase I-Lot #39		37,000	39,900	35,903.39	Sale approved [Docket No. 696]. Sale closed 7/18/14
52		Phase I-Lot #40		37,000	37,000	30,911.96	Sale approved to builders [Docket No. 293] Sale closed 9/25/13
53		Phase I-Lot #41		37,000	37,000	30,857.73	Sale approved to builders [Docket No. 293] Sale closed 8/14/13
54		Phase I-Lot #51		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
55		Phase I-Lot #52		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
56		Phase I-Lot #54		37,000	37,000	31,554.16	Sale approved to builders [Docket No. 293] Sale closed 5/31/13
57		Phase I-Lot #55		37,000	37,000	31,355.85	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
58		Phase I-Lot #60		37,000	37,000	31,355.89	Sale approved to builders [Docket No. 293] Sale closed 10/31/13
59		Phase II-62 Building Lots		N.A.	538,000	446,610.24	Sale approved [Docket No. 460] Sale closed 10/1/13
60	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
61	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
62	22	Expressway Business Park	Spanish Fork, UT				
63		Unit #109		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 241]
64		Unit #305		65,000	69,000	55,840.79	Court approved sale at auction [Docket No. 270] Sale closed 6/27/13
65		Unit #204		N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 364]
66		Unit #215		N.A.	127,500	112,965.27	Sale approved at auction [Docket No. 393] Sale closed 10/30/13
67	23	Expressway Business Park-Land	Spanish Fork, UT	1,250,000	775,000	357,412.55	Sale at auction approved [Docket No. 1320]. Sale closed 12/22/17
68	24	Gooseberry Cabin	Fairview, UT	N.A.	N.A.	N.A.	No equity; Court approved release to lender [Docket No. 125]
69	25	Almond Heights-21 Building Lots	Toquerville, UT	842,000			
70		Lot #A-2		159,750	148,200	118,730.60	Sale Approved [Docket No. 1099] Sale closed 3/22/16
71		Lot #C-2		34,200	30,780	24,136.91	Sale Approved [Docket No. 1075] Sale closed 3/1/16
72		Lot #F		32,300	31,000	24,733.41	Sale approved [Docket No. 988] Sale closed 8/24/15
73		Lot #F-3		35,150	31,635	24,887.93	Sale Approved [Docket No. 1075] Sale closed 3/1/16
74		Lot #7		38,000	32,000	29,388.95	Sale approved [Docket No. 829]. Sale closed 12/18/14
75		Lot #10		38,950	36,000	30,552.54	Sale approved [Docket No. 906]. Sale closed 3/31/15
76		Lot #11		37,050	32,000	6,788.12	Sale approved [Docket No. 829]. Sale closed 12/16/14
77		Lot #12		38,000	32,000	6,787.90	Sale approved [Docket No. 829]. Sale closed 12/16/14
78		Lot #13		37,050	32,000	6,787.75	Sale approved [Docket No. 829]. Sale closed 12/16/14
79		Lot #14		35,150	31,635	6,525.25	Sale Approved [Docket No. 1075] Sale closed 3/1/16
80		Lot #15		33,250	29,925	6,254.50	Sale Approved [Docket No. 1075] Sale closed 3/1/16
81		Lot #17		30,400	24,000	21,752.44	Sale approved [Docket No. 829]. Sale closed 12/11/14
82		Lot #18		30,400	27,360	23,562.06	Sale Approved [Docket No. 1075] Sale closed 3/1/16
83		Lot #19		22,800	18,600	-1,200.46	Sale Approved [Docket No. 1068] Sale closed 1/25/16
84		Lot #20		22,800	18,600	-1,526.81	Sale Approved [Docket No. 1068] Sale closed 1/25/16
85		Lot #21		11,500	7,700	4,198.82	Sale approved [Docket No. 1256]. Sale closed 2/9/17
86		Lot #22					Sale approved [Docket No. 1256]. Sale closed 2/9/17
87		Lot #23		31,350	24,000	20,346.06	Sale approved [Docket No. 998]. Sale closed 9/4/15
88		Lot #24		33,250	31,000	26,672.24	Sale approved [Docket No. 998]. Sale closed 9/4/15
89		Lot #25		35,150	34,000	29,216.54	Sale approved [Docket No. 951]. Sale closed 5/21/15
90		Lot #26		34,200	32,000	27,151.02	Sale approved [Docket No. 829]. Sale closed 12/17/14
91	26	Kanab Home	Kanab, UT	199,000	197,000	18,162.90	Sale approved [Docket No. 746]. Sale closed 9/4/14
92	27	Farrell Business Park-12 Units	Gilbert, AZ				
93		Unit 103		76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13
94		Unit 104		76,631	101,631	83,997.05	Court approved sale at auction [Docket No. 202] Sale closed 5/31/13
95		Unit 105		80,000	92,000	70,392.98	Court approved sale at auction [Docket No. 203] Sale closed 5/21/13
96		Unit 106		80,000	97,000	74,832.11	Court approved sale at auction [Docket No. 204] Sale closed 6/7/13

