

Michael I. Goldberg, Receiver
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VIA WEB POSTING

Re: *Securities & Exchange Commission v. Jack P. Utsick, Robert Yeager, Donna Yeager, Worldwide Entertainment, Inc., The Entertainment Group Fund, Inc., American Enterprises, Inc. and Entertainment Funds, Inc.,*
United States District Court for the Southern District of Florida
Case No.: 06-20975-CIV-HUCK-SIMONTON

Dear Investors and Creditors:

I am writing as the receiver (the "Receiver") for The Entertainment Group Fund, Inc. ("TEGFI"), Worldwide Entertainment, Inc. ("Worldwide"), American Enterprises, Inc. ("AEI") and Entertainment Funds, Inc. ("EFI") (collectively "the Receivership Entities"). The following is my fifth report on the receivership affairs and is only intended to update you on the major events of the last month. If you have any questions not answered by this report, please do not hesitate to contact me.

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

As detailed in my last report dated June 27, 2007, I sued Utsick's former assistant, Lynn Chong and her husband for various causes of action in connection with her receiving \$5 million dollars of receivership funds for her own benefit. Details of that lawsuit are available in my last report posted on the website. I am happy to report that on July 11, 2007, the Court entered an order granting us partial summary judgment on our fraudulent transfer claim and unjust enrichment claim essentially determining that the money Chong received was excessive compensation. Subsequent to the Court's order, we 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. I am happy to report that an agreement has been reached whereby Chong and her husband will be turning over substantially all of their assets consisting of approximately \$1.45 million held in various bank accounts, a waterfront house purchased for \$1.4 million, a BMW automobile, \$24,000 in cash and artwork. Additionally, they have agreed to voluntarily apply for tax refunds to recapture the \$1.8 million paid to the IRS from the \$5 million and deposit all refunds received with the Court for turnover to the estate. I anticipate that this settlement will be finalized shortly and approved by the Court. You may view a copy of the Order on Motion for Partial Summary Judgment

which has been posted on the website. It should be noted that Mr. Utsick fully cooperated with me in connection with prosecuting the case against Ms. Chong and Mr. Wills.

New Zealand

On July 16, 2007, I traveled to New Zealand and attended meetings with counsel handling the lawsuit against the Jacobsen entities concerning the Vector Arena in New Zealand. I also attended a case management conference in the High Court of New Zealand. It is expected that the High Court will set forth a procedure to value Worldwide's interest in the Vector Arena as well as a time table for the proceeding. I believe that this process will lead to the eventual recovery of fair value for Worldwide's interest in the Vector Arena.

Australia

Jacobsens

On July 17, 2007, I visited Australia to meet with my solicitors to review the case against the Jacobsens in connection with their various breaches of their partnership with Worldwide, and more particularly, their alleged diversion of the rights to Dirty Dancing from their partnership with Worldwide. While in Australia, my solicitors and I interviewed and retained a highly regarded senior barrister and junior barrister to represent Worldwide's interests in the case. I am confident that we now have the best possible legal team in Australia representing Worldwide's interests. It is expected that discovery will continue and a trial on the issues will take place sometime in 2008.

Chugg

When I was first appointed Receiver, I learned that Worldwide invested approximately \$5 million of investor funds in a partnership and various ventures with Michael Chugg, an Australian concert promoter. At that time, I was also informed that Chugg wrongfully diverted funds to his own use and intentionally did not report all of the partnership's revenue to Worldwide. I was also informed that Worldwide retained a forensic accountant who conducted an analysis of the partnership's books and record and determined that Chugg wrongfully kept millions of dollars in venue rebates properly belonging to the partnership thereby defrauding Worldwide. Prior to my appointment, Utsick confronted Chugg on this and Chugg agreed he owed Worldwide approximately \$1.7 million. In fact, when I first met Chugg in February, 2006, he acknowledged this debt, but said he needed time to repay it.

After requesting Mr. Chugg for months to repay the debt, including traveling to Australia to meet with Mr. Chugg last March for a meeting at which he failed to show up, I finally got tired of being ignored and I sued Chugg's company in Australia for payment. Chugg has since changed his position and now takes the disingenuous position that he was entitled to keep the rebates that he previously acknowledged he diverted from the partnership.


A mediation was set in Australia on July 19, 2007 between Worldwide and Michael Chugg and his company. The day before I traveled to Australia, I learned that Mr. Chugg did not want to attend the mediation because he believed that Mr. Utsick would be present at the mediation. I immediately assured Mr. Chugg's counsel that Mr. Utsick would not be present at the mediation and requested Mr. Chugg's attendance. On Monday, July 16, 2007, while I was in New Zealand, I learned that Mr. Chugg was not going to attend the mediation because he was allegedly now traveling overseas. Once again, I demanded that Mr. Chugg face up to his responsibilities and attend the mediation. On the day of the mediation, Mr. Chugg did not appear but instead sent his solicitor to handle the mediation on his behalf. The solicitor informed me that he instructed Mr. Chugg not to attend. Despite Mr. Chugg's non-attendance at the mediation, the mediation went forward as scheduled, however, no resolution to the Worldwide's claims against Mr. Chugg were reached.

While in Australia, I met with the accountant who first determined Chugg owed us \$1.7 million in an attempt to get a complete understanding of Worldwide's partnership with Mr. Chugg. I learned that Worldwide essentially forwarded approximately \$5 million dollars of investor funds to Mr. Chugg who proceeded to fraudulently divert much of the funds to his own use. Simply put, Mr. Chugg breached his fiduciary duties to the partnership and Worldwide and currently takes the position that Worldwide's funds were lost. Mr. Chugg failed to maintain separate accounts or even maintain a proper accounting of any funds utilized by the partnership. Mr. Chugg's defalcations appear to be numerous. For example, Mr. Chugg utilized Worldwide's money to invest in three music festivals. Two of the festivals failed and one was successful. Coincidentally, Mr. Chugg takes the position that Worldwide was an investor who lost its money in the two festivals that failed, but takes the position that Worldwide was simply a lender in the festival that turned out to be successful. After questioning Mr. Chugg's representatives in connection with these festivals, I have determined that Mr. Chugg's position is completely disingenuous and I will now commence an additional lawsuit against Mr. Chugg to obtain an ownership interest in the successful festival.

Additionally, based on a review of other evidence, I believe that Mr. Chugg wrongfully failed to account to Worldwide for numerous cash payments received, but instead diverted such proceeds for his own personal use. Accordingly, I will request the Australian arbitrator to appoint a forensic accountant to determine the extent of Mr. Chugg's defalcations and the exact amount of money owed to Worldwide. I will also make reports to the appropriate governmental authorities in the United States and Australia concerning Mr. Chugg's wrongful conduct.

As always, should you have questions, please feel free to contact me or my staff.

Sincerely,



Michael I. Goldberg, Receiver for The
Entertainment Group Fund, Inc., Worldwide
Entertainment, Inc., American Enterprises,
Inc. and Entertainment Funds, Inc.