UNITED STATES DISTRICT COURT
Southern District of Florida
Miami Division

SECURITIES AND EXCHANGE COMMISSION

Plaintiff,

Case No.: 06-20975-CIV-HUCK
Magistrate Judge Sullivan

vs.

JACK P. UTSICK,
ROBERT YEAGER,
DONNA YEAGER,
WORLDWIDE ENTERTAINMENT, INC.,
THE ENTERTAINMENT GROUP FUND, INC.,
AMERICAN ENTERPRISES, INC., and
ENTERTAINMENT FUNDS, INC.,

Defendants.
_____/

NOTICE OF FILING

Michael I. Goldberg (the "Receiver"), hereby gives Notice of the Filing of Receiver, Michael I. Goldberg's, Seventh Report Concerning the Condition of the Entertainment Group Fund, Inc., Worldwide Entertainment, Inc., American Enterprises, Inc., and Entertainment Funds, Inc..

Respectfully submitted,

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By: /s/ Joan Levit
Joan Levit, Esquire
Florida Bar Number: 987530

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 21st day of August, 2008, I electronically filed the foregoing *Notice of Filing of the Receiver, Michael I. Goldberg's, Seventh Report Concerning the Condition of the Entertainment Group Fund, Inc., Worldwide Entertainment, Inc., American Enterprises, Inc., and Entertainment Funds, Inc.* with the Clerk of the Court by using the CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or pro se parties identified on the attached Service List in the manner specified, either via transmission of Notice of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronic notices.

/s/ Joan Levit

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
(MIAMI DIVISION)

CASE NO.: 06-20975-CIV-HUCK/O'SULLIVAN

SECURITIES AND EXCHANGE COMMISSION

Plaintiff,

vs.

JACK P. UTSICK, ROBERT YEAGER, DONNA YEAGER, WORLDWIDE ENTERTAINMENT, INC., THE ENTERTAINMENT GROUP FUND, INC., AMERICAN ENTERPRISES, INC., AND ENTERTAINMENT FUNDS, INC.

Defendants.

RECEIVER, MICHAEL I. GOLDBERG'S, SEVENTH REPORT CONCERNING THE CONDITION OF THE ENTERTAINMENT GROUP FUND, INC., WORLDWIDE ENTERTAINMENT, INC., AMERICAN ENTERPRISES, INC. AND ENTERTAINMENT FUNDS, INC.

Dated: AUGUST 21, 2008

TABLE OF CONTENTS

I. INTRODUCTION

This report by Michael I. Goldberg the receiver ("Receiver") is intended to provide investors, creditors, and other parties of interest an update on the progress of the receiverships of Worldwide Entertainment, Inc. ("Worldwide"), The Entertainment Group Fund, Inc. ("TEGFI"), American Enterprises, Inc. ("AEI") and related companies (collectively, the "Receivership Entities") as of August, 2008. This report is not intended to provide any background of the Receivership Entities. A detailed historical background pertaining to the Receivership Entities may be found in previous reports filed by the Receiver, which are available on the receivership website at www.entertainmentgroupinfo.com, and will not be repeated herein. Additionally, this report is not intended to summarize any of the affairs of the Receivership Entities which are now settled or closed or that the Receiver has already discussed in previous reports.

II. CURRENT STATUS OF PENDING MATTERS

A. VENUES

As the Receiver previously reported, the Receivership Entities, wholly or partially own and/or operate various live entertainment venues throughout the world. The status of these venues are as follows:

1. Keswick Theatre

In February 2002, TEGFI purchased the Keswick Theatre (the "Keswick"), a 1365 seat theater, located in Glenside, Pennsylvania (suburban Philadelphia) for approximately $900,000. The Keswick was owned free and clear of any recorded liens. In connection with TEGFI's purchase of the Keswick, TEGFI formed two entities (currently referred to as subsidiaries). Keswick Holdings, LLC ("Keswick Holdings") was established to own the real estate and Keswick Entertainment Group, Inc., an operating company to manage the Keswick. TEGFI owned ninety-five percent (95%) and Robert Yeager ("Yeager") owned five percent (5%) of

Keswick Holdings. TEGFI also owned a one-hundred percent (100%) interest in Keswick Entertainment Group, Inc.

Over the past two years, the Receiver attempted to sell the Keswick. After diligently marketing the Keswick, the Receiver entered into an Asset Purchase Agreement to sell the Keswick for $2.8 million to AEG Live PA, LLC ("AEG"), one of the leading owners and operators of entertainment and sports venues in the world. After receiving Court approval of the Asset Purchase Agreement, the transaction closed in June, 2008. The receivership estate realized approximately $2.9 million from the sale after deducting closing fees and costs.

