Robb Evans, Receiver of
Equinox International Corp.,
Advanced Marketing Seminars, Inc.,
BG Enterprises, Inc.,
Related Corporations or Business Entities
and Certain Other Assets

REPORT OF RECEIVER'S ACTIVITIES
JUNE 19, 2000 THROUGH AUGUST 31, 2000

This report covers the activities of the Permanent Receiver since his Second Report to the Court. This is the Third Report to the Court on the progress of the receivership. It does not constitute an audit of financial condition and is intended only to provide information for use by the Court in assessing the progress of the receivership.

Business Operations

As previously reported, about 40 employees remained as of June 30th. Most of the remaining employees were working on entering distributor data into the database, shipping product from the two inventory sales, preparing to vacate the two facilities, tax and bookkeeping work, and litigation management. By September 30th, I estimate about 16 employees will remain. Eight of these remaining employees are working on maintaining current distributor data. After I receive the initial claims information discussed below, I will be in a position to evaluate staffing levels after September 30th.

Asset Evaluation and Sales

I have completed an inventory of the estate's assets. Under Tab 1 is a listing of items by category and the status of each item.

During the reporting period, significant assets were sold or contracts for sale were completed. All assets were sold in accordance with this Court's order of July 10, 2000. To minimize possible liability exposure to the estate, I sold all of the weapons to licensed weapons dealers, generally at the wholesale value.

Equinox conducted business in Mexico and Taiwan. Discussions for several interested buyers for these two businesses were not successful and I have begun liquidating both operations under the respective laws of both countries. I estimate that Mexico can be liquidated within four months and Taiwan within six months. These liquidations will not produce any revenue and will create considerable legal and accounting expenses that have, to date, reached about $300 thousand. However, the liquidation in Taiwan includes payment in full to Taiwanese distributors who requested refunds, under local law, thereby saving the estate additional costs in connection with the consumer redress procedures, described below.

International Purity Corporation is a receivership entity located in Saginaw, Texas that was producing water filters for resale by Equinox. I am in discussions with several potential buyers of the patent and of equipment molds.

A public auction of the furniture and office equipment was conducted at the corporate premises on August 23rd. The results of the auction are not yet known because one large purchaser has not remitted the funds agreed to in his contract with the auctioneer. A public auction of warehouse equipment, warehouse furniture and office equipment, and a few residual vehicles is scheduled for September 7th.

Premises

I completed negotiations with the landlord to vacate the corporate premises and the warehouse distribution center. The corporate premises will be vacated by August 31st and the distribution center will be vacated by September 30th. We located new space to house the few remaining employees at a rate of $9,548 per month. Moving out of the corporate facility and distribution center will result in a monthly savings of about $159 thousand.

Consumer Redress

I entered into an arrangement with The Garden City Group, Inc. ("Garden City") to perform printing and mailing of Class Notices and Claim forms and the data entry and document control functions of the consumer redress process. Garden City, located in New York, is a company well experienced in handling large mailings and scanning the results of the mailing into their computer system, and maintaining and furnishing an evolving database.

My staff will complete the claim review and administration process. The costs for claim administration will be determined by the number of claims, which are estimated to be about 15% to 20% of the original mailing to about 490 thousand potential claimants. I anticipate the costs for claim administration will be well below the costs for the initial printing, postage and handling of returned mail.

My staff compiled a database of former distributors along with each distributor's product purchase information and transmitted that database to Garden City. Garden City, in turn, caused each distributor's data to be printed on a claim form.

Prior to mailing, Garden City performed a search with the U.S. Postal Service for current address information on the distributor database. As a result of this search, 72,119 changes of address were entered into the distributor database.

On July 14th, 481,657 claim packets were mailed. Of that number, 135,361 have been returned as undeliverable with no new address information. An additional 12,896 were returned by the U.S. Postal Service with new address information and those claim packets have been re-mailed. As of August 25th, 21,222 claims had been received and scanned into Garden City's system.

