

**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
MARCH 1, 2002 THROUGH AUGUST 31, 2002**

This report covers the activities of the Permanent Receiver since his last report to the Court dated June 6, 2002. This is the seventh 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.

Asset Evaluation and Sales

I previously completed an inventory of the Estate's assets as of April 20, 2000, when the Settlement Agreement was entered. Under Tab 1 is a non-cash asset inventory as of August 31, 2002 listing items sold since April 20, 2000 and items remaining in the Estate.

On August 27, 2001 this Court approved my motion to modify sale procedures related to art objects and other items. A public auction of these items was conducted March 1, 2002. The net proceeds of that auction were \$79,922.

On June 5, 2002 this Court approved my motion "modifying sale procedures and authorizing sale of receivership estate's interest in Inherent.Com and Valley Community Bank." On July 7, 2002, I accepted an offer of \$100,000, or \$10.00 per share, from the market maker of the Valley Community Bank stock. This offer was well above recent offers and was equal to the purchase price of the securities.

The remaining major assets to be liquidated are the 17,500 square foot residence in Boca Raton, Florida, and the 116 ft. Norship yacht. The uncertainty in the economy was discouraging meaningful offers for these very high-end assets prior to the recent wave of corporate scandals. High profile assets, such as this house and the yacht, which is docked at the residence, have become even more difficult to liquidate, except at extremely deep discounts, in the wake of those scandals. The fact that a number of luxury estates in the immediate area have been involved in these matters makes full value recovery even more challenging.

As previously reported, I have reduced the sales price of the yacht by \$500,000. While the yacht has continued to be actively marketed, the reduction in sales price has not generated any acceptable purchase offers. As the yacht's maintenance continues to consume cash, I have scheduled a meeting with the listing broker in mid-October to discuss a further listing price reduction and alternate liquidation strategies.

I continue to receive offers far below the listing price on the single-family residence in Boca Raton. I have scheduled a meeting with the listing broker in mid-October to discuss alternate liquidation strategies.

Pending Litigation and Remaining Claims

There were eight pending actions at the time of my last report. I have either settled or prevailed on five of the eight pending actions. The remaining litigation is either inactive and expected to be dismissed, or is covered by insurance with an affordable deductible. Expected liability for litigation under these circumstances should not exceed \$50,000.

Although I continue to receive an occasional water damage claim, most have been denied. Of the ten active water damage claim cases mentioned in my last report, most have been settled or closed for lack of a timely response to our settlement offer. There remain about 22 existing or potential claims comprised of vendor and service related claims. Of the remaining 22 potential claims, several may file claims that could exceed \$500,000. I expect all such claims to be resolved through the claims process.

Internal Revenue Service Issues

As previously reported the IRS has filed claims for approximately \$12 million, disallowing substantially all the deductions taken by BG Management to fund the 419A Plan. The IRS is claiming \$3,821,745 from BG Management and \$8,105,213 from Bill Gould. Mr. Gould asserts the Settlement Agreement provides him indemnity from any such tax claims. I have not agreed to any such indemnity.

The Federal Trade Commission's attorney successfully arranged for the Department of Justice to intervene in the dispute arising from the competing claims from two agencies of the U.S. government. The Department of Justice recently solicited an offer to resolve the matter. I responded to the request for a settlement offer and await a response.

Claim Administration and Consumer Redress

I have completed the administration of claims and will soon file a Motion requesting approval for the procedures discussed in substantial detail in my last report as of February 28, 2002. As I have previously described, former Equinox Distributors, following the Settlement Agreement, have submitted more than 66,700 claims. In my forthcoming Motion, I will request approval to notify more than 5,400 claimants of potential adjustments to their claims and allow them an opportunity to object to my pending adjustment.

The amount of funding available for the consumer redress program depends on the resolution of the two remaining high end assets and the pending claim from the IRS.

Sources and Uses of Funds: September 1, 2001 through February 28, 2002

Under Tab 2 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. During the current six-month reporting period, cash outflow totaled \$1.3 million compared to \$2.5 million in the previous reporting period.

Similar to the last reporting period, cash outflows continue to include large maintenance and upkeep expense for the Norship yacht and nearly completed construction disbursements for the residence in Boca Raton. As previously discussed, price reductions and marketing strategy are under review, with the need to curtail these expenses of paramount consideration.

Financial Report

Under Tab 3 is the Receiver's Financial Report of Administration Expenses for the period beginning April 20, 2000 and ending August 31, 2002.

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.

Respectfully submitted,

<SIGNED>

Robb Evans
Receiver
