

**UNITED STATES DISTRICT COURT  
Southern District of Florida  
Miami Division**

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

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

vs.

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

Defendants.

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**RECEIVER'S SECOND AMENDED TENTH REPORT ON  
THE CONDITION OF THE RECEIVERSHIP ENTITIES**

Michael I. Goldberg, court-appointed 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"), files the Receiver's Second Redacted Tenth Report on the Condition of the Receivership Entities to provide the Court and Creditors with an update on the following matters:

**A. Matters Still Being Administered by the Receiver**

**1. Wuhlheide Amphitheater**

The Wuhlheide is an outdoor amphitheater located in what used to be East Berlin, Germany. 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

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persons – space for 12,000 in the surrounding forum type seating and another 5,000 in the open area in front of the stage. 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, the majority of which TEGFI funded. TEGFI owns 75% of the entity that holds the lease; Kollen owns 15%; and Glatman owns 10% the ("Wuhlheide Partnership").

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, their interest was limited because the lease only had an additional six (6) year term (one remaining year under the base term and one five year option). Accordingly, no deal was reached at that time.

The lease was for an initial term of 10 years with one five year option. The initial term of the lease was set to expire in December 2006. 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 repairs totaling nearly €2 million. Kollen requested that the city make the repairs as required under the terms of the lease. Short of funds,

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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.

*Update:* In March of this year, the Receiver sold the estate's 75% interest in the Wuhlheide for €3,000,000 (Euros). The funds were received on April 5, 2011, and were promptly converted to \$4,245,731.51 (U.S. dollars). Accordingly, the Receiver made approximately \$3.5 million in profit for the estate's creditors in connection with this transaction. The Receiver is now addressing certain housekeeping matters in Germany, as a portion of prior year distributions were held back in Germany due to TEGFI being a foreign corporation. The Receiver expects that these issues will be resolved shortly.

## 2. **Quay Park Arena (Vector 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." As of 2008, WWNZ had invested approximately \$3.5 million in QPAM.

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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 that triggered their right of first refusal to purchase WWNZ's interest in QPAM. 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 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.

*Update:* On April 4, 2011 Justice Potter issued an interim judgment. It was issued subject to a confidentiality order pending release of the final judgment and/or further order of the High Court. The interim judgment's subject matter is limited to matters relating to the valuation of Worldwide NZ's units and shares in QPAM Ltd. The purpose of the interim judgment was to give the expert valuation witnesses an opportunity to confer on the outstanding issues identified by Justice Potter and then to respond to the Court on those issues.

When the Tenth Report was initially prepared and put on the Entertainment Group Website, it contained a brief commentary purporting to summarize the content or implications of the interim judgment. The commentary was inaccurate in implying that the interim judgment was a monetary award with interest. In any event, in light of the confidentiality orders no statement purporting to summarize the content or implications of the interim judgment should have appeared in the Report.

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The original version of the Tenth Report has since been removed from the Website. This Amended Report does not include the inaccurate commentary about the litigation in New Zealand that appeared in the original version of the Report. Any person who has an electronic and/or hard copy of the original version of the Tenth Report should regard the commentary about the litigation in New Zealand in that Report as inaccurate and must also treat it as confidential and subject to confidentiality orders of the High Court of New Zealand dated 4 April 2011 effectively prohibiting further disclosure or dissemination of that inaccurate commentary, without leave of the High Court of New Zealand.

3. **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. 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, decided not to aggressively market the Jacksonville Property for sale, but to "mothball" the property in hopes that the market will recover. The Receiver is hopeful that the real estate market will recover in the next year and the eventual sale of the Jacksonville Property will bring significant value to the Receivership Estate.

**Update:** On May 31, 2011, the Court approved the Receiver's motion to retain a broker to market and sell the Jacksonville Property. The broker is in the process of finalizing their

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marketing campaign for the property, and will list the property at \$1,499,000. The Receiver is hopeful that the property will be sold within the next year.

4. ***Michael I. Goldberg, Receiver vs. 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 (collectively "Chong"), including counts for fraudulent transfer and unjust enrichment, in connection with her unlawful transfer of \$5 million 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. 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.

***Update:*** In November 2010, the IRS issued a refund check payable to Kevin Wills and Lyn Chong in the amount of \$1,947,262.89 which was promptly turned over to the Receiver and has been deposited into his trust account.

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## 5. Life Insurance Policies

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<sup>1</sup>. 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 listed Utsick's girlfriend, Jennifer Homan, and Utsick's estate as the beneficiary; however, Utsick subsequently assigned the policies to the Receiver on behalf of Worldwide. The premiums for all of the active policies are approximately \$700,000 per year.

*Update:* Upon the advice of the Investor Advisory Panel, the Receiver continues to pay these premiums. However, the Receiver is mindful of the fact that the estate has paid more than \$3 million in premiums since the commencement of the case and is not sure if the estate should continue paying the premiums as Utsick is currently residing in Brazil and the Receiver has no way of determining his health condition. The Receiver is also exploring the possibility of placing the policies in a trust allowing those investors that wish to continue to pay for the premiums the option of participating as trust beneficiaries provided they pay their pro-rata share of the premiums. As a condition of this, the Receiver will require that the Trust reimburse the estate for the premiums it has paid to date in the event Utsick dies and the policies pay off. The Receiver expects to file a motion on this shortly.

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<sup>1</sup> 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.

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**6. Receiver's Distributions to Creditors**

The Receiver made an initial distribution to creditors of approximately \$21.3 million in February 2009. The Receiver made a second distribution in December 2010 of \$7 million. The Receiver currently plans to make a third distribution in December, 2011. The current amount being held in trust by the Receiver is approximately \$8.6 million.

**7. Jack Utsick Judgment**

In April 2009 the Court held evidentiary hearings concerning the SEC's claims against Utsick. At the conclusion of the hearings, the Court determined that Utsick utilized the Receivership Entities to perpetrate a massive Ponzi scheme and diverted money from investors for his personal benefit. The Court entered a judgment against Utsick in the amount of \$5,077,188.15. Utsick appealed this ruling, but it was affirmed by the Appellate Court. Utsick did not appeal the Appellate Court's ruling, and it is final. The Receiver does not believe this judgment is collectible at this time as Utsick has fled to Brazil.

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**B. Conclusion**

The Court recently closed the underlying case and retained jurisdiction over the administration of the receivership. The Receiver will continue to liquidate the remaining assets. Additionally, the Receiver will continue to file reports updating the Court and creditors of his progress.

Dated: October 25, 2011

Respectfully Submitted,

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By: /s/ Michael I. Goldberg  
Michael I. Goldberg, Receiver  
Florida Bar Number: 886602

**CERTIFICATE OF SERVICE**

**I HEREBY CERTIFY** that on this 25th day of October, I electronically filed the foregoing 2<sup>nd</sup> *Redacted* 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