2. Royal Oak

In 2003, Worldwide entered into a long term lease for The Royal Oak Music Theater (the "Royal Oak") and attempted to purchase a liquor license associated with the lease. The Royal Oak, located in Royal Oak, Michigan, was built in the 1920's and opened its doors in 1928. In connection to Worldwide's lease of the Royal Oak, WWE-ROMT, LLC ("WWE-ROMT"), a Michigan limited liability company, was formed to act as the lessee and purchaser. However, partly because Worldwide had not filed a current tax return as required to obtain all necessary licenses and consents for finalizing the transaction, Worldwide decided to transfer its interest in WWE-ROMT to an individual by the name of Greg Young, who thereafter became the sole member of WWE-ROMT. As part of this transaction, Worldwide loaned WWE-ROMT $400,000, evidenced by an unsecured note which was to be repaid in accordance with the terms of the note with five percent (5%) interest. Furthermore, in return for the loan, Worldwide was granted the exclusive right to book events at the theater. However, upon information and belief, Worldwide was unable to book the agreed number of acts at the Royal Oak resulting in WWE-ROMT defaulting under the terms of the note. After his appointment, the Receiver lent WWE-

ROMT approximately $35,000 to allow Royal Oak to continue to operate so the Receiver could sell the lease to a third party and to allow WWE-ROMT to generate sufficient proceeds to satisfy its obligation to Worldwide. After marketing the lease for sale, WWE-ROMT, with the Receiver's consent, was successful in obtaining an assignment of the lease to AEG. As part of the transaction, the Receiver received $475,000. WWE-ROMT still owes the receivership estate approximately $30,000, however, collection of these funds is tenuous.

3. Wuhlheide Amphitheater

The Wuhlheide is an outdoor amphitheater located in what used to be East Berlin, Germany that was owned by the city government. The Wuhlheide is a well known site that is approximately 50 years old and on Berlin's list of historic sites. Uniquely shaped in a horseshoe, the theater has a capacity for 17,000 persons – space for 12,000 in the surrounding forum type seating and another 5,000 in the open area in front of the stage. The stage is covered but the rest of the area is exposed to the elements. Because it is an outdoor theater, the Wuhlheide's show season is limited, running from May to September.

In 1997, a private group that was running the facility (who invested about $10 million into it for upgrades and renovations) went into bankruptcy. At that time, Bruce Glatman ("Glatman"), an acquaintance of Jack Utsick ("Utsick"), introduced Utsick to a local promoter named Wolfgang Kollen ("Kollen"). Utsick, Glatman and Kollen partnered and negotiated a ten-year lease with the city of Berlin, to operate the Wuhlheide for €160,000 the first year, increasing by €20,000 each year thereafter. In exchange for this privilege, Utsick, Glatman and Kollen paid the prior ownership's bankruptcy estate approximately $2.7 million, a portion of which TEGFI funded. When the receivership commenced, the lease was set to expire in the year 2007,

however, there was a right to exercise another five year option without any additional payments although the annual lease payment to the city was to significantly increase.

TEGFI owns seventy-five percent (75%) of the entity that holds the lease; fifteen percent (15%) is owned by Kollen; and ten percent (10%) is owned by Glatman (the "Wuhlheide Partnership"). Kollen manages the amphitheater and is paid €5,000 a month by the Wuhlheide Partnership. He has one assistant and they use her apartment in Berlin as their office. Kollen lives in Munich and has another job which fills his time when the amphitheater is closed.

Pursuant to the Wuhlheide Partnership, Kollen and Glatman do not participate in any profit distributions until TEGFI's initial investment is repaid. TEGFI was repaid a considerable sum, and to date, upon information and belief, only approximately $335,000 of the $2.7 million is still owed.[1] Average ticket prices charged by presenters of events at the Wuhlheide are approximately €35 to €40 per ticket. Approximately ten percent (10%) of the net income from ticket sales goes to the Wulheide Partnership as rent. On average, the rent charged for each event is approximately €25,000 to €30,000. In addition, the Wuhlheide Partnership receives approximately €1.50 per person on concession sales at each event. A typical show generates approximately €70,000 to €75,000. Additionally, the local brewery, "Kindl-Buhne" is the main sponsor and pays €100,000 per season for naming rights.

Shortly after his appointment, the Receiver visited Berlin and met with representatives of AEG and Live Nation, two of the world's largest live music venue owners and concert promoters, to attempt to sell them the Wuhlheide Partnership's leasehold interest in the Wuhlheide. However, the interest was limited because the lease only had an additional 6 year term (one remaining year under the base term and one five year option). Accordingly, no deal was reached at that time.

[1] This sum has not yet been verified.