The costs for the initial printing of the Class Notice and Claim form, postage, and handling returned mail were largely determined by volume. The unit prices proposed by Garden City were competitive and within industry standards. The volume of nearly 500 thousand mailings created printing and publishing costs of $367 thousand, postage costs of $135 thousand, and returned mail handling with related data entry costs of $98 thousand. This scope of expense should not be necessary again as the final mailing of claim payments will be to a much smaller group.

I anticipate receipt of a sample database containing about 10 thousand claims by mid-September. I will analyze that initial sample and develop testing parameters to validate data supplied to Garden City by the distributors. My goal is to administer a claim process that is fair and equitable to all the claimants while operating efficiently and cost effectively.

Net Asset Value of the Estate

As set forth in the chart at page nine, net funds to the estate after all asset sales are completed are estimated to be $33.3 million to $40.4 million. However, $9.6 million in assets already have been liquidated and disbursed, as set forth at Tab 3 describing cash inflow and outflow for the period after February 28, 2000, the date used to estimate the value of assets turned over to the receivership estate. This leaves a range of remaining funds of $23.7 million to $30.8 million, not including expenditures made after August 31, 2000.

However, due to the uncertainties of the off balance sheet liabilities, the possible tax liabilities associated with the Voluntary Employee Benefit Association ("VEBA") and other potential tax liabilities, the future administrative expenses, and the possible range of sales amounts for certain assets, it is not now possible to accurately predict the net asset value of the estate and the ultimate funds available for consumer redress. Following are additional details about some of the uncertainties that may affect the net asset value of the estate.

Off Balance Sheet Liabilities

Under Tab 2 is a listing of litigation that has been filed against the estate and litigation that has been threatened. It is currently not possible to predict the outcome of any of the current or threatened litigation or the impact on the estate's assets and the ultimate funds available for consumer redress. For example, two product liability lawsuits are seeking aggregate damages of $6 million and the wrongful death claim is for $2.75 million.

Liquidation of the Voluntary Employee Benefit Association (Section 419A Welfare Benefit Plan)

My counsel, who is overseeing the liquidation of the VEBA, has raised serious concerns about potential tax liability, which may become a liability of the estate. A recent tax court decision upheld the disallowance of substantially all the deductions taken by a similar plan to fund similar benefits. The ruling also provided that the disallowed deductions were taxable dividends to the recipient. BG Management took substantial deductions over a four-year period. Should it be determined that this potential liability accrues to the receivership estate, it may be in addition to any tax due upon distribution of the proceeds of the plan. As directed by this Court's order, I have instructed my counsel to proceed with the liquidation of the VEBA while he is attempting to quantify and resolve this potential liability.

According to information recently furnished by the administrator of the VEBA, instead of the VEBA having a surrender value in excess of $12 million, the current surrender value is reported to be about $9 million. My tax counsel has demanded an explanation from the plan administrator of this newly reported difference. I understand the parties are conferring about this new information.

Internal Revenue Service and State Tax Issues

As a result of a net operating loss carry back claim of $8,570,362 from the tax year ending February 28, 1999 to the tax year ending February 28, 1997, which resulted in an income tax refund of $2,892,784, Equinox is subject to an automatic Joint Committee on Taxation ("JCT") audit. The JCT itself is composed of ten members of Congress, five from the Senate Finance Committee and five from the House Ways and Means Committee. The actual work on the refund cases is performed by experienced reviewers on the JCT staff. At the examination level, JCT cases are handled by experienced agents and given the same thorough examination as other cases of similar size and difficulty. The JCT audit is a very detailed, potentially lengthy field audit in which agents are generally instructed to pursue the examination to a point where he or she can conclude that all items necessary for a substantially correct determination of tax liability have been considered. It should be noted that the nature of Equinox's operations creates a very complex accounting process which naturally serves to increase the time and scope of an audit.

On a previous JCT audit for the tax year ending February 28, 1998, Equinox was notified as to the commencement of administrative proceedings in the fall of 1998, field work was completed and the Revenue Agent's Report signed in March 1999, and the JCT concluded the case in January 2000. This JCT resulted in an additional tax assessment of $508,024 plus interest, attributable to disallowed deductions of $1,494,194.

