

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

CASE NO. 06-20975-CIV-HUCK / SIMONTON

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

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

Defendants.

**RECEIVER'S MOTION TO SETTLE CLAIMS AGAINST
PLEDGE THIS HOLDINGS, LLC AND FOR AUTHORIZATION TO
ENTER INTO ASSIGNMENT AGREEMENT WITH
PLEDGE THIS HOLDINGS, LLC ASSIGNING CAUSES OF ACTION
AGAINST PARIS HILTON TO RECEIVER
AND INCORPORATED MEMORANDUM OF LAW**

Michael I. Goldberg (the "Receiver"), in his capacity as the court-appointed Receiver for Worldwide Entertainment, Inc. ("Worldwide"), The Entertainment Group Fund, Inc. ("TEGFI"), American Enterprises, Inc. ("AEI"), and Entertainment Funds, Inc. ("EFI"), by and through undersigned counsel, files this motion seeking an Order authorizing him to settle claims against Pledge This Holdings, LLC and for authorization to enter into an Assignment Agreement with Pledge This Holdings, LLC assigning causes of action against Paris Hilton, individually and Paris Hilton Entertainment to the Receiver. In support, the Receiver states as follows:

1. On April 20, 2006, this Court entered the *Order Appointing Receiver* (the "Receivership Order") whereby Michael I. Goldberg was appointed Receiver over the assets,

liabilities and business interests of Worldwide, TEGFI, AEI, and EFI (collectively referred to as the "Receivership Entities").

2. The Receivership Entities involve a complicated structure of numerous subsidiaries and affiliates conducting business throughout the world. In 2003, Jack Utsick ("Utsick") created Worldwide to better reflect the global nature of his business. Thereafter, the Receivership Entities formed numerous wholly owned subsidiaries and affiliates for specific investment purposes, with the goal of limiting liability and tax consequences.

3. One such subsidiary was Worldwide South Beach, LLC ("WWSB"), created to hold Worldwide's investment in the film, National Lampoon's Pledge This! (the "Movie").

4. Pledge This Holdings, LLC ("Assignor") is a special purpose vehicle, created for the purpose of producing the Movie. On or about June 3, 2004, Assignor entered into an agreement (the "Production Agreement") with Paris Hilton Entertainment, Inc. ("PHE") and Paris Hilton ("Hilton") for the production and distribution of the Movie.

5. On or about September 23, 2004, Assignor and WWSB entered into an Executive Producer and Financing Agreement and several subsequent amendments thereto (collectively, the "Financing Agreements"), pursuant to which WWSB provided financing to Assignor for the production of the Movie. In consideration, WWSB received rights to portions of the adjusted gross proceeds from the sale and the distribution of the Movie, as more fully set forth in the Financing Agreements.

6. When the receivership commenced, Worldwide had already contributed more than Six Million Dollars (\$6,000,000.00) million on the Movie, but the Movie was not fully completed. Accordingly, the Receiver expended another approximately \$300,000.00 to complete

the Movie. The Movie was theatrically released on October 25, 2006 and then released on DVD on December 19, 2006.

7. Pursuant to the Production Agreement, PHE was compensated a fee of One Million Dollars (\$1,000,000.00) for furnishing Hilton's services to appear in the Movie and to promote the Movie upon its release. However, subsequent to the Movie's release, Hilton refused to participate in promotional events or otherwise support the Movie. Accordingly, the Receiver believes that Hilton and PHE breached their promotional obligations under the Production Agreement, thus damaging the Receivership Entities' recovery on its investment.

8. The Receiver made demand on Assignor to commence a lawsuit against Hilton and PHE based on their breach of the Production Agreement. However, Assignor has been unable to comply with this request due to, among other factors, the lack of resources necessary to fund the lawsuit.

9. Assignor has agreed to assign certain rights under the Production Agreement to the Receiver so the Receiver may pursue claims thereunder for the benefit of both Assignor and the creditors of the Receivership Entities. A true and correct copy of the Assignment Agreement (the "Assignment") is attached hereto as Exhibit A, and summarized below.