At the end of 2006, the Receiver directed Kollen to exercise the final five year option on the lease and to negotiate new terms. At the time of the extension of the lease, the Wuhlheide was in need of further repairs totaling nearly €2 million. Kollen requested the city to make the repairs as required under the terms of the lease. Short of funds, the city offered to sell the underlying land and all improvements to the partnership for €3.5 million. After months of extensive negotiations, the Wuhlheide Partnership agreed to purchase the Wuhlheide from the city for approximately €550,000. This sum was funded by each partner's share of the Wuhlheide Partnership's 2007 net income. Accordingly, the Wuhlheide Partnership converted its status of a tenant to one of an owner, which the Receiver believes will significantly improve the Wuhlheide Partnership's ability to sell its interest in the Wuhlheide. The Receiver believes that an eventual sale of the Wuhlheide will bring substantial funds to the receivership estate. The Receiver and his partners will attempt to market the Wuhlheide in 2008 and 2009.

4. Quay Park Arena

Worldwide owns a one hundred percent (100%) interest in Worldwide New Zealand, LLC ("WWNZ"). WWNZ owns a twenty five percent (25%) interest in a New Zealand company known as the Quay Park Arena Management Trust ("QPAM"). QPAM is the legal owner of a valuable lease to manage and operate the Quay Park Arena, a modern 12,000 seat facility in Auckland, New Zealand. The remaining seventy five (75%) percent interest in QPAM is held by Jacobsen Venue Management New Zealand, Ltd. and Jacobson F.T. Pty, Ltd. (the "Jacobson Parties"). Quay Park Arena is a world class multi-use indoor sports and entertainment arena. It is now known as the "Vector Arena." To date, WWNZ has invested approximately $3.5 million in QPAM.

Prior to the Receiver's appointment, WWNZ commenced litigation against the Jacobsen Parties alleging, among other things, that they diverted partnership assets for their own use. When the receivership was commenced, the Jacobsen Parties asserted that there was a change in control of WWNZ which triggered their right of first refusal to purchase WWNZ's interest in QPAM. Although the transaction documents were not entirely clear on this right, the Receiver did not fight this position because he did not believe it was in the receivership estate's best interest to be partners with the Jacobsen Parties and the further need to monetize the Receivership Entities' interest in the arena. However, a dispute soon developed between the Receiver and the Jacobsen Parties as to the process to be used to value WWNZ's interest. The Jacobsen Parties took the unreasonable position that they had the unilateral right to value WWNZ's interest. After nearly two years of litigating over this issue, with numerous hearings and appeals, the High Court of New Zealand recently handed down a thirty five page decision in favor of WWNZ. Essentially, the High Court of New Zealand stated that the Jacobsen Parties do not have the unilateral right to value WWNZ's interest and if a mutually acceptable process can not be agreed upon, the Court will hold a trial on the issue in May, 2009. Currently, the Receiver and his counsel are preparing for trial. Eventually, the Receiver believes that the receivership estate will realize the fair value for this investment, however, the Receiver is unable to estimate that value at this time.

5. Jacksonville Property

In January 2003, Worldwide purchased 49.6 acres of land just off of I-95 near Route 16 between Jacksonville and St. Augustine, Florida with the intent of building an amphitheater on the property (the "Jacksonville Property"). The Jacksonville Property is highly visible from I-95, a major interstate highway.

The Jacksonville Property was originally purchased for $1.5 million, however, due to the downturn in the Florida market for raw-land, the Receiver is unsure of the current value of the Jacksonville Property, but believes it to be in the $3 million range. There is no mortgage on the Jacksonville Property and the costs of holding the property are minimal. Accordingly, the Receiver, with the advice of his Investor Advisory Panel, has decided not to aggressively market the Jacksonville Property for sale at this time. The Receiver is hopeful, that the real estate market will recover in the next few years and the eventual sale of the Jacksonville Property will bring significant value to the receivership estate.

B. CONTENT OWNERSHIP

1. National Lampoon's Pledge This

TEGFI, through a wholly-owned subsidiary named SBO, LLC ("SBO") made a significant investment in a movie entitled "National Lampoon's Pledge This" ("Pledge This"). SBO invested approximately $5.3 million in Pledge This Holdings, LLC, the entity formed to finance the movie. Additionally, TEGFI loaned approximately $500,000 to Pledge This Holdings, LLC. There are also other investors in the movie. Specifically, an initial investor group, comprised of three hedge funds, invested $1 million which is secured by a copyright mortgage (the "Initial Investor Group"). Another investor, English Distribution, invested additional money, on an unsecured basis, and is also entitled to a percentage of the net distribution. There are also several additional, smaller investors in the movie. Distribution of the net proceeds of Pledge This, which is broken down by domestic and international revenues, are distributed ("Waterfall") as follows:

