

Jennifer A. James (3914)
jjaj@clydesnow.com
Neil A. Kaplan (No. 3974)
nak@clydesnow.com
Walter A. Romney, Jr. (7975)
war@clydesnow.com

CLYDE SNOW & SESSIONS
One Utah Center, Thirteenth Floor
201 South Main Street
Salt Lake City, Utah 84111-2516
Telephone: 801.322.2516
Facsimile: 801.521.6280

Attorneys for Court-Appointed Receiver R. Wayne Klein

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>FIRST APPLICATION FOR PROFESSIONAL FEES AND EXPENSES FOR RECEIVER AND COUNSEL</p> <p><i>(For the period April 18, 2011 to June 30, 2011)</i></p> <p>Case No. 2:11-cv-00357 TC</p> <p>Honorable Tena Campbell</p>
--	--

R. Wayne Klein, the Court-Appointed Receiver (the "Receiver") of Art Intellect, Inc., d/b/a Mason Hill and VirtualMG, and the assets of Patrick Merrill Brody, and Laura A. Roser, collectively, the "Receivership Entities," along with Clyde, Snow & Sessions, hereby submits this First Fee Application for the period of April 18, 2011 through June 30, 2011 (the "Fee Application Period"). A proposed order is attached.

This Fee Application is submitted pursuant to ¶161 of the Order Appointing Receiver [Docket No. 5] and in accordance with the “Billing Instructions for Receivers” adopted by the Securities and Exchange Commission. The Fee Application is intended to be read in conjunction with the Initial Status Report and Liquidation Plan filed with the Court by the Receiver on July 28, 2011.

APPLICATION FOR FEES AND EXPENSES

1. Information about the Applicant and the Application

- a. Time Period: This Fee Application covers the period from April 18, 2011 to June 30, 2011.
- b. Appointment of Receiver: The Court appointed Wayne Klein as Receiver on April 18, 2011 (“Order”). [Docket No. 5.] The Receiver’s services commenced on that date. On April 26, 2011, the Court approved the appointment of Clyde, Snow & Sessions as legal counsel and the employment of Klein & Associates to perform forensic accounting and other receivership services.
- c. Fee Schedule: The following are the hourly rates of the professionals and paraprofessionals employed by the Receiver and his counsel that are providing services in this case.

Receiver, Klein & Associates		
Klein, Wayne	Receiver	\$250.00 hr.
Shupe, James	Accountant (Masters)	\$120.00 hr.
Etherington, Rendell	CPA	\$120.00 hr.
Williams, Keith	Analyst	\$75.00 hr.
Hawker, Ben	Analyst	\$60.00 hr.
Klein, Megan	Intern	\$20.00 hr.

Clyde, Snow & Sessions		
James, Jennifer	Partner	\$250.00 hr
Kaplan, Neil	Partner	\$250.00 hr
Romney, Walter	Partner	\$250.00 hr
Zollinger, Shannon	Associate	\$175.00 hr
Feil, Melissa	Paralegal	\$105.00 hr

d. Interim Application: This application is an interim application. There have been no prior fee applications.

2. Case Status

- a. Financial Status of Receivership Estate: As described in the Receiver's Initial Status Report, on June 30, 2011, the Receivership Estate has \$47,476.84 in cash on hand. There are no accrued and unpaid administrative expenses other than those requested in this application.
- b. Funds Received and Disbursed, Expected Closing of the Estate: The Receiver has recovered \$48,198.49 and disbursed \$721.65 as of June 30. The Receiver cannot estimate at this time when the Receivership Estate is expected to close. This depends on what the Receiver learns after completing the forensic accounting and counsel evaluates potential claims the Receiver might be able to assert.
- c. Creditor Claims Proceedings: Claims proceedings have not yet been initiated. The Receiver anticipates establishing a creditor claims process only if it appears that sufficient assets will be recovered to justify continuation of the Receivership.
- d. Assets in the Receivership Estate: Most of the assets in the Receivership Estate are encumbered. Unencumbered assets consist of the \$47,476.84 in the Receivership bank account, furnishings in the Roser home, and three of the

vehicles owned by Roser or Art Intellect. Encumbered assets include three leased vehicles, the Roser home, and five real estate properties in Florida. The Roser home has two mortgages for a total greater than the value of the home. The five Florida properties have a combined seven mortgages. Currently, there appears to be small equity in three of these homes, but the costs of contesting the liens on these homes and the costs of maintaining and selling these properties may exceed the equity in the properties.

