

Jennifer A. James (No. 3914)  
Neil A. Kaplan (No. 3794)  
CLYDE SNOW & SESSIONS  
201 S. Main Street, Suite 1300  
Salt Lake City, UT 84111-2216  
Telephone: (801) 322-2516  
Facsimile: (801) 521-6280  
[jaj@clydesnow.com](mailto:jaj@clydesnow.com)  
[nak@clydesnow.com](mailto:nak@clydesnow.com)  
*Attorneys for Court-Appointed Receiver R. Wayne Klein*

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  FOURTH STATUS REPORT OF R. WAYNE KLEIN, RECEIVER  <i>For the period January 1, 2012 through March 31, 2012</i>
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This Fourth Status Report is being submitted by R. Wayne Klein, the Court-Appointed Receiver<sup>1</sup> (the "Receiver") for the period January 1, 2012 through March 31, 2012 (the "Reporting Period").

<sup>1</sup> 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 recognition of the limited assets of Mason Hill and the expectation that bringing fraudulent transfer actions would not likely result in recovery of sufficient funds to make a distribution to investors, the Receiver has been limiting his activities to the bare essentials that are required to 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.

### CONTEMPT PROCEEDINGS

3. As noted in the Third Status Report, the Court has found Roser and Brody in contempt for selling assets that were the subject of the Court's asset freeze order. Since that time, the Court has given Roser an opportunity to demonstrate that she has purged herself of that contempt.

4. Roser and Brody filed a motion asking for permission to appeal the Court's contempt order. On February 13, 2012, the Court issued an order denying Roser's and Brody's motion.

5. The Court held a hearing on March 15 to consider arguments on whether Roser had demonstrated that she had purged herself of contempt.

6. On April 3, 2012 (after the end of the Reporting Period), the Court entered an order requiring Roser to surrender to the Court for incarceration. The Court found that Roser had "totally failed" to purge herself of contempt.

**ACTIVITIES OF THE RECEIVER DURING THE REPORTING PERIOD**

7. The Receiver completed a rough index of documents recovered from the Florida offices of Mason Hill, in the event those are needed for further proceedings.

8. State and federal tax forms have been completed reporting on withholding amounts due to the IRS and the Utah State Tax Commission. Because the tax liabilities are relatively small, the Receiver intends to pay them with funds in the Receivership account.

9. Information has been provided to several collection agencies regarding debts owed by Mason Hill. The collectors are being told that there are no assets available to pay the debts owed.

10. Some material efforts have been undertaken to identify and protect assets that belong to the Receivership Estate. These efforts have included:

a. Hot tub: Requesting that Roser's attorney identify the buyer of the hot tub that Roser sold after entry of the asset freeze. There was no response to this request;

b. Reaching an agreement in principle with BMW Financial Services for the payment of \$10,000.00 to the Receivership based on lease payments by Art Intellect on Laura Roser's car. The settlement agreement is being finalized;

c. Work with a Florida title company to release a \$1,000.00 down payment held in escrow to the seller of property that Art Intellect sought to buy;

d. Assisting the SEC in estimating valuations for Brody's Porsche and the grand piano; and

e. Photographing jewelry owned by Roser, as directed by Court order.

Assisting Investors

11. The Receiver helped three investors complete documents to obtain tax deductions for their losses in Art Intellect by providing valuations of the investments.

12. The Receiver also responded to a number of other inquiries by investors.

13. Information and documents summarizing developments in the Receivership are regularly posted on the Receivership website:

<http://www.kleinutah.com/index.php/receiverships/mason-hill>.

Assisting Government Agencies

14. The Receiver searched records of the Receivership Entities and provided documents to, and responded to questions from, multiple government agencies. This included requests for information on persons other than Brody and Roser, who were affiliated with Art Intellect.

Tax Returns

15. The Receiver has not taken any steps to prepare 2011 tax returns for Art Intellect because Roser has not provided the Receiver with copies of the filed tax returns for 2010 as promised.

Financial Report, Fees Paid to the Receiver

16. During the Reporting Period, no funds were deposited into the Receivership bank account.<sup>2</sup>

17. The Receiver expended \$40,008.00 from the Receivership bank account during

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<sup>2</sup> There was a tiny addition to the bank account of \$0.19 of earned interest.



the quarter. These expenditures consisted of \$8.00 paid to Wells Fargo bank as monthly account fees and \$40,000.00 paid to the Receiver and his counsel as reimbursement of costs and for partial fee payments.

18. On February 2, 2012, the Court approved a second interim award of costs and fees for the receiver and his attorneys. Pursuant to that order, on February 17, 2012 \$8,320.94 was paid to the law firm Clyde Snow for costs and partial fees and \$31,679.06 was paid to the Receiver as reimbursement of costs and partial fees.

19. The current balance of the Receivership bank account is \$7,442.70.

Next Steps

20. The Receiver is attempting minimize the time he spends on this case while he waits for final determination on any assistance he needs to provide in connection with contempt proceedings against Roser and Brody. He is looking for an early opportunity to recommend that the Court close the Receivership matter and discharge the Receiver.

CONCLUSION

The Receiver respectfully submits this Fourth Status Report for the period from January 1, 2012 through March 31, 2012.

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

DATED this 12<sup>th</sup> day of April, 2012.

  
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WAYNE KLEIN, Receiver

**CERTIFICATE OF SERVICE**

IT IS HEREBY CERTIFIED that service of the above was served via email on this 12th day of April 2012 on the following:

Steven R. Paul  
NELSON SNUFFER DAHLE & POULSEN, PC  
10885 South State Street  
Salt Lake City, UT 84070  
[spaul@nsdplaw.com](mailto:spaul@nsdplaw.com)

*Attorney for Defendants*

Cheryl M. Mori  
Daniel J. Wadley  
Thomas M. Melton  
U.S. SECURITIES AND EXCHANGE COMMISSION  
15 W. South Temple, Suite 1800  
Salt Lake City, UT 84101  
[moric@sec.gov](mailto:moric@sec.gov)  
[wadleyd@sec.gov](mailto:wadleyd@sec.gov)  
[meltont@sec.gov](mailto:meltont@sec.gov)

*Attorneys for Plaintiff Securities and Exchange Commission*

R. Wayne Klein  
KLEIN & ASSOCIATES, PLLC  
299 S. Main Street, Suite 1300  
Salt Lake City, UT 84111  
[wklein@kleinutah.com](mailto:wklein@kleinutah.com)

*Court-Appointed Receiver*

/s/Jennifer A. James