	A	B	C	D	E	F	G
97		Unit 107		80,000	90,000	67,699.81	Court approved sale at auction [Docket No. 205] Sale closed 6/7/13
98		Unit 109		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
99		Unit 110		80,000	80,000	59,194.91	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
100		Unit 111		80,000	80,000	59,194.92	Court approved sale at auction [Docket No. 206] Sale closed 5/16/13
101		Unit 113		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
102		Unit 114		80,000	107,000	85,094.45	Court approved sale at auction [Docket No. 207] Sale closed 6/3/13
103		Unit 115		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
104		Unit 116		80,000	80,000	59,288.00	Court approved sale at auction [Docket No. 208] Sale closed 6/11/13
105	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
106	29	Bear Grove Industrial Park-8 Lots	Byron, MN	1,675,200			Property is listed for sale with broker; property encumbered by bond
107		Parcel #8516		281,500	210,000	10,000.00	Sale approved [Docket No. 853]. Sale closed 3/27/15
108		Parcel #8509		156,700	149,000	98,795.03	Sale approved [Docket No. 849]. Sale closed 3/16/15
109		Parcel #8512		305,000	235,000	6,500.00	Sale approved [Docket No. 854]. Sale closed 3/6/15
110		Parcel #6060		340,000	235,000	10,000.00	Sale approved [Docket No. 875]. Sale closed 3/24/15
111		Lot 3, Block 1 (Parcel #8510)		149,500	149,500	95,340.47	Sale approved [Docket No. 989] Sale closed 9/30/15
112		Block 2, Lots 4-5		448,300	448,300	279,963.57	Sale at auction approved [Docket No. 1084] Sale closed 3/31/16
113		Block 2, Lot 1		285,000	280,000	34,019.74	Sale approved [Docket No. 1118]. Sale closed June 15, 2016
114	29	Bear Grove Industrial Park-Block 1, Lot 4	Byron, MN	285,000	288,520	10,000.00	Sale approved [Docket No. 1361]. Sale closed 4/16/18.
115	30	Georgia Single Family Residence	Temple, GA	135,000	125,000	106,843.83	Sale approved [Docket No. 553] Sale closed 1/10/14
116	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
117	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
118	33	Cleveland Building Lot	Cleveland, OH	N.A.	N.A.	N.A.	No value; Court approved abandonment [Docket No. 434] Order 9/10/13
119	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
120							
121		Total		11,787,116.00	10,981,463.92	7,541,850.39	

EXHIBIT B

Wayne Klein, Receiver for National Note of Utah
PO Box 1836
Salt Lake City, UT 84110
801-824-9616

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 04/01/2018 to 06/30/2018

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

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

Reporting Period 04/01/2018 to 06/30/2018

Fund Accounting (See Instructions):		Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 04/01/2018):	\$2,443,976.04		
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	\$0.00		
Line 3	Cash and Securities	\$0.00		
Line 4	Interest/Dividend Income	\$702.35		
Line 5	Business Asset Liquidation	\$53,828.62		
Line 6	Personal Asset Liquidation	\$0.00		
Line 7	Third-Party Litigation Income	\$8,700.00		
Line 8	Miscellaneous - Other	\$0.00		
	Total Funds Available (Lines 1 - 8)		\$2,507,207.01	
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors	\$20,960.85		
Line 10	Disbursements for Receivership Operations			
Line 10a	Disbursements to Receiver or Other Professionals	\$0.00		
Line 10b	Business Asset Expenses	\$112,884.30		
Line 10c	Personal Asset Expenses	\$0.00		
Line 10d	Investment Expenses	\$0.00		
Line 10e	Third-Party Litigation Expenses			
	1. Attorney Fees	\$0.00		
	2. Litigation Expenses	\$0.00		
	Total Third-Party Litigation Expenses	\$0.00		
Line 10f	Tax Administrator Fees and Bonds	\$0.00		
Line 10g	Federal and State Tax Payments	\$0.00		
	Total Disbursements for Receivership Operations	\$133,845.15		
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	
	<i>Total Plan Development Expenses</i>	\$0.00	
Line 11b	<i>Distribution Plan Implementation Expenses:</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. 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):		\$133,845.15
Line 13	Ending Balance (As of 06/30/2018):		\$2,373,361.86
Line 14	Ending Balance of Fund - Net Assets:		
Line 14a	<i>Cash & Cash Equivalents</i>	\$2,373,361.86	
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		\$2,373,361.86

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:			
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		

NNU SFAR - 2nd Quarter 2018**Line Breakdown**

	Line 2	Line 4	Line 5	Line 6	Line 7	Line 8	Total
Rent Received	\$0.00						
Overpaid Investors					\$8,700.00		
National Note			\$53,828.62	\$0.00	\$0.00		
Real Estate Holding			\$0.00				
Royalties Received						\$0.00	
Interest		\$702.35					
Refunds						\$0.00	
Witness Fees						\$0.00	
Advances by Receiver							
	\$0.00	\$702.35	\$53,828.62	\$0.00	\$8,700.00	\$0.00	\$63,230.97

	Line 10a	Line 10b	Line 10f	Line 10e-1	Line 10e-2	Line 11b-3	Total
Receivership Expenses	\$0.00	\$112,884.30	\$0.00	\$0.00	\$0.00	\$0.00	
Refund Deposit from Prior Period		\$0.00					
Adjustment - NNU Account		\$0.00					
	\$0.00	\$112,884.30	\$0.00	\$0.00	\$0.00	\$0.00	\$112,884.30

	Line 14a
National Note	\$2,060,998.57
Savings	\$123,002.01
High-Yield Operating	\$181,361.28
Real Estate Holding	\$8,000.00
High-Yield Real Estate	\$0.00
	<u>\$2,373,361.86</u>

Created by James Shupe on 7/15/2018