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DAVID B. BARLOW, United States Attorney (#13117)
BRENT D. WARD, Trial Attorney, Criminal Division, U.S. Department of Justice
(#3377)
Attorneys for the United States of America
185 South State Street, Suite 300
Salt Lake City, Utah 84111
Telephone: (801) 524-5682

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF UTAH, CENTRAL DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

vs.

PATRICK MERRILL BRODY,
and LAURA ANN ROSER,

Defendants.

INDICTMENT

VIOLATIONS:

18 U.S.C. § 1349 (Conspiracy –
Count 1);
18 U.S.C. § 1341 (Mail Fraud –
Counts 2-3);
18 U.S.C. § 1341 (Wire Fraud –
Counts 4-7);
18 U.S.C. § 1957 (Money
Laundering – Counts 8-9); and
18 U.S.C. § 2(a) (Aiding and
Abetting – Counts 2-9)

The Grand Jury charges:

COUNT I
Conspiracy to Commit Mail and Wire Fraud
(18 U.S.C. § 1349)

I. GENERAL ALLEGATIONS

Background

1. At times material to this Indictment, defendant PATRICK MERRILL BRODY and defendant LAURA ANN ROSER were husband and wife and together operated Art Intellect, Inc., a Utah corporation doing business as Mason Hill (“Mason Hill”). Mason Hill was a real estate investment company with offices in Salt Lake City, UT and Cape Coral, Florida.

2. Mason Hill solicited and sold investments in real estate properties. It claimed to be a “turnkey” real estate company offering potential clients a trouble free option for investing in rental residential properties in several states. As a “turnkey” company, Mason Hill offered to sell investors rental properties at a low price, repair and rehabilitate them if necessary, find renters for the properties, collect rent, and maintain and manage the properties for the benefit of the investors.

3. The defendants made, or caused to be made, these and other representations and promises to investors in order to persuade them to invest in Mason Hill.

4. Based on the defendants’ representations and promises and believing

in the truthfulness of those representations and promises, investors entered into purchase agreements and invested funds with Mason Hill.

5. Many of the representations and promises made to investors by Mason Hill were materially false and fraudulent and were made as part of a conspiracy among the defendants to obtain money and property from investors by means of false and fraudulent pretenses, representations, and promises. These misrepresentations and promises are alleged in paragraph 13 of this Indictment. In addition, the defendants omitted to tell investors certain material facts that would be important for them to know before investing their money. These omissions are alleged in paragraph 15 of this Indictment.

6. Because of the defendants' conspiracy to defraud, investors were misled into providing money to Mason Hill, did not receive the benefits promised, and lost all or part of their money.

7. Rather than using investors' funds to purchase and rehabilitate the properties that were promised to them, find renters for the properties, collect rents for the investors, remit rents to the investors, and maintain and manage the properties for the benefit of the investors, in many cases the defendants used the investors' funds to purchase properties other than those the investors had been promised, purchase properties with little or no foreseeable return, pay Mason Hill's operating expenses, and pay the personal expenses of defendants BRODY and

ROSER, including personal travel, rare book purchases, church donations, a personal cook/shopper, house and car payments, and other personal obligations of defendants BRODY and ROSER. In some cases the defendants failed to purchase any property at all with investors' funds. In addition, later investor funds were used to purchase properties for earlier investors and pay a monthly return to earlier investors. In this respect the defendants conducted, at times, a Ponzi scheme.

Victims of the Scheme

8. The victims of the conspiracy and scheme to defraud are individual investors from across the country who provided money to Mason Hill based on fraudulent pretenses, representations, promises, and omissions made, or caused to be made, by the defendants and then lost all or part of their money. Some of the victims are referred to in the individual counts in this Indictment charging the defendants with violations of federal mail fraud and wire fraud statutes.

II. OBJECT OF THE CONSPIRACY

9. It was an object of the conspiracy for the defendants BRODY and ROSER to agree between and among themselves to devise a scheme and artifice to defraud by soliciting and obtaining money from clients of Mason Hill based on fraudulent pretenses, representations and promises, in violation of 18 U.S.C. § 1341 (Mail Fraud) and 18 U.S.C. § 1343 (Wire Fraud).

10. It was also an object of the conspiracy for the defendants to use money

obtained from new investors to (1) pay a promised, monthly return to earlier investors in order to give them a false sense that Mason Hill's properties were earning a rental return and were profitable; (2) purchase properties for earlier investors; and (3) pay personal obligations of the defendants.

