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

<p>SECURITIES AND EXCHANGE COMMISSION,</p> <p style="text-align: center;">Plaintiffs,</p> <p style="text-align: center;">v.</p> <p>ART INTELLECT, INC., a Utah corporation, d/b/a MASON HILL and VIRTUAL MG, PATRICK MERRILL BRODY, LAURA A. ROSER, and GREGORY D. WOOD,</p> <p style="text-align: center;">Defendants.</p>	<p>RECEIVER'S MOTION FOR ORDER APPROVING SEYBOLD SETTLEMENT AGREEMENT AND TRANSFER OF PROPERTY</p> <p>2:11-cv-00357 TC</p> <p>Judge Tena Campbell</p>
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R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of Art Intellect, Inc. d/b/a Mason Hill and VirtualMG requests the Court's approval of a settlement agreement (Exhibit A) reached between the Receiver and Michael and Laura Seybold ("Seybolds"). The proposed settlement agreement involves the Receiver granting a deed in lieu of foreclosure for a property owned by the Receivership Estate (340/342 Rogen Street in Lee County, Florida) in exchange for the payment of \$5,000.00 to the Receiver by the Seybolds. The proposed settlement agreement is described in more detail in the accompanying memorandum.

This motion is brought pursuant to Paragraph 40 of the Order Granting Plaintiff's *Ex Parte* Motion for Temporary Restraining Order, *Ex Parte* Order Freezing Assets, *Ex Parte* Order Appointing Receiver and Other Emergency Relief dated April 18, 2011 (the "Order") [Docket No. 5], which authorizes the Receiver "to sell, and transfer clear title to, all real property in the Receivership Estates" using such procedures as may be required by this Court.

A proposed Order is submitted herewith.

DATED this 11th day of August, 2011.

CLYDE SNOW & SESSIONS

/s/ Jennifer A. James

Jennifer A. James

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above **RECEIVER'S MOTION FOR ORDER APPROVING SETTLEMENT AGREEMENT AND TRANSFER OF PROPERTY** was served via the CM/ECF system on this 11th day of August, 2011 on the following:

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Court-Appointed Receiver

/s/Jennifer A. James

SETTLEMENT AGREEMENT AND RELEASE

MICHAEL AND LAURA SEYBOLD

This Settlement Agreement and Release (“Agreement”) is entered into this 10th day of August, 2011 (“Effective Date”), by and between Michael and Laura Seybold (“Seybolds”) and Wayne Klein, as the duly appointed Receiver (“Receiver”) for Art Intellect, Inc. d/b/a Mason Hill and VirtualMG (“Art Intellect”) and the assets of Patrick M. Brody (“Brody”) and Laura Roser (“Roser”). The Seybolds and the Receiver are collectively referred to as the “Parties.”

RECITALS

WHEREAS, on April 18, 2011, the U.S. Securities and Exchange Commission (“SEC”) filed a civil enforcement lawsuit against Art Intellect, Brody, and Roser accusing them of engaging in securities fraud in the process of operating an investment Ponzi scheme. (*SEC v. Art Intellect, Mason Hill and Virtual MG*, Case No. 2:11CV00357, Utah District Court). In connection with the SEC lawsuits, the U.S. District Court of Utah appointed Receiver to take control of Art Intellect and the assets of Brody and Roser. The same day, the Court also imposed an asset freeze on all assets of Art Intellect and its affiliated entities, including properties owned by Art Intellect and bank accounts controlled by it; and

WHEREAS, the Seybolds had previously loaned \$111,949.00 to Art Intellect for its use in purchasing three properties for resale to buyers. The one current loan by the Seybolds is secured by a mortgage on a property at 340/342 Rogen Street, in Lee County, Florida which is owned by Art Intellect or Roser and which is under the control of the Receiver; and

WHEREAS, the Parties dispute how much the Receiver is obligated to pay the Seybolds in satisfaction of their loan and dispute the strength and extent of the security interest of the Seybolds in the property; and

WHEREAS, resolution of the disputed claims of the Parties through litigation would be complex, lengthy, and expensive for the Parties; and

