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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:

I am writing as the receiver (the "Receiver") for The Entertainment Group Fund, Inc. ("TEGFI"), Worldwide Entertainment, Inc. ("WWE"), American Enterprises, Inc. ("AEI") and Entertainment Funds, Inc. ("EFI") (collectively "the Receivership Entities"). Upon my appointment by the United States District Court for the Southern District of Florida (the "Court"), I conducted an investigation of the Receivership Entities' business affairs, which are numerous, complex and located across the world. Since my appointment I have filed with the Court two reports entitled, Receiver, Michael I. Goldberg's, Report Concerning the Condition of the Receivership Entities. These reports are voluminous and contain a great deal of information regarding the Receivership Entities. Due to the size and formality of these reports, it took a great deal of time and expense to prepare them. From now on, I intend to generate shorter reports on a monthly basis, which will be filed with the Court and posted on the receivership informational website, www.entertainmentgroupinfo.com (the "Informational Website"). This will enable me to provide you with up to date information on a more frequent basis at less expense. These monthly "update letters" will not describe every matter that I am focusing on, just those larger matters that have new information to report which I believe is material for creditors to know. Of course, if you have any questions not answered by my monthly updates, please do not hesitate to contact me.

Keswick Theater

In February 2002, TEGFI purchased the Keswick Theatre ("Keswick"). The Keswick is a 1,365 seat theater that was built in 1928. The Keswick is located in Glenside Pennsylvania (suburban Philadelphia). Attendance at the Keswick ranges from 150,000 to 200,000 per year. TEGFI owns the Keswick free and clear of any recorded lien. The Keswick is for sale and is being marketed to companies that are in the entertainment venue business as well as various investors. I have prepared a due diligence packet containing detailed information about the

Keswick and I am distributing this packet to potential buyers. Hopefully, the estate will be able to obtain a good price for the Keswick in the near future, otherwise we will continue to operate it until such time as it can be sold for a good price as it is not losing money.

National Lampoon's Pledge This

The Receivership Entities, through a wholly-owned subsidiary named SBO, LLC ("SBO"), made a significant investment in a film starring Paris Hilton, entitled "National Lampoon's Pledge This" ("Pledge This"). The Receivership Entities have invested approximately \$6.89 million into this film. Pledge This had a theatrical release in October, 2006 in Chicago. On December 19, 2006 Pledge This was released on DVD and is currently available in Blockbuster Video, Best Buy, Target, Wal-Mart and numerous other retailers. Vivendi Universal is distributing Pledge This. Paris Hilton is contractually obligated to assist in the marketing of the film by making appearances, however she has not fulfilled this obligation. Overall sales have been good despite the fact that Paris Hilton has not assisted in marketing the movie. Currently, I am attempting to have Paris Hilton make an appearance on the Tonight Show with Jay Leno or on The Late Show with David Letterman in order to support the film. If Paris Hilton refuses, I will consider bringing legal action against her. I believe with proper marketing, the Receivership Entities will recuperate their entire investment in this film.

The proceeds of the film will be distributed to SBO as follows: For domestic revenues, after the first \$2 million in revenue is received and paid to the initial investor group, SBO is entitled to 92% of the revenues (up to \$6.89 million). For international revenues, SBO is entitled to 92% of the revenues, (up to \$6.89 million). After SBO receives its \$6.89 million in revenue, and miscellaneous other investor groups receive \$750,000, the SBO is entitled to 38% of the net revenues.¹

Defending the Caveman

In early 2002, TEGFI entered into discussions with Robin Tate ("Tate") of the Tate Entertainment Group, Inc, ("TEG"), concerning the formation of a joint venture for the purpose of promoting a production known as "Defending the Caveman" starring Robert Becker ("Becker"). The parties entered into a joint venture agreement on or about May 17, 2002. Tate had some success promoting Defending the Caveman in the past, so TEGFI entered into a co-promotion agreement (the "Co-Promotion Agreement") for the production of Defending the Caveman at the Town Hall Theater in New York, from October 8, 2002 through November 24, 2002 (the "Caveman NY Production"). At or around the same time that the Co-Promotion Agreement was entered, Tate obtained the exclusive right for a five year period to market and sell the Caveman New York Production on DVD in North America. On or about June 25, 2002, TEGFI entered into an agreement with Tate to be equal partners in the Caveman DVD promotion.

