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**UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

vs.

**ART INTELLECT, INC., a Utah corporation,
d/b/a Mason Hill and Virtual MG, PATRICK
MERRILL BRODY, LAURA A. ROSER, and
GREGORY D. WOOD,**

Defendants.

**ANSWER TO PLAINTIFF'S
COMPLAINT AND CROSS CLAIM
AGAINST DEFENANT GREGORY
WOOD**

Case No.: 2:11-cv-00357

Judge Tena Campbell

Defendants Art Intellect Inc., a Utah corporation, Patrick Merrill Brody, and Laura A.

Roser respond to Plaintiff's Complaint dated April 18, 2011, as follows:

FIRST DEFENSE

Plaintiff's Complaint should be dismissed in whole or in part for failure to state a claim against these defendants upon which relief can be granted.

SECOND DEFENSE

Defendants hereafter respond to the separately numbered paragraphs of Plaintiff's

Complaint as follows:

1. Deny.
2. Admit.
3. Deny.
4. Deny.

JURISDICTION AND VENUE

5. Defendants admit this court has jurisdiction to hear the allegations made in Plaintiff's Complaint. However, Defendants deny the claims and allegations by Plaintiff and affirmatively state that Plaintiff has failed to state a claim for relief against Defendants upon which relief can be granted.

6. Admit.

7. Defendants admit that venue is proper in this court based on the allegations made in Plaintiff's Complaint. However, Defendants deny the claims and allegations by Plaintiff and affirmatively state that Plaintiff has failed to state a claim for relief against Defendants upon which relief can be granted.

8. Defendants deny that the business operations in which Defendants are engaged are a violation of any state or federal law and therefore do not deny that they intend to continue the legitimate business undertaken by Defendants. Defendants deny the implication of wrongdoing or illegal or illicit activity that Plaintiff alleges in the Complaint.

9. Deny. Mason Hill does not, nor has it at any time, offered investment contracts.

Mason Hill's business consists of locating distressed real properties, purchasing those properties and reselling the properties to individuals or entities.

DEFENDANTS

10. Defendants admit that Art Intellect, Inc. is a Utah corporation founded by Laura Roser with its principal place of business in Salt Lake City, Utah. Defendants deny the remainder of paragraph 10 of Plaintiff's complaint.

11. Defendants admit that Patrick Merrill Brody is a Utah resident living in Salt Lake City, Utah and that Mr. Brody is married to Laura Roser. Defendants deny that Mr. Brody controls the operations of Mason Hill. Defendants admit that Mr. Brody has never been registered with the Commission and was previously enjoined from violations of the Securities Act and the Exchange Act and has been convicted of a single misdemeanor count of willful failure to file a 2001 personal income tax return.

12. Admit.

13. Admit.

PLAINTIFF'S STATEMENT OF FACTS

14. Deny.

15. Defendants deny that Mason Hill solicits "investors" as claimed by Plaintiff. Mason Hill advertises its services through a website and webinar presentations.

16. Deny. Mason Hill does not offer securities or investment contracts through any medium and does not solicit investors in any improper form.

17. Defendants deny the implication that the “strategic partners” solicit investors and are in any way related to the marketing of a security or an investment contract. The strategic partner program at Mason Hill is a marketing strategy to broaden the exposure of Mason Hill to individuals or entities who might be interested in the real estate products sold through Mason Hill.

18. Deny. Mason Hill does not solicit investors. Mason Hill does not market securities or investment contracts. The strategic partner program at Mason Hill is a marketing strategy to broaden the exposure of Mason Hill to individuals or entities who might be interested in the real estate products sold through Mason Hill.

19. Admit.

20. Admit.

21. Deny.

22. Deny.

23. Deny.

24. Defendants deny that any such registration or association was required of them as Defendants were neither soliciting investors nor offering securities or investment contracts.

25. Defendants admit that Mason Hill’s business model includes the purchase of distressed real estate and the sale of owned real estate to interested individuals or entities. As to the remainder of the allegations of Paragraph 25 of Plaintiff’s Complaint, Defendants deny the same.

26. Deny.

27. Deny.

28. Admit.

29. Deny.

30. Admit.

31. Deny.

32. Deny.

33. Defendants affirmatively state in response to Paragraph 33 of Plaintiff's Complaint that requests to purchase property exceeded inventory at times and that Mason Hill continuously attempted to purchase qualifying properties to satisfy the demand for purchases. As to the remaining allegations of Paragraph 33 of Plaintiff's Complaint, Defendants deny the same.

34. Defendants affirmatively state in response to Paragraph 34 of Plaintiff's Complaint that requests to purchase property exceeded inventory at times and that Mason Hill continuously attempted to purchase qualifying properties to satisfy the demand for purchases. As to the remaining allegations of Paragraph 34 of Plaintiff's Complaint, Defendants deny the same.