Domestic Revenues

1. Initial Investor Group receives the first $1.4 million;

2. TEGFI receives the next $650,000;

3. SBO receives 92% of the next revenues (up to $6.89 million); and

4. English Distribution receives 8% of the remaining domestic revenues.

International Revenues

1. SBO receives 92% of the next revenues (up to $6.89 million); and

2. English Distribution receives 8% of the remaining international revenues.

After SBO receives $6.89 million, the Waterfall changes for both Domestic and International revenues to the following:

1. Miscellaneous investor group receives $750,000;

2. SBO receives 38% of the net revenues and other investors, actors, the director, writer, etc. receive 62% of the net revenues.

After filming began, the movie encountered a number of problems resulting in delays and increased expenses, which resulted in SBO paying an additional $500,000 and guaranteeing $800,000 of the $1 million note owed to the Initial Investor Group. In return, SBO received five "equity points" from National Lampoon and five "equity points" from the Initial Investor Group (resulting in the above stated percentages). The note on the Initial Investor Group's loan became due on July 1, 2005, however, it was extended through December 31, 2005. Moreover, in August 2005, part of the movie had to be re-filmed at a cost of $425,000 to SBO. English Distribution also paid $400,000 in overrun costs. Additionally, there was an approximate $500,000.00 in additional expenses to complete the film's editing, visual effects and music.

Since the Receiver's appointment, TEGFI, through SBO, has received approximately $890,000 back on its investment. It is expected that TEGFI will receive some additional funds from international distribution of the film, however, it is not expected that the receivership estate will receive anywhere close to the amount invested. Moreover, Paris Hilton completely refused

to promote the movie in breach of her contractual obligations. On August 12, 2008, the Receiver filed a lawsuit against Paris Hilton and Paris Hilton Entertainment, Inc. in an attempt to recover damages incurred as a result of Ms. Hilton's breach. As with any litigation, there are risks involved and the Receiver is unable to estimate what, if any, recovery will be achieved through this lawsuit.

2. Sinatra

Prior to the Receiver's appointment, Worldwide invested in "Sinatra", a show that depicts the life of Frank Sinatra through dance and videography. On June 5, 2006, the Receiver traveled to London to meet with Sinatra's producer to discuss Worldwide's investment. At the meeting, the producer stated that Worldwide had committed to fund £1.2 million for a twenty five (25%) percent interest in the show, but only funded half of that causing the producer to scramble immediately prior to the show's opening to raise the necessary funds. As a result, the producer devalued Worldwide's interest in Sinatra to approximately thirteen (13%) percent.[2] Even though Worldwide was in breach of its initial funding obligation, the producer said that he would permit Worldwide to recoup its initial investment as well as a return – albeit smaller based on the aggravation and risk he incurred in having to scramble to raise additional money at the last minute. The Receiver has not accepted this position, but until the show is "sold", the Receiver does not want to waste funds arguing on this issue which may never become relevant.

Sinatra ran for sixteen (16) weeks at the historic Palladium Theater in London in 2006 and made a small profit which was reinvested back into the production. Currently, the show is being showcased for sale for future productions around the world. At this point, it is too early to

[2] The Receiver does not necessarily accept this position and is reviewing the entire transaction to determine the accuracy thereof.

determine whether Worldwide will recoup its investment and potentially earn a profit on this investment.

3. Little Women

In or about November, 2004, Worldwide invested $250,000 in Little Women, LLC, for 9.5% co-producer interest in the Little Women Broadway Tour. By May 28, 2006, the entire $250,000 invested by Worldwide was recouped (the "Recoupment Date"). The Recoupment Date was during the 42nd week, out of an estimated 49 projected playing weeks, of the Little Women Broadway Tour. Additionally, in early 2008, Worldwide received approximately $35,000 in profits from the tour. Worldwide, does not anticipate receiving any further profits with respect to this investment.

C. INTERNATIONAL AFFILIATES

1. Australia

As discussed in prior reports by the Receiver, the Receivership Entities had two promoting relationships in Australia with well known Australian promoters: Kevin Jacobsen with the Jacobsen Group and Michael Chugg with MCE Entertainment. The current status of these relationships is as follows:

a. The Jacobsen Group/Dirty Dancing

Worldwide Australia, LLC ("WWA")[3] was created in 2003 after Utsick partnered with Kevin Jacobsen ("Jacobsen") and/or his affiliate(s) forming Jacobsen Utsick, Pty, Ltd. ("JJU" or the "JJU Partnership"). On or about December 17, 2004, a dispute developed over the rights to the musical production of Dirty Dancing which was based on the screenplay of the motion picture known as "Dirty Dancing", and WWA filed a lawsuit (hereinafter referred to as the

[3] Worldwide is the sole member of WWA. WWA is a Delaware limited liability company whose principal place of business was 300 South Point Drive, Suite 3702, Miami Beach, Florida 33139.