With respect to the JCT audit for the tax year ending February 28, 1999, Equinox has yet to be notified of the commencement of administrative proceedings. Although Equinox has been working with the Service to accelerate the timing of this audit due to the current circumstances of the Company, the recent reorganization of and significant personnel shortages at the Service have caused the scheduling of this case to be delayed. It is unknown when this audit will be scheduled and Equinox is unable to determine the extent of any potential adjustments at this time.

As a result of a field audit, Equinox was assessed an additional sales tax liability of $109,490 on June 27, 2000 by the City and County of Denver, Colorado. This was adjusted downward to $74,329 on July 26, 2000. The City and County of Denver does not statutorily provide for an Offer in Compromise procedure but rather, the statutory course of action for disputed cases is through the Courts. We are working with the City and County of Denver to schedule a negotiation conference in an effort to resolve this matter. On September 1, 2000, the case was referred to the City Attorney's office for review and assignment. Whether we will be able to settle this matter is unknown at this time.

As a result of a net operating loss carry back claim of $4,296,967 from the tax year ending December 31, 1997 to the tax year ending December 31, 1995, which resulted in an income tax refund of $1,223,567, Advanced Marketing Seminars, Inc. was subject to an automatic JCT audit. The audit resulted in deductions of $300 thousand disallowed and an additional tax liability of $105,010 plus interest. The JCT concluded the audit in February 2000. We have submitted an Offer in Compromise for $12 thousand to the Service on July 12, 2000. With the current staffing limitations of the Service, Offers in Compromise are backlogged six to nine months. However, we have requested expedited processing given the current status of the Company. The case was approved by the Service for processing (the commencement of the consideration and evaluation process) and was assigned to an agent on August 24, 2000. Whether the offer will be accepted by the Service is unknown at this time.

AMS was formed in September 1993 as a Nevada C corporation. The former AMS, a California S corporation, was merged into the newly formed corporation on December 13, 1993. For the tax years ending prior to December 31, 1996, AMS' professional accounting services were provided by a local Las Vegas accounting firm. AMS provided motivational, training, and self-development seminars in virtually every state in the nation thereby giving rise to a taxable presence in every jurisdiction in which it presented seminars. For reasons unknown, the Las Vegas accounting firm did not file state income/franchise/net worth tax returns for AMS for the C corporation tax years of 1994 and 1995. It is unknown whether state tax returns were filed for the predecessor S corporation.

Effective with the tax year ending December 31, 1996, AMS engaged Deloitte & Touche LLP ("D&T") as its professional provider of accounting and tax services. D&T advised AMS that it was subject to state filing requirements due to its activities and all such returns have been prepared for the tax year ending December 31, 1996 to present.

With respect to the unfiled state tax returns for the tax years ending December 31, 1994 and 1995, a detailed analysis of the potential liability has not been prepared. It should be noted that of the unfiled state returns, only California and New Jersey contacted AMS regarding the returns and AMS did file the appropriate returns for the outstanding years. Further, there is no statute of limitations for failure to file, therefore, AMS has a contingent liability for the amount of the unpaid state taxes for the outstanding years. The following details AMS' activity for the 1994, 1995, and 1996 tax years:

Tax Year Ending	**Gross Receipts**	**Net Taxable Income (Unadjusted for IRS Audits)**	**State Income Tax Paid**
12-31-94	$ 16,058,244	$ 587,740	Returns not filed
12-31-95	$ 36,919,579	$ 6,740,975	Returns not filed
12-31-96	$ 39,831,292	$ 6,217,460	$ 153,310

The state corporate taxes paid in 1996 represent a blended state tax rate of 2.4658%. Accordingly, the application of the same rate to the 1994 and 1995 tax years results in an estimated tax liability of approximately $180 thousand plus interest and penalties. This potential liability may range from $300 thousand to $500 thousand, including penalties and interest. Based on the books and records of the receivership entities, it is unlikely my staff could reconstruct this potential liability on a state by state basis to any degree of certainty.

Sources and Uses of Funds from March 1, 2000 through August 31, 2000

Under Tab 3 is a statement of cash inflow and outflow for the period after February 28, 2000, the date used to estimate the value of assets turned over to the receivership estate. As the statement shows, during the six-month period cash inflow totaled $17.8 million, including $9.6 million of assets liquidated or received by the receivership estate. During the same six-month period, cash outflow totaled $18.1 million. Of that amount, $10.5 million was incurred before April 20th, and $7.6 million was incurred after April 20th.