After spending significant funds on advertising, it became apparent to the parties, based upon poor advanced ticket sales that the Caveman NY Production would be a financial disaster.

¹ The remaining revenues will be paid to other miscellaneous investors, actors, the director and writers.

In October, 2002, after significant discussions and various proposals, a settlement agreement was reached between Becker, TEG and TEGFI (the "Tate Settlement"). The Tate Settlement provided that TEG would pay TEGFI all its losses estimated to be \$469,561.² Prior to the receivership, TEG defaulted on the Tate Settlement and after my appointment, I made demand for payment. After obtaining a sworn affidavit of Tate's financial condition it appears that Tate is judgment proof. Tate has entered into a new settlement agreement whereby he will pay to the Receivership Entities \$55,000 over a two year period. To date, Tate has paid to the Receivership Entities \$10,000. Importantly, this new settlement is conditioned on the veracity of Tate's financial disclosure. If it is determined that Tate misrepresented his financial condition, the receivership estate will keep all money paid and continue to pursue Tate for the other losses TEGFI sustained.

Jack Utsick Presents, Northeast, Inc.

Jack Utsick Presents Northeast, Inc. ("JUPNE"), is a corporation that was formed to promote concerts in the northeastern United States. JUPNE was 50% owned by TEGFI and 50% owned by BS Entertainment, LLC ("BS Entertainment"). BS Entertainment is a limited liability company owned by William Rogers and Sidney Payne. Since my appointment, I monitored and evaluated JUPNE's business operations and determined that JUPNE is unprofitable.³ Accordingly, I determined that it is in the best interest of the receivership estate to wind down JUPNE.

I negotiated a Settlement and Wind Down Agreement ("Wind Down Agreement") with BS Entertainment and Rogers which provides for the dissolution of JUPNE and resolves many of the differences between BS Entertainment and the Receivership Entities. JUPNE will continue to promote 42 remaining events under contract with various artists, venues, advertisers and other third parties. JUPNE will not contract for any additional events. JUPNE will continue to pay its regular operating expenses and liabilities, as required. JUPNE has paid the receivership estate \$65,030 in connection with the Wind Down Agreement. Once the 42 contracts have been performed by JUPNE, and all of JUPNE's creditors have been paid, a final accounting will be performed and JUPNE's business will be terminated. Importantly, we have not released anyone and have reserved our rights in the event it is discovered that we have a cause of action against anyone involved with JUPNE.

Worldwide New Zealand

WWE 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 Vector Arena in Auckland, New Zealand. The remaining seventy percent (75%) interest in QPAM is held by Jacobsen Venue Management New Zealand, Ltd. and Jacobsen F.T. Pty, Ltd. (the "Jacobsen Parties"). To date WWNZ has

² TEGFI advanced the sum of \$1,299,275.44 to fund the Caveman NY Production and the Licensing Agreement.; however TEGFI received approximately \$829,714.34 in revenue from ticket sales.

³ JUPNE had a net loss of \$174,428 in 2005.

invested approximately \$3.9 million in QPAM. The Jacobson Parties have refused to provide me with necessary financial information about WWNZ's investment. Accordingly, I filed an application with the High Court of New Zealand seeking to enjoin QPAM from holding any board of directors meetings without financial disclosure to WWNZ. This action was necessary to protect the Receivership Entities' investment. During the proceedings in the High Court of New Zealand, I received notice from the Jacobsen's that they were exercising their right pursuant to the trust agreement, to purchase WWNZ's interest in QPAM. The High Court ultimately held that once the Jacobsen Parties chose to exercise their rights to purchase WWNZ's interest, they became the beneficial owner of QPAM and WWNZ only had a legal interest.