"Australian Case") against nine (9) defendants in The Supreme Court of New South Wales, Sydney Registry, Equity Division, Commercial Division, in a case styled: "*Worldwide Australia, LLC v. Jacobsen Platinum Pty Limited, Kevin George Jacobsen, Time of My Life Pty Limited, Dirty Dancing Investments Pty Limited, Dirty Dancing Asia Pacific, Jacobsen Entertainment Limited, Amber Lucy Jacobsen, Michael Aaron Jacobsen, and Jacobsen-Jack Utsick Pty Limited, No. 50183 of 2004,*" (these nine defendants are hereinafter referred to as the "Australian Case Defendants").

Specifically, the Australian Case alleges that the JJU Partnership was formed to, among other things, exploit and profit from the Dirty Dancing rights acquired on behalf of, and for the benefit of, the JJU Partnership by the Australian Case Defendants known as Time of My Life Pty Limited, Dirty Dancing Investments Pty Limited, and Dirty Dancing Asia Pacific Pty Limited and that therefore, any profits derived from the Dirty Dancing Work were obtained for the benefit of, and on behalf of, the JJU Partnership. The Australian Case also seeks an order for an account of profits derived from the exploitation of the Dirty Dancing Rights from any and all of the Australian Case Defendants.

In June 2008, the Receiver attended mediation in Sydney, Australia, however, the parties failed to reach a settlement. Discussions with the Australian Defendants concerning settlement are still ongoing and the Receiver is hopeful that a settlement can be reached in the near future. If the Australian Case does not settle, the Receiver is prepared to go to trial which should take place next year. Due to the litigious posture of the Australian Case, the Receiver will not set forth any further details on this matter in this report.

b. Michael Chugg/MCE Entertainment

Prior to commencement of the receivership, Worldwide had a co-promotional relationship with Michael Chugg ("Chugg") and Michael Chugg Entertainment Pty Limited

("MCE") pursuant to which the parties were to co-promote live entertainment events throughout Australia. In connection with this relationship, Worldwide invested several million dollars with MCE to co-promote various events. A few years lapsed and MCE reported that Worldwide's investment was worthless. The Receiver disagreed with this conclusion.

In spring, 2006, the Receiver traveled to Sydney, Australia in an attempt to settle with MCE, however, no settlement was reached. Accordingly, the Receiver sued Chugg and MCE to collect the $1.8 million allegedly owed to Worldwide. In July, 2007, the Receiver traveled back to Sydney to attend court-ordered mediation. Once again, no settlement was reached, but the parties did continue to attempt to reach a mutually acceptable settlement. Finally, in Spring, 2008, the parties were able to reach a settlement, whereby MCE is to pay the Receiver $1.5 million (Australian Dollars) with $500,000 down and 15 monthly payments of $66,666.66. Court approval of this settlement is pending.

D. MISCELLANEOUS INVESTMENTS

1. Real Estate

In addition to the Jacksonville Property discussed above, the Receivership Entities owned two condominium units in the Portofino Towers (Unit Nos. 3702 and 3503) located in Miami Beach, Florida. Utsick resided in Unit No. 3503, while Unit No. 3702 was utilized by the Receivership Entities as an office. In July, 2008, the Receiver sold Unit 3503 for $2.3 million. This unit had a mortgage on it of approximately $350,000. Additionally, the Receiver satisfied outstanding taxes and a broker's commission with the sales proceeds. The estate netted approximately $1.825 million after payment of all these obligations. Presently, the Receiver is marketing Unit 3702 for sale which is free and clear of any liens or mortgages. However, due to the substantial downturn in the South Florida condominium market, the Receiver is uncertain of the value of this unit and how long it might take to sell.

2. Luna Restaurant

As discussed in the Receiver's Initial Report, in February, 2003, Utsick wired $350,000 from TEGFI to invest in a bar and lounge on the island of St. Barthelemy ("St. Barts") called "Luna". The $350,000 was for twenty percent (20%) of "Marina Partners Ltd", an Antiguan corporation that was to own and operate the property. Allegedly, there were undisclosed claims pending against the property that were revealed to the investors post-closing resulting in Luna being returned to the seller. After threatening to institute a lawsuit, the Receiver reached a settlement, which has been approved by the Court. In Spring, 2008, the Receiver was paid $185,000 in full satisfaction of his claim.