Of the $7.6 million incurred after April 20th, about $4.5 million, or 58%, was for corporate expenses, primarily centered in payroll, payment of pre April 20th borrowing, rent, insurance, foreign liquidations, and taxes. Partnership expenses of $1.2 million and payments to Bill Gouldd of $1 million totaled another 28%. Receivership expenses were $388 thousand or 5%.

Proceeds from Asset Sales

Following is a table showing completed and future sales of the major corporate, partnership, and Bill Gouldd's personal assets. As stated above, the inventory list under Tab 1 includes the details of asset sales completed through August 31st. As the inventory list shows, most assets were sold at or above their appraised value. The table describes the progress of liquidating the major assets that were included in the projection of the net settlement fund. It also includes my evaluation of the range of future sales proceeds, and the total realizable funds before operating expenses and other senior claims. I have grouped the expectation of proceeds from asset sales by type, rather than listing them individually, to preserve our ability to market each asset for the highest price. Details are available to the Court upon request, in which case I would move that those details be submitted under seal.

While most of the completed sales were at or above the appraised or determined value, there were significant reductions, in some cases, from the net book value as of February 28, 2000. For example, the Las Vegas land was carried at $3.5 million. However, it had been listed for sale for more than a year with no offers. The liquidation of the product inventory was substantially higher than I had estimated, although the final realization was about 39% of the $3.95 million book value. The February 28th estimate of the realizable value of Advanced Marketing Seminars' audio-visual and seminar sets was in excess of $600 thousand. I obtained three or more bids for each piece of equipment and expect to realize about $213 thousand. The corporate fixed assets, including computer hardware and software, were carried at a net book value of $3.6 million. I expect the net realizable value will be no more than $275 thousand. However, as the range of future sales show, some of the real property could possibly return a value in excess of amounts carried as the net book value and may offset some of the deficiencies described above.

Completed and Future Sales

				Net Funds before other expenses	
Asset Group	**High**	**Low**	**Liens & High/Low Sales Expense**	**High**	**Low**
Completed Sales					
Lake Las Vegas land	2,500,000	2,500,000	311,000	2,189,000	2,189,000
Houseboat and other boats	276,750	276,750		276,750	276,750
Automobiles	2,725,000	2,725,000		2,725,000	2,725,000
Sale of stock (sold prior to 4/20)	2,698,632	2,698,632		2,698,632	2,698,632
Product Inventory	1,537,205	1,537,205		1,537,205	1,537,205
Audio-visual & Seminar sets	195,475	195,475		195,475	195,475
Art, Investments and Other	51,942	51,942		51,942	51,942
Subtotal	9,985,004	9,985,004		9,674,004	9,674,004
Future Sales					
Corporate Fixed Assets	275,000	225,000		275,000	225,000

Real Property	27,450,000	20,550,000	5,901,500 4,593,500	21,548,500	15,956,500
Boats, Vehicles & Airplane	13,550,000	12,425,000	6,920,500 6,817,000	6,629,500	5,608,000
Audio-visual & Seminar sets	18,000	18,000		18,000	18,000
Art, Investments and Other	2,234,500	1,836,500		2,234,500	1,836,500
Subtotal	43,527,500	35,054,500		30,705,500	23,644,000
Totals	**53,512,504**	**45,039,504**	**13,133,000** **11,721,500**	**40,379,504**	**33,318,004**

There are several intangible assets, such as patents, that belong to the estate. It is not possible to estimate proceeds from intangibles at this point.

Financial Report

Under Tab 4 is the Receiver's Financial Report for the period beginning June 19, 2000 and ending August 31, 2000.

Conclusion

I request that:

- This Report be approved.
- I be authorized to pay the indicated accrued fees and expenses owing myself.
- My actions in making other payments and taking such other actions described in this Report be confirmed, including the liquidation of operations in Mexico and Taiwan.

Respectfully submitted,

<signed>
Robb Evans
Receiver