35. Deny.

36. Defendants are without sufficient knowledge, information or belief as to the truth of the allegations of Paragraph 36 of Plaintiff's Complaint as the statement made is too vague for Defendants to fully ascertain to what the allegation relates, therefore, Defendants deny the same.

37. Defendants are without sufficient knowledge, information or belief as to the truth of the allegations of Paragraph 37 of Plaintiff's Complaint as the statement made is too vague for Defendants to fully ascertain to what the allegation relates, therefore, Defendants deny the same.

38. Defendants are without sufficient knowledge, information or belief as to the truth of the allegations of Paragraph 38 of Plaintiff's Complaint as the statement made is too vague for Defendants to fully ascertain to what the allegation relates, therefore, Defendants deny the same.

39. Defendants are without sufficient knowledge, information or belief as to the truth of the allegations of Paragraph 39 of Plaintiff's Complaint as the statement made is too vague for Defendants to fully ascertain to what the allegation relates, therefore, Defendants deny the same.

40. Deny.

41. Deny.

42. Deny.

43. Deny.

44. Defendants are without sufficient knowledge, information or belief as to the truth of the allegations of Paragraph 44 of Plaintiff's Complaint as the statement made is too vague for Defendants to fully ascertain to what the allegation relates, therefore, Defendants deny the same.

45. Defendants are without sufficient knowledge, information or belief as to the truth of the allegations of Paragraph 45 of Plaintiff's Complaint as the statement made is too vague for Defendants to fully ascertain to what the allegation relates, therefore, Defendants deny the same.

46. Deny.

47. Deny.

48. Deny.

49. Deny.

FIRST CAUSE OF ACTION

50. Defendants incorporate by reference the answers and responses to the previously
pled paragraphs of Plaintiff's Complaint as if fully set forth herein.

51. Deny.

52. Deny.

SECOND CAUSE OF ACTION

53. Defendants incorporate by reference the answers and responses to the previously
pled paragraphs of Plaintiff's Complaint as if fully set forth herein.

54. Deny.

55. Deny.

THIRD CAUSE OF ACTION

56. Defendants incorporate by reference the answers and responses to the previously
pled paragraphs of Plaintiff's Complaint as if fully set forth herein.

57. Deny.

58. Deny.

FOURTH CAUSE OF ACTION

59. Defendants incorporate by reference the answers and responses to the previously
pled paragraphs of Plaintiff's Complaint as if fully set forth herein.

60. Deny.

61. Deny. As no securities or investment contracts were offered by Defendants.

62. Deny.

FIFTH CAUSE OF ACTION

63. Defendants incorporate by reference the answers and responses to the previously pled paragraphs of Plaintiff's Complaint as if fully set forth herein.

64. Deny.

65. Deny.

66. Defendants expressly deny each and every allegation of Plaintiff's Complaint except as expressly admitted to previously herein.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

Plaintiff's claims are barred in whole or in part because of Plaintiff's unclean hands and ulterior motives to pursue unfounded claims against Defendants.

SECOND AFFIRMATIVE DEFENSE

Plaintiff's claims are barred in whole or in part for failure to satisfy the pleading requirements of Rule 9(b) of the Federal Rules of Civil Procedure to plead causes of action for fraud with specificity.

THIRD AFFIRMATIVE DEFENSE

Plaintiff's claims are barred in whole or in part by the equitable doctrines of estoppel, illegality, and any other matter constituting an avoidance or affirmative defense.

FOURTH AFFIRMATIVE DEFENSE

Plaintiffs' claims are barred in whole or in part by virtue of lack of causation.

PENDANT STATE CROSSCLAIM

Defendants Art Intellect, Inc., Patrick Merrill Brody and Laura A. Roser, by and through their counsel, hereby complain and allege against Defendant Gregory Wood as follows:

1. Laura Roser is an individual and sole owner of Defendant Art Intellect, Inc., a Utah corporation formed on or about February 24, 2004.
2. Patrick M. Brody is married to Laura Roser and has acted as a consultant to Art Intellect, Inc. and to Mason Hill, an assumed business name of Art Intellect, Inc. operating a real estate sales business.
3. Gregory Wood is a resident of Salt Lake County, State of Utah, and was hired by Mason Hill in 2010 to act as Chief Operating Officer and manager of operations.
4. Plaintiff SEC has asserted a complaint against Defendants for violation of securities laws and for operating as a ponzi scheme.
5. Gregory Wood made false and misleading representations to the SEC about Mason Hill's business operations and business activities which led to the SEC's claims and charges against Defendants.
6. Shortly before speaking with the SEC about Mason Hill's business Gregory Wood converted to his personal account or an account under his control money belonging to Mason Hill as further described hereinafter.