WHEREAS, the Parties seek to compromise and settle all disputes between them related to loans made by the Seybolds to Art Intellect and mortgages and promissory notes given to the Seybolds by Art Intellect, believing such settlement to be in their respective best interests and in the best interests of the investors who provided money to Art Intellect, in light of the expense and uncertainty of litigation, and without admission of any liability, fact, claim, or defense, on the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein, and for good consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. Transfer of Property to the Seybolds. Upon approval by the Court, as described below, the Receiver will transfer to the Seybolds his interest in the Rogen Street Property by signing documents granting the Seybolds a deed in lieu of foreclosure on this property (or other form of transfer reasonably requested by the Seybolds).
2. Payment to the Receiver: The Seybolds will pay to the Receiver \$5,000.00 within 60 days of the date of the Court order approving this Agreement or on the date the Rogen Street property is sold by the Seybolds, whichever occurs first.
3. Deed to Rogen Street Property: The Parties understand that on July 21, 2010, a quit claim deed was recorded with Lee County, Florida, reflecting that Art Intellect transferred title to the Rogen Street Property to Laura Roser. The Receiver has filed a motion with the Court to require that Roser convey to the Receiver any interest she has in the Rogen Street Property. The Receiver agrees to deliver to the Seybolds title to the Rogen Street Property either via a release of the quit claim deed granted to Roser or a court order invalidating her interest on the property.
4. Motion and Approval by the Court. The Sybolds acknowledge that this Agreement is subject to approval by the Court. The Receiver will file a motion with the Court seeking: a) approval of the terms of this Agreement, b) permission for the Receiver to transfer or abandon his interests in the Rogen Street Property, and c) a release of the asset freeze relating to the Rogen Street Property. The Receiver's motion will describe the substantive terms of this Agreement.
5. Warranties by the Seybolds. The Seybolds warrant that they do not have any other claims or liens on any other properties owned by Art Intellect, Brody, or Roser. The Seybolds further warrant that the financial transaction information they have provided to the Receiver in connection with settlement discussions leading up to this Agreement is accurate and complete.
6. Waiver and Release of Claims. If the Court issues an order approving this Agreement, that Order and this Agreement will constitute a complete settlement, release, and waiver of all claims, causes of action, and counterclaims the Parties have against each other, or that they might have against one another, whether alleged or not, and whether discovered or not, as of the date of this Agreement, subject to the accuracy of the warranties in paragraph 5.
7. Successors and Assigns. The terms of this Agreement shall be binding upon the Parties and their agents, employees, successors, assigns, affiliated entities, and insurers.
8. Fees and Costs. The Parties shall bear their own fees and costs (including, but not limited to, attorneys' fees) incurred in connection with this Agreement and the claims of these Parties.
9. Consultation with Counsel. Each of the Parties to the Agreement represents and warrants that this Agreement has been voluntarily and knowingly executed by the Parties after having had the opportunity to consult with legal counsel. The Parties declare that they

know and understand the contents of this Agreement, and that they have executed it voluntarily.

10. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original and all of which shall constitute together one and the same instrument, and will be effective upon execution by all Parties. Facsimile signatures shall be deemed original signatures for all purposes.

AGREED TO BY AND BETWEEN the undersigned Parties as of the Effective Date:

**R. Wayne Klein, on behalf of and as the
duly appointed Receiver for, Art Intellect,
Inc. and the assets of Patrick M. Brody and
Laura Roser:**

Wayne Klein

Michael Seybold:

[Handwritten Signature]

Laura Seybold:

Laura Seybold

Jennifer A. James (3914)

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CENTRAL DIVISION

**SECURITIES AND EXCHANGE
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v.

**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.

**ORDER GRANTING RECEIVER'S
MOTION FOR ORDER APPROVING
SEYBOLD SETTLEMENT
AGREEMENT AND TRANSFER OF
PROPERTY**

Case No. 2:11-cv-00357 TC

Honorable Tena Campbell

Based upon the Receiver's Motion for an Order approving Settlement Agreement and Transfer of Property (the "Motion"), the supporting Memorandum, and good cause appearing therefore, it is hereby

ORDERED that:

1. The proposed Settlement Agreement between Michael and Laura Seybold and the Receiver (the "Settlement Agreement") attached hereto as Exhibit A is hereby approved and the Receiver is permitted to move forward to implement its terms;

2. The Receiver is authorized to sign a deed in lieu of foreclosure for the property located at 340/342 Rogen Street, Lehigh Acres, Florida; and

3. The Rogen Street property is hereby released from the coverage of the asset freeze imposed by the Court on April 18, 2011.

DATED this _____ day of September 2011.

BY THE COURT

Tena Campbell
United States District Court Judge