III. MANNER AND METHODS OF THE CONSPIRACY

11. It was part of the conspiracy that beginning on an unknown date in April 2009 and continuing through on or about April 30, 2011 defendants BRODY and ROSER recruited investors to purchase real estate properties through Mason Hill.

12. It was part of the conspiracy that defendants BRODY and ROSER solicited investors through Mason Hill's website, www.masonhill.com, so-called "webinar" presentations over the Internet, brochures, and other means, including sales representatives and "strategic partners."

13. It was part of the conspiracy that by these and other means the defendants made and caused to be made various representations and promises about the investment opportunity that was being offered through Mason Hill. Included among these representations, which varied from time to time, were the following:

a. Mason Hill offered to sell investors "deeply discounted", "rent ready" properties in "growth oriented", "turn around" rental markets.

b. Mason Hill acquired properties in bulk from banks and other

sources for lower prices than those available to single investors.

- c. The properties sold to investors would be repaired and refurbished by Mason Hill to “near new” condition.
- d. Mason Hill owned the properties that were being offered to investors.
- e. Mason Hill offered “turnkey cash flow” real estate that delivered profits to investors each month “hassle free” with annual returns of 10% - 20% year after year.
- f. Mason Hill employed an experienced, on-site, in-house property management team that screened and secured tenants so that the properties would already be rented and investors would begin receiving an income stream immediately after closing.
- g. Mason Hill promised to manage and maintain the properties for investors after purchase and furnish monthly cash flow reports to investors.
- h. Investors would receive information and photographs relating to specific properties that Mason Hill owned and that were available for purchase by investors.
- i. There was a waiting list of investors to purchase Mason Hill properties.
- j. Mason Hill’s properties and prices would be available to

investors for a short time only.

k. Investors could reserve a Mason Hill property by signing a Reservation Agreement and paying a “reservation payment” of approximately \$15,000 to \$25,000.

l. Investors’ funds would be placed in an escrow account pending closing.

m. Investors’ reservation payments would be applied to the purchase price of the properties they purchased.

14. It was also a part of the conspiracy that the above representations were materially false, misleading, and fraudulent.

15. It was also part of the conspiracy that the defendants omitted telling Mason Hill investors certain material facts relating to their investments, among which were the following omissions:

a. Once received, investors’ funds were (1) treated by Mason Hill as profits, placed in Mason Hill’s operating account, combined and co-mingled with other investors’ money, and spent as they came in, (2) used to purchase properties for earlier investors, (3) used to pay the operating expenses of Mason Hill, (4) used to pay personal expenses of defendants BRODY and ROSER, including personal travel, rare book purchases, personal purchases, church donations, house and automobile payments, and other personal obligations of defendants BRODY and ROSER.

- b. Investors' reservation payments would not be returned, even if an investor did not receive real property as promised.
- c. Mason Hill did not maintain an inventory of properties available to investors.
- d. Some Mason Hill investors did not receive the real property promised to them, or in some cases any real property at all, in return for their investment.
- e. Many Mason Hill properties were in a state of disrepair and were not (1) producing income, (2) in near-new condition, or (3) rent-ready before being sold to investors.
- f. Mason Hill did not purchase properties in bulk at good prices.
- g. Mason Hill did not keep properties rented or manage and maintain the properties as represented to investors.
- h. Investors' funds were used by defendants BRODY and ROSER for their personal benefit.
- i. Representations on Mason Hill's website were deceptive and misleading.
- j. Mason Hill was, at times, a Ponzi scheme in which later investors' funds were used to pay earlier investors.
- k. Many Mason Hill properties were not tenanted, as represented to

investors, or were occupied by renters who were not paying rent.

l. Mason Hill did not take all the work and worry out of acquiring income producing real property, as promised.

m. Many Prior Mason Hill investors' did not receive anything in return for their reservation payments.

n. In some cases Mason Hill subsidized rental "returns" paid to investors.

16. It was part of the conspiracy that the defendants' misrepresentations and omissions were material to the investors' investment decisions and investors would not have invested their money in the defendants' scheme had they known the facts referred to in paragraph 15 above, or had the misrepresentations referred to in paragraph 13 above not been made to them by the defendants.

17. Beginning in or about April 2009 and continuing up to the date of this Indictment, in the Central Division of the District of Utah and elsewhere, the defendants,

PATRICK MERRILL BRODY
and LAURA ANN ROSER,

did knowingly conspire, combine, confederate, and agree with each other and with other persons known and unknown to the Grand Jury to commit offenses against the United States of America, that is: mail fraud in violation of Title 18, United States

Code, Section 1341; and wire fraud in violation of Title 18 United States Code, Section 1343.