**FIRST CLAIM FOR RELIEF
DISPARAGEMENT, SLANDER, LIBEL AND DEFAMATION**

7. Cross-claim Plaintiffs incorporate each of the foregoing paragraphs by this reference as if fully stated herein.

8. Gregory Wood carried out a campaign of disparagement, slander, libel and defamation against Cross-claim Plaintiffs by maliciously and vengefully attacking Plaintiffs' business interests, and Roser's character and moral integrity, and by openly accusing Roser of criminal conduct or implying the same on the employees or agents of Art Intellect's and Mason Hill's business in his conversations with the SEC about Cross-claim Plaintiffs and their business activities.
9. Gregory Wood has continued to slander, disparage and defame Cross-claim Plaintiffs on multiple occasions and continue to do so to the date of the filing of this Complaint.
10. As a direct and proximate result of Gregory Wood's conduct, Cross-claim Plaintiffs have been damaged in their reputation, business dealings and ability to conduct regular business activities.
11. As a direct and proximate result of Gregory Wood's conduct, Cross-claim Plaintiffs have been damaged in an amount to be proven at trial, but on information and belief, in an amount not less than \$1,000,000.
12. Gregory Wood should be liable to Cross-claim Plaintiffs for punitive damages because of the egregiousness of Gregory Wood's conduct in an amount to be determined at trial.

**SECOND CLAIM FOR RELIEF
INTENTIONAL INTERFERENCE WITH BUSINESS RELATIONS**

13. Cross-claim Plaintiffs incorporate each of the foregoing paragraphs by this reference as if fully stated herein.
14. Gregory Wood has intentionally interfered with Cross-claim Plaintiffs' business operations and business contact by, among other things, contacting the SEC and making offensive and untrue statements about Cross-claim Plaintiffs including false and

misleading representations about Mason Hill's business operations and Ms. Roser's and Mr. Brady's roles in the business of Mason Hill and Art Intellect, Inc. and undertaking to spread lies, falsehoods, fear and confusion in the people working for, with or in connection with Art Intellect and Mason Hill.

15. As a direct and proximate result of Gregory Wood's conduct, Cross-claim Plaintiffs have been damaged in their reputation, business dealings and ability to conduct regular business activities.
16. As a direct and proximate result of Gregory Wood's conduct, Cross-claim Plaintiffs have been damaged in an amount to be proven at trial, but on information and belief, in an amount not less than \$1,000,000.
17. Gregory Wood should be liable to Cross-claim Plaintiffs for punitive damages because of the egregiousness of Gregory Wood's conduct in an amount to be determined at trial.

THIRD CLAIM FOR RELIEF CONVERSION

18. Cross-claim Plaintiffs incorporate each of the foregoing paragraphs by this reference as if fully stated herein.
19. Gregory Wood stole money belonging to Mason Hill.
20. \$23,000 that was to be payable to Mason Hill was diverted to Gregory Wood's Las Vegas business.
21. Shortly after the \$23,000 was taken, Gregory Wood diverted a \$50,000 payment from a Mason Hill client to Gregory Wood's own account or the account of a business he owns or controls in Las Vegas.
22. Gregory Wood was confronted by Mason Hill regarding the conversion of the \$73,000.

23. Gregory Wood denied taking the money from Mason Hill.
24. However, the books and records of Mason Hill and its client show that the money was given to Gregory Wood and/or transferred to his Las Vegas business.
25. As a direct and proximate result of Gregory Wood's actions, Mason Hill and Cross-claim Plaintiff's have been damaged in an amount of not less than \$73,000, plus costs of collection, interest, and attorney's fees.

**FOURTH CLAIM FOR RELIEF
UNJUST ENRICHMENT**

26. Cross-claim Plaintiffs incorporate each of the foregoing paragraphs by this reference as if fully stated herein.
27. Gregory Wood received value and or money belonging to Mason Hill in the approximate amount of \$73,000 without authorization or privilege.
28. The money taken by Gregory Wood did not belong to him and he had no right to take it.
29. The money taken by Gregory Wood conferred a benefit on him that he was otherwise not entitled to.
30. Gregory Wood would be unjustly enriched at the expense of Mason Hill if he were allowed to keep the \$73,000 taken without authorization or right.

JURY DEMAND

Plaintiffs hereby request a jury for all matters claimed or alleged herein including Cross-claim Plaintiffs' claims against Gregory Wood.

WHEREFORE, Cross-claim Plaintiffs pray the court enter judgment against Gregory Wood for damages as proven at the time of trial, but in no ways less than \$1,000,000 for defamation, damage to reputation, interference with business relations and business contracts,

together with Cross-claim Plaintiffs' costs of bringing suit, attorney's fees and all such other amounts the court finds just and proper. Cross-claim Plaintiffs seek punitive damages for Gregory Wood's outrageous and egregious conduct.

In addition, Cross-claim Plaintiffs request the court enter judgment against Gregory Wood for conversion and/or unjust enrichment for converting \$73,000 to his own use and benefit without authorization, right or privilege from Mason Hill, together with Cross-claim Plaintiffs' costs of collection, interest and attorney's fees.

Dated this 16th day of May, 2011.

NELSON SNUFFER DAHLE & POULSEN, PC

/s/

Steven R. Paul
Attorneys for Defendants and Cross-claim Plaintiffs