- e. Liquidated and Unliquidated Claims: The other category of assets consists of causes of action belonging to the Receivership. These include recovering improper payments made by the defendants to others and filing suit against persons who assisted in the scheme. It is premature to estimate the value of these causes of action.

3. Current and Previous Billings

- a. Compensation and Expenses Requested: The total compensation requested is listed below. A description of all time spent working on the case and the tasks accomplished is contained in the detailed time records previously provided to the SEC.

i. <u>Receiver</u> :	\$47,750.00
ii. <u>Klein & Associates</u> :	\$43,038.50
iii. <u>Receiver Expenses</u> :	\$502.49
iv. <u>Clyde, Snow & Sessions</u> :	\$14,916.00
v. <u>Attorney Expenses</u> :	\$640.44

vi. Total: \$106,847.43

b. Previously Awarded Compensation: No compensation or expenses have been previously awarded by the Court.

c. Hours Billed and Total Amount of Billing: The following are the hours billed and the amount of billing for each person who billed time during the Fee Application Period:

i. Receiver:

	<i>Professional</i>	<i>Hours</i>	<i>Rate</i>	<i>Amount</i>
1. Klein, Wayne		201.2	\$250.00	\$47,750.00
2. Shupe, James		98.3	\$120.00	\$11,796.00
3. Etherington, Rendell		195.8	\$120.00	\$23,496.00
4. Williams, Keith		33.1	\$75.00	\$2,482.50
5. Hawker, Ben		84.4	\$60.00	\$5,064.00
6. Klein, Megan		10.0	\$20.00	\$200.00

ii. Clyde, Snow & Sessions:

1. James, Jennifer		45.0	\$250.00	\$11,250.00
2. Kaplan, Neil		1.3	\$250.00	\$325.00
3. Romney, Walter		9.5	\$250.00	\$2,375.00
4. Zollinger, Shannon		5.4	\$175.00	\$945.00
5. Feil, Melissa		.2	\$105.00	\$21.00

4. Standardized Fund Accounting Report: The SEC's Standardized Fund Accounting Report ("SFAR") for the most recent quarter is attached as Exhibit A.

5. Expense Reimbursement: The Receiver is seeking reimbursement of the following expenses. A detailed list of expenses is attached as Exhibit B.

a. Receiver Expenses:

i. Closing Mason Hill offices:	\$253.80
ii. Document preservation, copies:	\$164.24
iii. Florida property maintenance:	\$84.45

b. Clyde, Snow & Sessions Expenses:

i. Filing Fees for U.S. District Courts	\$195.00
ii. Outside Copy Charges	\$95.00
iii. Registered Principal Searches	\$11.00
iv. Courier Fees	\$195.84
v. Research Costs	\$68.06
vi. Photocopies	\$45.54
vii. Telephone Charges	\$4.00
viii. Facsimile Charges	\$26.00

CERTIFICATIONS

The Receiver and Clyde, Snow & Sessions certify that:

1. They have each read the Fee Application;
2. To the best of their knowledge, information, and belief formed after reasonable inquiry, the Fee Application and all fees and expenses herein are true and accurate and comply with the Billing Instructions;

3. All fees contained in the Application are based on the rates disclosed to the SEC at the time the Receiver and Clyde, Snow & Sessions were appointed and such fees are reasonable, necessary, and commensurate with the skill and experience required for the activity performed;
4. They have not included in the amount for which reimbursement is sought the amortization of the cost of any investment, equipment, or capital outlay;
5. In seeking reimbursement for services obtained from third parties, the Receiver and Clyde, Snow & Sessions are requesting reimbursement only for the amounts billed to them by the third-party vendor and paid to such vendor;
6. The fees and expenses included herein were incurred in the best interests of the Receivership Estate; and
7. With the exception of the Billing Instructions, the Receiver has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

CONCLUSION

Pursuant to ¶¶60-64 of the Order Appointing Receiver, the Receiver and Clyde, Snow & Sessions respectfully submit this First Fee Application for the period from April 18, 2011 through June 30, 2011. As required by the Billing Instructions and ¶61 of the Order, the Receiver served a copy of the proposed Fee Application, along with all exhibits and relevant

billing information, on counsel for the SEC on July 12, 2011. After its review of the application, the SEC has informed the Receiver that the Commission does not oppose the application.