10. Pursuant to the Assignment, Assignor has agreed to assign to the Receiver all of Assignor's right, title and interest in and to any claims or causes of action that Assignor may have against PHE, Hilton or any other party that arise out of, under or in connection with the Production Agreement.

11. Assignor is in possession of proceeds from the sale and distribution of the Movie which are due to be distributed to WWSB pursuant to the Financing Agreement (the "Current Distributable Funds"). A dispute exists between Assignor and WWSB as to the priority of

payment of certain creditors' claims. More specifically, Assignor believes that certain creditors' claims totaling \$84,737.00 have priority over WWSB's claims. WWSB disputes this assertion and believes its claims against Assignor have priority.

12. In settlement of this dispute, the Receiver has agreed to subordinate his claim to \$84,737.00 of the Current Distributable Funds in exchange for Assignor assigning him its causes of action against Hilton and PHE.

13. In the event the Receiver pursues claims arising out of, under or in connection with the Production Agreement, the Receiver and the Assignor agree that any and all amounts actually recovered by the Receiver, whether by settlement or collection of judgment, shall be distributed in the following order: (1) first to reimburse the Receiver for all attorney's fees and expenses incurred in the investigation and litigation of such claims; (2) next to reimburse the Receiver \$84,737.00 of the Current Distributable Funds otherwise currently payable to the Receiver that the Receiver has permitted Assignor to use in order to satisfy Assignor's obligation to creditors; and (3) thereafter, 90% to the Receiver and 10% to the Assignor.

INCORPORATED MEMORANDUM OF LAW

The district court has broad powers and wide discretion to determine relief in an equity receivership. *SEC v. Elliott*, 953 F.2d 1560, 1566 (11th Cir. 1992). The power of courts over their own receivers, including their authority to control them in the settlement of all demands against the property held by them in their capacity as receivers, is well established..." *Bancroft v. Allen*, 138 Fla. 841, 190 So. 885 (Fla. 1939). It is equally the duty of the court appointing a receiver to compel the settlement of claims against the property in his possession in the most expeditious manner, and so as to avoid litigation and expense to the fund in charge of the court.

Id. 138 Fla. at 854, 190 So. at 890; *Fugazy Travel Bureau, Inc. v. State*, 188 So.2d 842, 843 (Fla. 4th DCA 1966).

The right of a receiver to settle claims and compromise actions with the approval and sanction of the court is well recognized. *Id.*; *O'Neal v. General Motors Corporation*, 841 F.Supp. 391, 398 (M.D. Fla. 1993). The Receivership Entities contributed a large sum of money to the Movie, but have not received the expected financial return. The Assignor lacks the resources necessary to pursue a lawsuit to recover funds from Hilton and PHE. The Receivership Order entered in this case, specifically authorizes the Receiver to, among other things: "Defend, compromise or settle legal actions...in which the Defendants or the Receiver is a party, commenced either prior to or subsequent to this Order, with authorization of this Court..." See ¶ 6 of the Receivership Order. Accordingly, the Receiver seeks approval of this Court to enter into the Assignment.

The Receivership Order also authorizes the Receiver to, among other things: "Investigate the manner in which the affairs of the Defendants were conducted and institute such actions and legal proceedings, for the benefit and on behalf of the Defendants and their investors and other creditors, as the Receiver deems necessary ..." See ¶ 2 of the Receivership Order. The Receiver seeks to pursue his claims against PHE and Hilton. The Assignment will strengthen the Receiver's claim. Accordingly, the Receiver believes that entering into the Assignment is in the best interest of the parties and the Receivership Estate and will assist the Receiver in recovering additional funds for the benefit of the investors and creditors of the Receivership Entities.

WHEREFORE, the Receiver respectfully requests this Court enter an Order approving the Settlement and Release; reserve jurisdiction to enforce the terms of the Settlement and Release; and grant such other relief as is just and proper.