III. UTSICK

Utsick provided an accounting to the Securities and Exchange Commission which indicates that his personal assets consist of approximately $85,000 in unrestricted bank accounts, $23,000 in IRAs, a $500,000 prepayment to the IRS, a small monthly pension benefit and *di minimis* personal property. To date, the Receiver has liquidated all known unrestricted bank accounts in the approximate amount of $87,000 and the remaining IRA accounts have been frozen. The Receiver continues to attempt to verify the accuracy of this accounting.

At the commencement of the receivership, the Receiver learned that Utsick owned several life insurance policies with a combined death benefit of $54.2 million[4]. Three of the active policies are Universal Life policies totaling $27 million in death benefits and list TEGFI as the beneficiary. There is one additional active Universal Life policy with a face amount of $15 million and listed Jack Utsick's personal trust as beneficiary. The remaining two active policies are Term policies having a combined death benefit of $12 million. These two policies previously

[4] The Receiver uncovered nine policies altogether, however, three (3) of the policies had lapsed prior to his discovery of same. The remaining six active policies consist of $54 million in death benefits.

listed Utsick's girlfriend, Jennifer Homan, and Utsick's estate as the beneficiary, however, Ustick subsequently assigned the policies to the Receiver on behalf of Worldwide. The premiums for all of the active policies are approximately $515,000 per year. Upon the advice of the Investor Advisory Panel, the Receiver has continued to pay these premiums since the inception of the receivership.

IV. YEAGERS

The SEC concluded a settlement with Robert and Donna Yeager (the "Yeagers"), the principals of AEI, in which they are to return all the profits they received from their business relationship with Worldwide, TEGFI and Jack Utsick to the receivership estate, and they will pay a fine. On July, 13, 2007, this settlement was memorialized into a judgment by the Court (the "Judgment"). According to the terms of the Judgment the Yeagers were to pay the receivership estate approximately $5.9 million in assets consisting of cash, automobiles, a boat, retirement accounts, several homes in Louisiana and their share of a house in Sunny Isles Beach, Florida. To date, most of these assets have been liquidated and the Yeagers are close to completing their obligation pursuant to the Judgment.

V. OTHER LITIGATION

A. Michael I. Goldberg, Receiver v. Lyn Chong and Kevin Karl Wills, Jr.

In April, 2007, the Receiver sued Utsick's former assistant, Lynn Chong and her husband for various causes of action, including counts for fraudulent transfer and unjust enrichment, in connection with her unlawful transfer of $5 million dollars from TEGFI's bank account for her own benefit. On July 11, 2007, the Court entered an order granting the Receiver partial summary judgment on his fraudulent transfer and unjust enrichment claims, essentially holding that the money Chong received was excessive compensation. Subsequent to the Court's order,

the Receiver entered into settlement discussions with Chong and her husband in order to provide for a voluntary turnover of the remaining funds in their possession along with all material assets they purchased with the $5 million. An agreement was reached whereby Chong and her husband turned over substantially all of their assets consisting of approximately $1.45 million held in various bank accounts, a waterfront house, a BMW automobile, $24,000 in cash and artwork. Recently, the Receiver entered into a contract for sale of the waterfront home for $800,000. It appears that Chong also paid approximately $1.5 million in taxes to the Internal Revenue Service and the Receiver is seeking a return of those funds.

B. Michael I. Goldberg, Receiver v. Estate of Geraldine DiSalvo, et al.

The Receiver is actively participating in litigation to recover millions of dollars of investor funds misappropriated by Sheri DiSalvo ("DiSalvo"), through her company American National Pension Services ("ANPS") when she served as pension administrator for the Individual Retirement Account ("IRA") funds. The IRA funds were to be invested into the Receivership Entities through ANPS.

DiSalvo passed away in late August, 2005. On or about October 19, 2005, a notice of administration of probate estate of DiSalvo was filed in the Superior Court for Santa Clara County, California, Case No. 1-05-PR-158259 (the "California Probate Estate"). On or about June 19, 2006, the Receiver filed a Petition to file a Creditor's Claim After Expiration of the Deadline for Filing a Claim (the "Petition"), along with a Creditor's Claim on behalf of the Receiver against the California Probate Estate. On August 30, 2006, Duane DiSalvo and Wayne DiSalvo, the Co-Personal Representatives of the California Probate Estate served a Notice of Rejection of the Receiver's Claim.