COUNTS 2-3
Mail Fraud
(18 U.S.C. § 1341)

18. The Grand Jury realleges and incorporates by reference herein the allegations in paragraphs 1-17 of this Indictment.

19. On or about the dates listed in each count below, in the Central Division of the District of Utah, and elsewhere, for the purpose of executing and in furtherance of the scheme and artifice to defraud more particularly described in paragraphs 11-17 of this Indictment, and for obtaining money and property of the investors referred to in each count below by means of materially false and fraudulent pretenses, representations, and promises, and omissions of material facts, and attempting to do so, the defendants,

PATRICK MERRIAL BRODY
and LAURA ANN ROSER,

did knowingly deposit and cause to be deposited in any post office or authorized depository for mail the matter or thing listed below to be sent and delivered by the United States Postal Service or any private or commercial interstate carrier, and did cause such matter or thing to be delivered according to the directions thereon as more particularly described for each count below, and did aid and abet, counsel,

command, induce, procure, and cause said mailing;

Count	Victim	Date	Item	DESCRIPTION OF MAILING
2	T.L.	05/06/2010	\$80,000.00 check and 4 signed reservation agreements	Transfer of check and reservation agreements from California to the office of Mason Hill in Salt Lake City via U.S. Mail
3	D.F.	12/11/2010	3 checks for reservation payments in the amounts of \$20,000, \$15,000, and \$25,000	DF transfer of reservation checks from Delaware to Mason Hill in Florida via U.S. Mail or Common Carrier

all in violation of U.S.C. § 1341 and § 2(a).

COUNTS 4-7
Wire Fraud
(18 U.S.C. § 1343)

20. The Grand Jury realleges and incorporates by reference herein the allegations in paragraphs 1-17 of this Indictment.

21. On or about each of the dates listed below, in the Central Division of the District of Utah, and elsewhere, the defendants,

PATRICK MERRIAL BRODY
and LAURA ANN ROSER,

having devised and intended to devise the scheme and artifice to defraud more particularly described in paragraphs 11-17 of this Indictment, and for obtaining money and property by means of false and fraudulent pretenses, representations, and promises, for the purpose of executing and attempting to execute said scheme and artifice to defraud, did cause certain writings, signs, signals, and sounds to be transmitted in interstate commerce, with the chart below showing such transmissions to consumer victims as identified by their initials, on or about the dates set forth below, each such transmission being in a separate count of this indictment;

COUNT	VICTIM	DATE	Item	TRANSMISSION
4	T.L.	05/07/2010	4 reservation agreements	Mason Hill email of four Reservation Agreements from Utah to California
5	D.Y.	08/08/2009	Bank wire transfer of \$67,500	Wire transfer from an account at Charles Schwab located outside the State of Utah to a Mason Hill account at Zions Bank in Salt Lake City, UT
6	E.D.	10/20/2010	Promissory Note	Email from M.K. with attached promissory note sent from UT to

				E.D. in Virginia
7	R.R.	06/29/2010	Bank wire transfer \$23,000.00	Wire transfer from Wells Fargo Bank in California to Zions Bank in Utah

all in violation of 18 U.S.C. § 1343 and § 2(a).

COUNTS 8-9
MONEY LAUNDERING
(18 U.S.C. § 1957)

22. The Grand Jury realleges and incorporates by reference herein the allegations in paragraphs 1-21 of this Indictment.

23. On or about the dates set forth below, in the Central Division of the District of Utah and elsewhere, the defendants,

PATRICK MERRILL BRODY
and LAURA ANN ROSER,

did knowingly engage and attempt to engage in the following monetary transactions by through or to a financial institution, affecting interstate or foreign commerce, in criminally derived property of a value greater than \$10,000, that is the deposit, withdrawal, transfer, and exchange of funds, such property having been derived from a specified unlawful activity, that is, Mail Fraud in violation of 18 U.S.C. §

1341, as alleged in Counts 2 and 3 of this Indictment;

COUNT	DATE	MONETARY TRANSACTION
9	12/16/2010	Wire transfer of \$18,919 from the Mason Hill account at Wachovia Bank to the Mason Hill account at Zions bank
10	05/14/2010	Internet transfer of \$18,000 from the Mason Hill account at Zions Bank to the Art Intellect account at Zions Bank

all in violation of 18 U.S.C. § 1957 and 2(a).

A TRUE BILL:

FOREPERSON OF THE GRAND JURY

DAVID B. BARLOW
United States Attorney

BRENT WARD
Trial Attorney
Criminal Division
U.S. Department of Justice