LOCAL RULE 7.1 CERTIFICATION OF COUNSEL

Pursuant to Local Rule 7.1, undersigned counsel hereby certifies that the Receiver has conferred with counsel for the United States Securities and Exchange Commission, who has no objection to the relief requested herein. Counsel for Utsick and the Yeagers take no position on the motion.

Respectfully submitted,

AKERMAN SENTERFITT

Counsel to the Receiver

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By: /s/ Joan Levit

Joan Levit, Esq.

Florida Bar Number: 987530

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 3rd day of June, 2008, I electronically filed the foregoing Motion with the Clerk of the Court by using the Electronic Filing System, and that a true and correct copy of the forgoing was furnished via e-filing or U.S. Mail to the parties on the attached Service List.

/s/ Joan Levit

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EXHIBIT A

ASSIGNMENT AGREEMENT

This Assignment Agreement (the "Assignment") is made and entered into as of this ____ day of May, 2008, by and between PLEDGE THIS HOLDINGS, LLC ("Assignor"), a Delaware limited liability company, and MICHAEL I. GOLDBERG, in his capacity as court-appointed Receiver for Worldwide Entertainment Group, Inc. ("Worldwide"), The Entertainment Group Fund, Inc. and other affiliated entities ("Receiver").

WHEREAS, on or about June 3, 2004, Assignor entered into an agreement with Paris Hilton Entertainment, Inc. ("PHE") and Paris Hilton ("Hilton") (the "Production Agreement") for the production and distribution of a certain motion picture titled "NATIONAL LAMPOON'S PLEDGE THIS" (the "Movie"), a copy of which Production Agreement is attached hereto as Exhibit "A"; and

WHEREAS, on or about September 23, 2004, Assignor and Worldwide South Beach, LLC ("WWSB") entered into an Executive Producer and Financing Agreement and several subsequent amendments thereto (collectively, the "Financing Agreements"), pursuant to which WWSB provided financing to Assignor for the production of the Movie and, in consideration, received rights to portions of the adjusted gross proceeds from the sale and the distribution of the Movie, all as more fully set forth in the Financing Agreements; and

WHEREAS, Assignor is in possession of proceeds from the sale and distribution of the Movie which are due to be distributed to WWSB pursuant to the Financing Agreement (the "Current Distributable Funds");

WHEREAS, WWSB is and was at all time material hereto a wholly-owned subsidiary of Worldwide; and

WHEREAS, by Court Order dated April 20, 2006, in the action pending in the United States District Court of Southern District of Florida styled: Securities and Exchange Commission v. John P. Utsick, et al., Case No. 06-20975-CIV-HUCK (the "Action"), the Receiver was appointed as receiver for Worldwide and several other related entities and authorized and directed to marshal assets for the benefit of the creditors of the receivership estate; and

WHEREAS, Ckrush, Inc., formerly known as CEDRIC KUSHNER PROMOTIONS, INC. ("Ckrush") and James DiLorenzo ("DiLorenzo") are currently the managers of Assignor and warrant and represent that they are authorized to enter into this Assignment on behalf of Assignor and to bind Assignor and its members to the terms hereof; and

WHEREAS, Assignor now desires to assign certain rights under the Production Agreement to the Receiver so that the Receiver may pursue claims thereunder for the benefit of both Assignor and the creditors of the receivership estate in the Action;

NOW, THEREFORE, in consideration of the premises, the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

AGREEMENT

1. ASSIGNMENT. Assignor hereby assigns to the Receiver all of Assignor's right, title and interest in and to any claims or causes of action that Assignor may have against PHE, Hilton or any other party that arise out of, under or in connection with the Production Agreement. To the extent that the Receiver pursues any such claims or causes of action (the "Hilton Suit"), it shall do so at its expense and will make no claims for such expenses against Assignor, its members, Ckrush or DiLorenzo. In the event PHE or Hilton files a counter claim or third party claim against Assignor, its members, Ckrush and/or DiLorenzo based on the facts or

circumstances alleged in the Hilton Suit,, the Receiver agrees to retain counsel of his choice to defend Assignor, its members, Ckrush and/or DiLorenzo in such counter claim or third party claim and bear all attorneys fees and costs associated with such defense. In all private and public communications concerning any claims, the Receiver will indicate to third parties that the claims are brought solely by the Receiver and not for, on behalf of, or at the request or suggestion of Assignor, its members, Ckrush or DiLorenzo.

