

**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, 2004 THROUGH AUGUST 31, 2004**

This report covers the activities of the Permanent Receiver since his last report to the Court for the period ended February 29, 2004. This is the eleventh 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

The difficulties encountered by the Receiver in liquidating the 17,500 square foot residence in Boca Raton, Florida, have been chronicled in detail in previous reports. As previously reported, in January 2004, I received an offer to purchase the residence in Boca Raton for \$8 million and was able to negotiate a sale agreement at \$9 million. Counsel for the Receiver contacted the Federal Trade Commission and counsel for the Class Action Plaintiffs advising them of the pending sale. Neither party objected, and the sale closed in February 2004.

Internal Revenue Service Issues

As previously reported, the IRS claims for approximately \$12 million are still pending. 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. We tendered a settlement offer and received a favorable verbal response. We continue to periodically inquire about the progress of completing a settlement.

Claim Administration and Consumer Redress

As previously reported, on December 11, 2003, the Court signed an Order Establishing Claims Bar Dates, Claims Objection Procedures And Approving Receiver's Prior Claims Determinations.

Non-Distributor Claims:

The Receiver served a Notice of Claims Bar Date to 107 persons or entities. The 107 served included the regular service list and all known actual or potential pre-receivership non-distributor claimants. The non-distributor service list included actual or potential product liability claims, water damage claims, and claims from vendors, service providers, property owners, and their attorneys if available.

Twelve claimants followed the directions in the Notice of Claims Bar date and submitted claims to the Receiver's office on or before the bar date of June 25, 2004. The 12 claims totaled \$1,613,200. The Receiver has studied the claims and will file his recommendations for approval, modification, or rejection in a separate Motion with notice to the claimants.

Distributor Claims:

The Order approved the Receiver's prior Distributor Claim determinations and the request to establish detailed Distributor Claim Objection Procedures. The Distributor Claim Objection procedures requested by the Receiver, and

approved by this Court, sought to provide the maximum amount of claim benefits to the largest group of approved claimants. The underlying principle of the Claim Administration Procedures was to require complete and acceptable documentation for the portions of claims that exceed the average amount claimed by all distributors, or the amount determined to be usual.

As previously reported, the average claim for Net Purchases and for Net Business Expenses was each less than \$4,000. Based on a review of available data and other information, the usual claim for each portion of the claim was determined to be \$12,000. Consequently, the Receiver requested claimants to furnish documentation to support claims for Net Purchases or Net Business Expenses in excess of \$12,000.

From the responses, or lack of responses from the claimants, the approved Distributor Claim Objection Procedures resulted in reduction and other revisions to the Net Purchases calculation for 1,973 claimants and reduction and other revisions to the Net Business Expense calculation for 2,865 claimants. For the claimants in excess of \$12,000, claims for Net Purchases were reduced from \$40,867,694 to \$8,278,530. Additionally, for claimants in excess of \$12,000, claims for Net Business Expense were reduced from \$97,994,410 to \$43,198,812.

The approved Distributor Claim Objection Procedures potentially reduced claims in excess of \$12,000 for either Net Purchases or Net Business Expenses by \$87.3 million - from \$138.8 million to \$51.5 million. The reduced claims provide an increased share of the available distribution fund for all claimants.

Following directions in the approved Order, the Receiver's staff mailed letters to these 4,838 claimants describing how their claims were revised and the amount of the revision. About 950 of the letters were returned as undeliverable because claimants failed to inform the Receiver of a change of address. We requested updated address information from the United States Post Office and obtained some revised addresses.

Of the approximate 3,900 distributor claimants that received the letter describing how claims were revised and the amount of the revision, 186 objected to the Receiver's changes. The Receiver's staff has resolved 177 of the objections, often with additional mutually agreed-upon revisions. Of the remaining nine objections, three are being discussed, and six cannot be resolved.

Pursuant to the Court's Order the Receiver will put all unresolved distributor claimant objections (expected to be 10 or less), without changes to the distributor's wording, into a suitable format, and file them with the court. The Receiver will provide his recommendations for their adjudication. The Receiver will schedule a hearing on the filed objections and will provide the claimants with unresolved objections notice of the hearing.

Communication with Claimants:

We continue to respond to numerous inquiries about the status of the claims administration process and timeframe for distribution of the redress fund. Previously we reported that the Receiver's office redesigned the Equinoxinternational.com website by providing online claim status verification for the claimants. Claimants can also enter a change of address online. The site is SSL capable, which means all sensitive information entered by a claimant is secure and protected from disclosure to third parties. Additional information, including copies of the Receiver's reports and Court documents, is also available on the website.

The amount of funding available for redress depends on the resolution of the pending claims from the IRS, Class Counsel Fees that may be awarded, and other final expenses.

Sources and Uses of Funds: March 1, 2003 through August 31, 2003

Under Tab 1 is a statement of cash inflow and outflow for the current reporting period, and 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 \$125,810 compared to \$341,223 in the previous reporting period. Receivership cash basis expenses were \$40,000 higher than in the previous period, primarily because of expenses related to closing the sale of the Florida residence and work completed on Distributor Claim Administration and final tax returns for many of the Equinox entities.

Financial Report

Under Tab 1 is the Receiver's Financial Report of Administration Expenses for the period beginning April 20, 2000 and ending August 31, 2004.

Conclusion

I respectfully 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,

/S/

Robb Evans
Receiver
