

STATE OF NEVADA
OFFICE OF THE ATTORNEY GENERAL

Protecting Citizens, Solving Problems, Making Government Work

FOR IMMEDIATE RELEASE

April 20, 2000

CONTACTS:

Tracey Brierly

(702) 486-3128

Richard Linstrom

(702) 486-3196

EQUINOX ORDERED DISSOLVED: MILLIONS IN ASSETS TO BE LIQUIDATED FOR RESTITUTION

Las Vegas - Attorney General Frankie Sue Del Papa has announced that U.S. District Judge Johnnie B. Rawlinson today approved the preliminary settlement of a civil enforcement action brought by Nevada, seven other states (Hawaii, Maryland, Michigan, North Carolina, Pennsylvania, Tennessee, and Virginia), and the Federal Trade Commission, against Equinox International Corporation and its founder, Bill Gould.

Key terms of the settlement include:

- * Dissolution of Las Vegas-based Equinox International Corporation. A court-appointed Receiver will take over the business and close it down. All employees, except officers (including those at the corporate headquarters in Summerlin and a distribution center on W. Cheyenne Avenue), will remain employed for at least two weeks, and may be employed longer, if necessary.
- * Consumer restitution fund estimated to be some \$30 - 40 million will be established. The Receiver will liquidate all Equinox corporate assets, and various personal assets of Gould, in order to fund a claims program for Defendants' victims.
- * Equinox founder Bill Gould is permanently restrained and enjoined from engaging, participating, or assisting in any multi-level marketing program. He is further banned in Nevada from advertising under the guise of obtaining sales personnel when, in fact, his purpose is to sell goods or services.

The government's lawsuit against Equinox was filed in Las Vegas on August 3, 1999 in U.S. District Court. It was alleged that Equinox operated as an illegal pyramid scheme in violation of state and federal laws. The State of Nevada additionally charged that the Defendants engaged in false advertising and deceptive trade practices. On August 5, 1999, Judge Rawlinson entered a Temporary Restraining Order and Asset Freeze, and appointed a Receiver. Following a three-day hearing, the Judge issued a Preliminary Injunction, which allowed Equinox to continue in business with modification of its business practices and under the supervision of the Receiver, pending trial. The trial, which began on April 3, 2000, was halted on April 17 when the parties informed the Court that a negotiated settlement was possible.

A hearing will be held on September 8, 2000 in order to finalize the agreement. At that time, the court will determine if the amount of restitution agreed upon is fair to the Defendants' victims, who will, pursuant to the agreement, be certified as a "class."

Equinox distributors who are class members eligible for restitution will be notified by mail (from addresses obtained from Equinox records) with instructions on procedures for filing a claim for restitution. A Notice will also be published in a weekday edition of USA Today. For more information on the settlement, call the Bureau of Consumer Protection's Equinox Hotline (702) 486-3132. Information and a copy of the "Order Preliminarily Approving Stipulated Final Judgment and Class Action and Setting Fairness Hearing" may be accessed on the Attorney General's Web site.