2. PROCEEDS OF LITIGATION. In the event that the Receiver pursues claims arising out of, under or in connection with the Production Agreement, the parties agree that any and all amounts actually recovered by the Receiver, whether by settlement or collection of judgment, shall be distributed in the following order: (1) to first reimburse the Receiver for all attorney's fees and expenses incurred in the investigation and litigation of such claims; (2) to next reimburse the Receiver \$84,737.00 of the Current Distributable Funds otherwise currently payable to the Receiver that the Receiver has permitted Assignor to use in order to satisfy Assignor's obligation to creditors in Section 3 below; and (3) thereafter, 90% to the Receiver and 10% to the Assignor.

3. RETENTION OF DISTRIBUTABLE FUNDS. The Receiver agrees that Assignor may retain \$84,737.00 out of the Current Distributable Funds that would otherwise be due and payable to the Receiver in order to satisfy Assignor's obligations to creditors.

4. NO RELEASE. Nothing contained herein shall be construed as releasing or limiting in any way Assignor's liabilities, duties or obligations, if any, under the Production Agreement and in no event shall Assignor be relieved of any its obligations under the Production Agreement as a result of this Assignment.

5. REPRESENTATION AND WARRANTIES. Assignor represents and warrants that: (i) it is duly organized and validly existing and in good standing by the laws of the place of its organization and has the requisite power and authority to execute and deliver this Assignment; (ii) the Production Agreement is valid and enforceable; (iii) Assignor has not defaulted on any of its obligations under the Production Agreement and no condition exists that, upon the passage of time, will become a default; (iv) the Production Agreement has not been terminated, modified, or amended, except as expressly referenced herein; (v) the Production Agreement has not been previously assigned or any interest in the Production Agreement pledged to any other party; (vi) the execution, delivery and performance of this Assignment have been duly authorized by all necessary corporate action on Assignor's part, and the parties executing this Assignment on behalf of the Assignor has full authority to execute this Assignment on behalf of the Assignor.

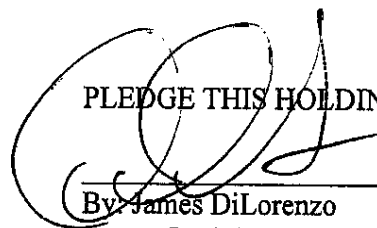
6. GOVERNING LAW AND JURISDICTION. This Assignment shall be interpreted under the laws of the State of Florida. The parties agree that in the event of any litigation arising out, under or in connection with this Assignment, the Court in the Action shall be the exclusive forum for the resolution of such disputes. Assignor, and the parties executing this Assignment on behalf of Assignor, agree that they shall be subject to the personal jurisdiction of the Court in the Action in the event of such litigation. This Agreement is subject to approval by the Court.

7. RECITALS. Recitals to this Assignment are hereby incorporated in this Assignment by reference.

8. AMENDMENT. This Assignment will not be changed or amended except by a writing duly authorized and executed by the party against who enforcement is sought and consented to in writing by the parties.

9. FURTHER ASSURANCES. Promptly upon request from time to time of the other party, each party shall duly execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, to or at the direction of such party, all further acts, transfers, assignments, powers and other documents, instruments as may be so requested to get effect to the transactions contemplated hereby.

10. COUNTERPARTS; FACSIMILES. This Assignment may be executed in any number of counterparts and delivered via facsimile each of which when executed and delivered shall be deemed an original but all of which together shall constitute one and the same instrument.


PLEDGE THIS HOLDINGS, LLC

By: James DiLorenzo
Its: Manager

MICHAEL I. GOLDBERG,
solely in his capacity as Receiver