DATED this 15th day of August, 2011.



WAYNE KLEIN, Receiver

/s/Jennifer A. James

JENNIFER A. JAMES, Counsel for Receiver

Exhibit A: Standardized Fund Accounting Report
Exhibit B: Schedule of Expenses

CERTIFICATE OF SERVICE

IT IS HEREBY CERTIFIED that service of the above was served via email on this 15th day of August 2011 on the following:

Steven R. Paul
NELSON SNUFFER DAHLE & POULSEN, PC
10885 South State Street
Salt Lake City, UT 84070
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
wadleyd@sec.gov
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

Court-Appointed Receiver

/s/Jennifer A. James

Wayne Klein, Receiver for Art Intellect
299 S. Main St., Ste. 1300
Salt Lake City, UT 84111
801-534-4455

STANDARDIZED FUND ACCOUNTING REPORT

Civil – Receivership Fund

Fund Name: SEC v. Art Intellect Inc. d/b/a/ Mason Hill
Civil Court Docket No. 2:11-CV-00357 TC

Reporting Period 04/18/2011 to 06/30/2011

Standardized Fund Accounting Report for {Art Intellect, Inc. d/b/a Mason Hill} - Cash Basis
 Receivership; Civil Court Docket No. 2:11-CV-00357 TC
 Reporting Period 04/18/2011 to 06/30/2011

Fund Accounting (See Instructions):

	Detail	Subtotal	Grand Total
Line 1	Beginning Balance (As of 04/18/2011):	\$0.00	
	<i>Increases in Fund Balance:</i>		
Line 2	Business Income	\$4,410.43	
Line 3	Cash and Securities	\$37,750.06	
Line 4	Interest/Dividend Income	\$0.00	
Line 5	Business Asset Liquidation	\$3,238.00	
Line 6	Personal Asset Liquidation	\$2,800.00	
Line 7	Third-Party Litigation Income	\$0.00	
Line 8	Miscellaneous - Other	\$0.00	
	Total Funds Available (Lines 1 - 8)		\$48,198.49
	<i>Decreases in Fund Balance:</i>		
Line 9	Disbursements to Investors	\$0.00	
Line 10	Disbursements for Receivership Operations		
Line 10a	Disbursements to Receiver or Other Professionals	\$0.00	
Line 10b	Business Asset Expenses	\$532.45	
Line 10c	Personal Asset Expenses	\$101.00	
Line 10d	Investment Expenses	\$88.20	
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	\$721.65	
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	
	Total Plan Development Expenses	\$0.00	
Line 11b	Distribution Plan Implementation Expenses:		
	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):		\$721.65
Line 13	Ending Balance (As of 06/30/2011):		\$47,476.84
Line 14	Ending Balance of Fund - Net Assets:		
Line 14a	<i>Cash & Cash Equivalents</i>	\$47,476.84	
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		\$47,476.84
Other Supplemental Information:			
		Detail	Subtotal
	Report of Items NOT To Be Paid by the Fund:		Grand Total
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	
	Tax Administrator Fees and Bonds Not Paid by the Fund	\$0.00	
Line 15c	Fund	\$0.00	
	Total Distributions for Plan Administration Expenses Not Paid by the Fund	\$0.00	
Line 16	Disbursements to Court/Other Not Paid by the Fund:		
	Investment Expenses/Court Registry Investment		
Line 16a	System (CRIS) Fees	\$0.00	
Line 16b	Federal Tax Payments	\$0.00	
	Total Disbursements to Court/Other Paid by the Fund:	\$0.00	
Line 17	DC & State Tax Payments	\$0.00	
Line 18	No. of Claims:		
Line 18a	# of Claims Received This Reporting Period	0	
Line 18b	# of Claims Received Since Inception of Fund	0	
Line 19	No. of Claimants/Investors:		
Line 19a	# of Claimants/Investors Paid This Reporting Period	0	
Line 19b	# of Claimants/Investors Paid Since Inception of Fund	0	
	Receiver:		
	By: <u>Wayne Klein</u>	(signature)	
	<u>Wayne Klein</u>	(printed name)	
	(title)		
	Date: <u>12 July, 2011</u>		