On November 10, 2006 the Court of Appeals dismissed WWNZ's appeal from the High Court, and held that WWNZ has no right to participate in the control, management or voting of QPAM. However, the Court of Appeals held that WWNZ is entitled to reasonable protection and a process which entitles WWNZ to fair value and consideration for its units and shares in QPAM. On December 12, 2006, I proposed to the Jacobsen Parties a procedure to arbitrate in order to determine the value of WWNZ's units and shares in QPAM. The Jacobsen's have refused this offer. Instead, the Jacobsen Parties believe they can unilaterally set the value of WWNZ's shares. Accordingly, if a fair process cannot be worked out in the near future, I will institute legal proceedings to enforce the decision of the Court of Appeals in order to obtain the necessary financial information to value WWNZ's interest.

3A London

3A is a partnership that is based in London, England. 3A has four partners: Dennis Arnold, Martyn Stranger, Pete Wilson (collectively "ASW") and Jack Utsick Presents ("JUP"). JUP owns a 49% ownership interest in 3A London. 3A is a British entertainment promotion, services and production business. In 2003 when the business was formed, the Receivership Entities invested approximately \$4.5 million in 3A. When I visited with ASW in June 2006, I discovered that 3A was losing money. In fact, I was informed that the Receivership Entities owed 3A \$382,000. Additionally, I learned that 3A owes the British government approximately 685,000 pounds in taxes. When I visited 3A, ASW said that they no longer wanted to partner with JUP and that they were seeking to terminate the partnership and close the business. I informed ASW that legal action would be taken if they attempted to terminate the partnership. Thereafter, ASW and I engaged in settlement negotiations and reached an agreement whereby ASW paid to the Receivership Entities \$1 million and assumed 3A's tax obligations to the British government. Moreover, JUP's debt to 3A was forgiven. Finally, the Receivership Entities will receive 50% of any profit if 3A is sold by July 21, 2007. In return, the Receivership Entities transferred all of their interest in 3A to ASW. The Court has approved this settlement and 3A has paid the Receivership Entities \$1 million.

Australia Litigation

Jacobsens

As previously reported, WWE entered into a partnership in Australia with Jacobsen Entertainment and its principal, Kevin Jacobsen ("Jacobsen"), pursuant to which the parties were to jointly promote various entertainment projects. Jacobsen promised WWE that a play entitled "Dirty Dancing" based on the hit 1980s movie would be a partnership asset. In reliance, in part, on this promise, WWE forwarded millions of dollars to Jacobsen and the partnership. Upon information and belief, Jacobsen who was himself in receivership in Australia, used some of the funds to pay his creditors. Additionally, contrary to his prior promises, Jacobsen kept the Dirty Dancing project for himself and instead filled the partnership with many losing projects, thereby losing all of Worldwide's money.

Prior to receivership, WWE sued Jacobsen for various causes, including breach of contract and fraud. Unfortunately, Jacobsen's promise to place Dirty Dancing into the partnership was never properly documented, and accordingly, WWE needs to prove its case, in large part, on correspondence between the parties and testimony from witnesses. Dirty Dancing has turned out to be a huge success. I have taken over the suit and vigorously prosecuting it.

Michael Chugg

WWE entered into a partnership to promote various concerts with Michael Chugg in Australia. To that end, WWE forwarded millions of dollars to Chugg and his entities. After promoting various events, Chugg reported that WWE's money was lost. Prior to receivership, WWE audited Chugg and determined that his initial accounting was incorrect. An agreement was reached for Chugg to pay WWE back almost \$2 million. For more than six months I have tried to reach a repayment plan with Chugg, however, Chugg has been unresponsive. Accordingly, earlier this month I have filed a lawsuit against Chugg in the United States. Chugg was served with process while he was attending a concert industry conference in Los Angeles. Chugg's response is due shortly. I intend to diligently pursue the suit and collection against Chugg both in the United States and in Australia.