On November 30, 2006, the Receiver filed a Complaint on the Rejected Claim and for Restitution of Receivership Property, in a case styled *Michael I. Goldberg, Receiver for Worldwide Entertainment, Inc. et al. v. Duane DiSalvo, et al.,* Case No. 106 CV-075625 in the Superior Court of California, County of Santa Clara (the "California Probate Litigation"). In the California Probate Litigation, the Receiver sued Duane DiSalvo and Wayne DiSalvo in their capacities as Co-Personal Representatives, the California Probate Estate and ANPS for fraud, constructive fraud, conversion, common count for money had and received, for an accounting, and to pierce the corporate veil of ANPS. Additionally, the Receiver sued Duane DiSalvo, Wayne DiSalvo, Candy DiSalvo and Lisa Dickey for conversion, unjust enrichment, common count for money had and received, and for an accounting.

On or about January 24, 2006, a Petition for Ancillary Administration was recorded in the official records for Miami-Dade County, Florida, and filed with the Clerk of the 11th Judicial Circuit in and for Miami-Dade County, Probate Division, Case No. 06-277-CP (01) (the "Florida Probate Estate"). On May 15, 2006, the Receiver timely filed a claim (the "Receiver's Probate Claim") in the Florida Probate Estate. On May 22, 2006, Wayne DiSalvo and Duane DiSalvo, as Co-Personal Representatives of the Florida Probate Estate, through their counsel, served notice of their objection to the Receiver's Probate Claim. Pursuant to Florida Statutes, Section 733.705(4), a party that receives an objection to his claim, has thirty days to file an independent action on the claim. The independent action may not be filed in the probate estate, but rather may be brought in any court of competent jurisdiction.

On June 21, 2006, the Receiver filed a lawsuit in the U.S. District Court for the Southern District of Florida, the same court presiding over the receivership, in a case styled, *Michael Goldberg, as Receiver over Worldwide Entertainment, Inc. et al. v. Wayne DiSalvo, et al.*, Case

No.: 06-21582-CIV-HUCK/SIMONTON (the "Florida Probate Litigation"). In the Florida Probate Litigation, the Receiver asserted claims against the Florida Probate Estate and ANPS for fraud, conversion, restitution, breach of fiduciary duty, to pierce the corporate veil of ANPS, and to impose a constructive trust on the Florida Probate Estate. Additionally, the Receiver sought recovery against Wayne DiSalvo and Duane DiSalvo in their individual capacities for conversion, restitution, and to impose a constructive trust on Wayne DiSalvo's and Duane DiSalvo's personal assets, as well as a declaratory judgment that the Receivership Entities have a valid claim in the Florida Probate Estate.

On June 4, 2007, the Receiver filed a motion in the Florida Probate Litigation, to abate the case. The purpose of the motion to abate the case, is to stay the proceedings in Florida pending the outcome of the proceedings in California in order to avoid litigating the same issues in two separate courts. On June 27, 2007, the Court in the Florida Probate Litigation granted the Receiver's motion to abate the case, and the Florida Probate Litigation is currently closed pending the resolution of the California Probate Litigation.

Currently, the parties in the California Probate Litigation are in active settlement discussions. The Receiver is hopeful that the parties will reach a settlement shortly.

C. Fraudulent Transfer Actions

During the course of the Receiver's administration of the receivership estate and during the review of investor claims, the Receiver discovered that some investors actually profited by receiving "interest" in excess of their initial capital investments (the "Profit Payments"). Furthermore, some investors received commission payments from the Receivership Entities commonly referred to as "client representative fees" (the "Commission Payments"). It is the Receiver's position that these Profit Payments and Commission Payments from the Receivership

Entities are in violation of Florida's Uniform Fraudulent Transfer Act and are recoverable by the Receiver. To that end, the Receiver has instituted approximately 150 lawsuits against investors totaling over $20 million seeking to avoid the Profit Payments and Commission Payments made by the Receivership Entities to the investors. Recently, the Receiver was successful in consolidating some of these lawsuits which will lower litigation expenses for the receivership estate. In addition to the 150 lawsuits brought by the Receiver, the Receiver has settled his claims with over 100 investors who received Profit Payments and Commission payments, and to date has received approximately $2.5 million in settlement payments. Due to the sensitive nature of litigation, the Receiver will not set forth any further details on this matter in this report.

VI. CLAIMS PROCESS

On September 21, 2006, the Receiver filed his Motion to Establish (i) A Claims Mechanism to Calculate Investors' Claims; (ii) A Claims Procedure to Deal with Disputed Claims; and (iii) A Claims Bar Date (the "Claims Motion"). On October 10, 2006, the Court entered an order (the "Claims Order") granting the Claims Motion in part and directing the Receiver to make available as soon as practicable by U.S. mail, a copy of the Claims Order and a claim form to the last known address for all investors listed in the Receivership Entities' books and records.