EXHIBIT B

EXPENSE SUMMARY

Receiver/Klein & Associates

DATE: June 30, 2011

CLIENT: MASON HILL RECEIVERSHIP

EXPENSES

<i>Date</i>	<i>Amount</i>	<i>Payee</i>	<i>Category</i>	<i>Explanation</i>
4/18/2011	250.00	24-Hour Locks	New locks	Change locks at Mason Hill offices
4/22/2011	81.96	Lee County Tax Collector	Property tax	Property Tax on Florida Home
4/22/2011	75.00	Mason Hill Employee	Hard drive	Purchase hard drive for copies of documents
4/27/2011	3.80	Lowe's	Key copies	Copies of keys for new locks
5/5/2011	32.29	DocuMart	Copies	Copy bank records for SEC
5/9/2011	2.49	Toledo Dep't of Public Utilit	Electricity	Electricity on 419 Walbridge
6/3/2011	56.95	Digital Memories	DVD Copies	Convert camera files of inventory of Roser home to DVD, make copies.
Total Expenses	502.49			

EXHIBIT B

EXPENSE SUMMARY

CLYDE, SNOW & SESSIONS

DISBURSEMENTS

Date	Disbursement	Amount
04/25/2011	United States District Court, W. Dist. of Missouri- Filing Fee- Filing SEC docs	\$39.00
04/25/2011	United States Dist. Court, Middle Dist. of Florida- Filing Fee- Filing SEC docs	\$39.00
04/25/2011	United States District Court, No. Dist. of Ohio- Filing Fee- Filing SEC docs	\$39.00
04/26/2011	United States District Court of Idaho- Filing Fee- Filing fee for USDC District of Idaho.	\$39.00
04/26/2011	Clerk, United States District Court- Filing Fee- Filing fee for USDC District of Nevada.	\$39.00
04/26/2011	Outside Copy Charges	\$95.00
04/30/2011	Utah Interactive- Research- registered principal searches	\$11.00
05/26/2011	Delivery	\$195.84
05/31/2011	Research Costs	\$2.00
06/01/2011	Westlaw	\$66.06
06/21/2011	Photocopy (253 @ \$.18)	\$45.54
06/22/2011	Telephone charges	\$4.00
06/23/2011	Facsimile Charge (26 @ \$.1.00)	\$26.00
	Total Disbursements	\$640.44

Jennifer A. James (3914)

jaj@clydesnow.com

Neil A. Kaplan (No. 3974)

nak@clydesnow.com

Walter A. Romney, Jr. (7975)

war@clydesnow.com

CLYDE SNOW & SESSIONS

One Utah Center, Thirteenth Floor

201 South Main Street

Salt Lake City, Utah 84111-2516

Telephone: 801.322.2516

Facsimile: 801.521.6280

Attorneys for Court-Appointed Receiver R. Wayne Klein

UNITED STATES DISTRICT COURT FOR THE DISTRICT OF UTAH

CENTRAL DIVISION

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiffs,

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 APPROVING FIRST
APPLICATION FOR PROFESSIONAL
FEES AND EXPENSES FOR
RECEIVER AND COUNSEL**

Case No. 2:11-cv-00357 TC

Honorable Tena Campbell

Based upon the Receiver's First Application for Professional Fees and Expenses for Receiver and Counsel and good cause appearing therefore, it is hereby

ORDERED that:

The Receiver's First Application for Professional Fees and Expenses is approved and the Receiver is authorized to pay the following:

i.	Receiver:	\$47,750.00
ii.	Klein & Associates	\$43,038.50
iii.	Receiver Expenses:	\$502.49
iv.	Clyde, Snow & Sessions	\$14,916.00
v.	Attorney Expenses	\$640.44
vi.	<u>Total:</u>	\$106,847.43

DATED this _____ day of August 2011.

BY THE COURT

Tena Campbell
United States District Court Judge