Joe Zada

Joe Zada ("Zada") was introduced to Jack Utsick ("Utsick") of WWE as someone who could assist in arranging a \$100 million letter of credit for WWE. WWE needed the letter of credit to show the financial capacity to promote a Barbra Streisand tour. Zada represented to Utsick that he could arrange for the letter of credit from a third-party lender if he could show that they had a pre-existing business relationship. To demonstrate its pre-existing business relationship, WWE advanced \$1.5 million to Zada. In return, Zada executed two promissory notes in the amount of \$1 million and \$500,000 respectively. The promissory notes were guaranteed by Zada and Zada Enterprises (the "Zada Parties"). On or about November 3, 2006, I entered into a settlement agreement with the Zada Parties whereby the Zada Parties are to pay the receivership estate \$1.5 million plus in interest. To date, the Zada Parties have paid the

receivership estate \$521,000 in principal and interest and they are obligated to pay the balance within the next month.

American National Pension Services

Sherri DiSalvo ("DiSalvo") served as a pension administrator for the investors of the Receivership Entities. DiSalvo was the President of American National Pension Services ("ANPS") a Florida and California corporation. Through my initial investigation I have found that Sherri DiSalvo was skimming money that was invested through ANPS into the Receivership Entities. DiSalvo passed away in August of 2005.

Probate estates for DiSalvo were opened in California and Florida. I have filed claims in both probate estates and we have essentially frozen the assets in these estates. DiSalvo's sons, Wayne DiSalvo and Duane DiSalvo, as Co-Personal Representatives of the probate estates, served a notice of objection to the claims. I have initiated litigation against the probate estates in support of my claims. The probate court has ordered the parties to begin discovery and I intend to vigorously pursue this litigation.

Claims Process

On or about October 4, 2006 I filed a Corrected 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 Granting in Part the Claims Motion (the "First Claims Order"). In the First Claims Order the Court authorized the initiation of the claims process and set December 4, 2006 as a deadline for creditors of the Receivership Entities to file a claim (the "Claims Bar Date"). Thereafter, thousands of claim forms and notices of the Claims Bar Date were mailed to all known creditors. I received approximately 3000 claims, in the approximate amount of \$295 million from the Receivership Entities' investors and creditors ("Claimants"). The claims are being reviewed and verified and I anticipate that the review of the claims will take six to eight months to complete. After the claims are reviewed, I will file a motion with the Court for authorization to make a distribution to creditors with allowed claims from the funds the receivership estate has accumulated to date.⁴

Utsick's Living Expenses

In December 2006, the SEC and I filed a joint motion to cease payment of Utsick's monthly living expenses. At a preliminary hearing, the Court instructed me to immediately cease paying Utsick anything pending a hearing on the motion. That hearing was set to take place in January, but was continued based on Utsick's attorney's health. The hearing was reset for February, but was once again continued. In the meantime I have ceased all payments to Utsick and I will not make any further payments unless the Court orders otherwise. Utsick resides in a

⁴ On February 1, 2007 the Court entered an Order Establishing A Method By Which Receiver Shall Calculate Claims (the "Second Claims Order"). The method selected by the Court is more fully described in the FAQ section on the Informational Website.

condominium owned by the Receivership Entities, but I have told Utsick to vacate the condominium in May at the end of the school year.

Yeager Settlement

The SEC and I are in the process of concluding a settlement with the Yeagers under which the Yeagers will return all profits they received from Worldwide and pay a fine. It is expected that the receivership estate will receive most of the Yeagers' assets in the settlement. Moreover, the Yeagers will continue to assist me in my investigation.

Oil Well

One of the assets the Yeagers handed over to me in anticipation of the settlement is an interest in a potential oil well which the receivership estate now has the option to drill. To that end, we have obtained two geophysical reports on the prospect and both were very favorable. After consultation with the Investor Advisory Panel ("IAP"), and at its direction, we are considering completing this investment. Although it is risky and we may lose money, it is the IAP's belief, after extensive consideration of the geophysical reports, that the potential gain significantly outweighs the risk. Accordingly, the IAP has instructed me to move forward with this venture.

Conclusion

I will continue to work diligently to pursue all investigations, forensic accountings and lawsuits pertaining to the receivership in an effort to maximize the recovery for the Claimants. Court approval will be requested prior to making any major decision including but not limited to the approval of any settlement or the sale of any major receivership asset. I plan to make an initial distribution to the Claimants as soon as possible. Please continue to check the Informational Website for new updates.

Sincerely,



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