Pursuant to the Claims Order, December 4, 2006 was set as the date beyond which any claim filed may be deemed to be extinguished (the "Claims Bar Date"). Furthermore, the Claims Order directed the Receiver to use his best efforts to verify all timely filed claims as soon as possible based on a review of the Receivership Entities' business records. If a claim was filed in accord with the Receivership Entities' books and records (a "Consistent Claim"), the Receiver was authorized to approve and allow such a Consistent Claim. Importantly, the Order deferred

ruling on the Receiver's request to develop a formula to calculate investors' claims until a future date.

On October 12, 2006, the Receiver mailed a copy of the Order along with a claim form to all known investors at their last known address. To date, the Receiver received approximately 3,000 claims from investors. After a January 25, 2007 hearing addressing the claims formula issue, the Court entered an order dated February 1, 2007, directing the Receiver to utilize the "rising tide" method to calculate claims. Under the rising tide method, an investor may claim the entire amount that they invested, however, the investor will not share in a distribution from the estate until each investor receives the same percentage return that every other investor received. The rising tide is best demonstrated by the following example:

- Investor A invests $100,000 and receives $0 in distributions from the Receivership Entities. Investor A's rising tide percentage is 0% ($0 / $100,000). Investor A will share in a distribution from the receivership estate immediately because investor A has not received any distributions.

- Investor B invests $100,000 and receives $10,000 in distributions from the Receivership Entities. Investor B's rising tide percentage is 10% ($10,000 / $100,000). Investor B will not share in a distribution from the receivership estate until every other investor receives at least 10% of their initial investment.

- Investor C invests $100,000 and receives $15,000 in distributions from the Receivership Entities. Investor C's rising tide percentage is 15% ($15,000 / $100,000). Investor C will not share in a distribution from the receivership estate until every other investor receives at least 15% of their initial investment.

Thereafter, the Receiver and his staff began the complicated task of applying the rising tide formula to the nearly 3,000 claims that were filed. The job of analyzing exactly what amounts are owed to investors has been greatly complicated by the fact that the bookkeeping and corporate practices of Worldwide and TEGFI can best be described as either non-existent or in utter disarray. Due to the lack of records maintained by Worldwide and TEGFI, the Receiver retained a forensic accountant to recreate, where possible, a database of investor account

information that could be relied on as a foundation for verifying investors' claims. In or about September of 2007, the Receiver obtained for the first time an accounting of Worldwide and/or TEGFI payments and receipts to investors from his forensic accountant. Prior to the existence of this database, the Receiver's staff was unable to effectively review and verify investors' claims.

After several months of verifying the claims the Receiver and his staff had some difficulty applying the rising tide formula to a number of claims. Specifically, the Receiver and his staff found that many claimants filed multiple claims on an individual and joint basis and through wholly-owned corporations and trusts. Additionally, the Receiver was uncertain on how to treat claims filed by parents on behalf of their minor children. Furthermore, the Receiver needed clarification from the court on how to treat reinvestments.

To obtain the Court's guidance, the Receiver filed a Motion for Order Implementing Procedures For Reconciliation of Claims (the "Reconciliation Motion"). In short, the Receiver requested the Court to allow the Receiver to combine claims filed by an individual investor with claims filed by the same investor jointly with his or her spouse, or on behalf of a wholly owned business or revocable trust, or on behalf of a minor child.[5]

On February 1, 2008, the Court entered an Order Establishing a Method By Which Receiver Shall Calculate Claims (the "Reconciliation Order"). Essentially, the Reconciliation Order directed the Receiver to; (i) combine the claim of a minor child with their parents' claim (if there was no proper UTMA or UGMA formed); (ii) to combine the claim of a revocable trust that had a single beneficiary with the individual claim of the trust's beneficiary; (iii) to combine the claim of a business entity if the entity is wholly-owned with the claim of the individual who owns the entity; and (iv) to combine the claim of an individual with one-half of the claim they

[5] This is a simplification of the issues that the Receiver encountered in the verification of investor claims. For better detail please refer to the Motion for Order Implementing Procedures for Reconciliation of Claims.

filed jointly with their spouse. The claims process is nearly complete with only a few extremely complicated claims left to verify. The Receiver currently has cash on hand of approximately $23 million. It is the Receiver's expectation that distributions to investors with allowed claims will commence in the last quarter of 2008.

VII. CONCLUSION

The Receiver continues to work diligently to complete his investigation and will seek the Court's authorization prior to making any major decisions. Additionally, the Receiver will continue to file reports updating the Court and creditors of his progress.

DATED: August 21, 2008.

Respectfully Submitted,

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By: /s/ Michael I. Goldberg
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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 21st day of August, 2008, I electronically filed the foregoing Report with the Clerk of the Court by using the CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or pro se parties identified on the attached Service List in the manner specified, either via transmission of Notice of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronic notices.

/s/ Michael I. Goldberg, Receiver

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