

**SEC ENFORCEMENT ACTION CHARGES ENTERTAINMENT PROMOTER
JACK UTSICK AND OTHERS IN CONNECTION WITH \$300 MILLION
OFFERING FRAUD**

Washington, D.C., April 17, 2006 - The Securities and Exchange Commission today announced that it filed a civil injunctive action in the United States District Court for the Southern District of Florida charging Worldwide Entertainment, Inc. and Entertainment Group Fund, Inc. and their principal John P. (Jack) Utsick, and American Enterprises, Inc. and Entertainment Funds, Inc. and their principals Robert Yeager and Donna Yeager, in connection with a fraudulent offering that raised over \$300 million from over 3,300 investors nationwide.

The Commission also requested the appointment of a receiver over all four corporate defendants. Simultaneously with the complaint, the Commission filed consents executed by all the defendants, with proposed judgments. Defendants, without admitting or denying the allegations of the complaint, consented to the entry of a permanent injunction, an asset freeze, repatriation order, repayment of amounts they received, and penalties.

Linda Chatman Thomsen, the Director of the Commission's Division of Enforcement, said, "Fraudulent schemes and the misuse of funds have a devastating impact on investors' faith in capital raising efforts. We will continue vigorously to enforce the securities laws against those who engage in such schemes."

David Nelson, Director of the Commission's Southeast Regional Office in Miami, said, "Even businesses that tout their success through affiliations with public figures and celebrities, can turn out to be frauds. Investors should keep in mind that investments that are not registered with the SEC are often among the riskiest."

The Commission's complaint alleges that from at least 1998 through late 2005, the defendants sold unregistered securities in the form of loan agreements or units in special purpose limited liability companies (LLCs) to raise funds for a variety of entertainment ventures produced and/or promoted by Jack Utsick, the third-largest independent entertainment promoter in the world according to *Billboard Magazine*. Defendants told prospective investors that their investments would earn annual returns ranging from 15% to 25% and, in some instances, an additional 3% of the profits generated by Jack Utsick and his companies. The investments in the LLCs or loan agreements were usually for a term of one year, and many investors rolled over their principle and purported "profits" from project to project. Over the years, defendants raised funds for dozens of projects, including theatrical productions and concerts for well-known artists and groups such as Shania Twain, Elton John, Santana, The Pretenders and Aerosmith. In truth, most of the entertainment projects lost money and, as a result, Utsick and his companies

paid earlier investors with funds raised from new investors. The defendants also made material misrepresentations and omissions to investors about, among other things, the profitability of their investments, the use of proceeds, the payment of commissions, and the existence of state disciplinary actions.

The complaint further alleges that:

- The defendants' promised annual returns of 15% to 25% were baseless. Although the offering materials for each venture identified the particular concert or event for which funds would be used, Utsick commingled all of the funds received for the projects in two operating accounts (Worldwide or Entertainment Group), from which he paid all business and personal expenses. Because Utsick did not maintain any separate accounts or books and records for each project, it was impossible for defendants to determine the profitability of any event.
- Many of the entertainment projects Worldwide and Entertainment Group promoted or produced lost money (and at least one project was not produced) and, as a result, earlier investors were paid with monies the defendants raised from new investors.
- Contrary to the defendants' representations that no commissions were paid in connection with the offering, Utsick paid over \$7 million in undisclosed commissions to the Yeagers and others.
- Utsick used investor funds inconsistently with the purposes promised to investors. For example, Utsick opened an options trading account for Entertainment Group through which he traded (and lost) nearly \$17 million. He also used investor funds to, among other things, pay principle and interest to earlier investors, pay sales commissions, purchase two multimillion condominiums in Miami Beach, Fla., and fund his lavish lifestyle.
- Defendants did not disclose to investors the existence of state securities actions by Wisconsin, Missouri and Michigan.

The complaint charges the defendants with violating Sections 5(a), 5(c) and 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder and, as to Robert and Donna Yeager, American Enterprises and the Entertainment Funds, with violations of Section 15(a) of the Exchange Act. The complaint seeks permanent injunctions prohibiting future violations of the securities laws, an accounting and disgorgement of ill-gotten gains, with prejudgment interest, imposition of civil penalties, and an asset freeze through the conclusion of the litigation.

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SEC contacts: