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UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH

CENTRAL DIVISION

SECURITIES AND EXCHANGE COMMISSION

Plaintiff,

v.

Art Intellect, Inc., a Utah corporation, d/b/a Mason Hill and VirtualMG, Patrick Merrill Brody, Laura A. Roser, Gregory D. Wood,

Defendants.

Case No. 2:11CV00357 TC

Judge Tena Campbell

SIXTH STATUS REPORT OF
R. WAYNE KLEIN, RECEIVER

*For the period July 1, 2012
through December 31, 2012*

This Sixth Status Report is being submitted by R. Wayne Klein, the Court-Appointed Receiver¹ (the "Receiver") for the period July 1, 2012 through December 31, 2012 (the "Reporting Period").

¹ The Receivership includes Art Intellect, Inc. ("Art Intellect"), d/b/a Mason Hill ("Mason Hill") and VirtualMG ("VirtualMG"), and the assets of Patrick Merrill Brody ("Brody"), and Laura A. Roser ("Roser"), collectively, the "Receivership Entities."

OVERVIEW

1. In light of the few assets recovered to date from Mason Hill, Brody, and Roser, the Receiver has been limiting his activities to the bare essentials that are required to sell assets, assist the Court, respond to government inquiries, and prepare to wind down the Receivership.

2. The Receiver intends to close out the Receivership as soon as the SEC's litigation results in a final court determination on disposition of the remaining assets, such as the home furnishings and vehicles of Brody and Roser. A final court determination might occur in connection with the pending cross motions for summary judgment.

STATUS OF SEC LITIGATION, CRIMINAL CHARGES

3. The SEC has filed a motion seeking summary judgment against Roser and Brody. Roser and Brody have filed cross motions for summary judgment asserting that the program pursuant to which Mason Hill solicited funds from investors did not constitute an investment contract.

4. On behalf of Art Intellect, the Receiver previously consented to the entry of a judgment against Art Intellect.

5. On October 31, 2012, a grand jury indicted Roser and Brody on nine counts of mail fraud, wire fraud, money laundering, and conspiracy. The Receiver understands that Brody is in custody awaiting trial but that Roser is free on bail.

ACTIVITIES OF THE RECEIVER DURING THE REPORTING PERIOD

Tax Filings

6. The Receiver continues to receive demands from the IRS and the Utah Tax Commission for tax payments. The Receiver has notified the IRS and the Utah State Tax

Commission that he will not be paying taxes for periods before the Receiver was appointed. The Receiver did pay a \$102.63 penalty to the IRS relating to withholding taxes that had not been paid by Art Intellect.

7. The IRS has informed the Receiver that it may seek to enforce its tax lien if the Receiver finds sufficient funds to make a distribution to investors. The Receiver has urged the IRS to allow the victims to take priority in the distribution of any assets and informed the IRS that if a distribution is proposed to investors, it will be up to the Court to decide whether to give the IRS's lien priority over payments to investors.

Asset Recovery

8. One of the assets owned by Art Intellect was stock in a company called Copper King. That company is in bankruptcy. The Receiver signed a ballot supporting the company's reorganization and release from bankruptcy, but it appears the reorganization effort has failed.

9. In connection with the criminal investigation of Brody, the FBI located some assets that Brody sent to a broker in Reno, Nevada to sell for him. By the time the FBI contacted the broker, a watch had already been sold,² but the broker was still holding a diamond to be sold. The Receiver contacted the broker and sent him a copy of the Court order requiring that all assets and proceeds be delivered to the Receiver.

10. The Receiver contracted with a jewelry house in Reno to appraise the diamond still held by the broker. When the appraisal was completed, the Receiver authorized the broker to sell the diamond to a buyer with whom the broker had previously reached an agreement. The

² The broker reported that \$1,000.00 of the proceeds from the sale of the watch had previously been sent to Brody. The remainder of net proceeds were delivered to the Receiver.

broker has delivered the \$19,167.60 in net proceeds of the sales of the watch and diamond to the Receiver.

11. The FBI investigation also identified some art pieces that belonged to Brody that reportedly were being stored at the home of a relative. The Receiver wrote to the relative inquiring about the art pieces, but the relative provided an affidavit that the art pieces were not in her possession.

12. The Receiver provided a copy of the receivership order to Roser's criminal defense attorney, so he would know of the existence of the receivership and the requirements of the order. Her attorney contacted the Receiver and tendered five paintings and a framed lithograph. The Receiver has taken possession of these pieces of art and is seeking to have them appraised. These are expected to be sold at an auction currently scheduled for February, 2013.

13. The Receiver still does not have possession of Roser's home, the art and furnishings in the home, or vehicles belonging to Roser and Brody.

Assisting Investors

14. The Receiver helped an additional investor claim tax deductions for her losses with Art Intellect by signing forms that provided valuations of the investments in Art Intellect.

15. The Receiver also responded to a number of other phone calls, emails, and other written inquiries from investors.

16. The Receivership website is regularly updated with information and documents summarizing developments in the Receivership in order to help investors remain informed about the case. The website is: <http://www.kleinutah.com/index.php/receiverships/mason-hill>.

Assisting Government Agencies

17. The Receiver searched records of the Receivership Entities and provided documents to, and responded to questions from, multiple government agencies. This has included:

- a. Providing the identity of investors and the amount of losses;
- b. Meeting with investigators from several agencies to identify documents held by the Receivership;
- c. Conducting searches of computer files and other records in the possession of the Receiver to provide information or answer questions;
- d. Supplying background information on transactions with particular investors; and
- e. Responding to other inquiries from agencies.

18. The Receiver also made available to Steven Paul, the attorney representing Brody and Roser in the civil case, boxes of documents requested by Paul.

Financial Report, Fees Paid to the Receiver

19. During the Reporting Period, the following deposits were made into the Receivership bank account:

Date	Source	Amount	Explanation
10/17/12	Wells Fargo Bank	\$0.03	Interest earned on the bank balance
12/18/12	Nevada Asset Broker	\$19,167.60	Proceeds: sales of watch, diamond.
Total		\$19,167.63	

20. The Receiver expended \$192.63 from the Receivership bank account during the six months. These expenditures consisted of:

Date	Recipient	Amount	Purpose
8/7/12	U.S. Treasury	\$102.63	Penalty for withholding taxes
12/3/12	Michael & Sons Jewelers	\$90.00	Diamond appraisal.
Total		\$192.63	

21. As of December 31, 2012, the balance of the Receivership bank account was \$39,086.63.

Next Steps

22. The Receiver is minimizing the time he spends on this case while he awaits a ruling on the pending summary judgment motions. If the Court grants summary judgment to the SEC, the Receiver intends to use proceeds from the sale of vehicles and home furnishings to make a distribution to investors, and then ask the Court to close the Receivership matter and discharge the Receiver.

CONCLUSION

The Receiver respectfully submits this Sixth Status Report for the period from July 1, 2012 through December 31, 2012.

The Receiver verifies under penalty of perjury that the foregoing is true and correct.

DATED this 7th day of January, 2013.



 WAYNE KLEIN, Receiver

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above was served via email on this 7th day of January, 2013 on the following:

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Court-Appointed Receiver

/s/Jennifer A. James