

ROBB EVANS
Temporary Receiver of Equinox International Corp.,
Advanced Marketing Seminars, Inc.
and BG Enterprises, Inc.

REPORT OF RECEIVER'S ACTIVITIES
AUGUST 13, 1999 THROUGH SEPTEMBER 10, 1999

Ongoing Business Operations

Pending Court's ruling on September 3rd, I continued to monitor and control the major daily activities of the companies. My staff managed all cash inflows on a daily basis and approved routine accounts payable on an as needed basis. My staff also continued to implement the agreement reached between the parties on August 11th. Under that agreement, we monitored management's compliance with the \$1,000 limit for the initial order of a sales representative, the suspension of company sponsored or supported seminars, and the suspension of bonus payments to any representatives. I continued to maintain custody and control of the headquarters and warehouse premises.

Much of the extraordinary activity during the time period from August 13th to the hearing date centered on the coordination of production of computer data and other company records in response to information requests by the Federal Trade Commission. Management continued to cooperate with my requests for their assistance in production of this information and all of the information was produced to the Federal Trade Commission on a timely basis.

After the Court's ruling on September 3rd, I returned the custody and control of all premises to management. I began to discuss with management ongoing procedures to fulfill my responsibilities, as outlined by the Court, during the period preceding the April, 2000 trial. After receiving clarification from the Court on September 9th regarding cash control and Mr. Gould's living expenses, the following procedures were agreed with management.

Coordination

Management will keep in regular touch with my associates or myself regarding any activities of the company that could be considered unusual or viewed as "pushing the envelope" well before the event. Monthly meetings will be conducted to informally review the activities and performance of the company in the prior month and to discuss those anticipated in the month ahead.

Office space will be provided for the purpose of maintaining files and reviewing information.

Advertising

Proposed advertising will be submitted in advance. We may forward a copy to the Federal Trade Commission and will wait no more than five business days after receipt, to allow for comment from the FTC, if any, and then react to the proposal.

Communications that may not be strictly advertising, such as posting on the web site or press releases, that discuss the legal status of the company should either inform the reader of the existence and substance of the TRO or provide for the parallel posting of any such release as the FTC may choose to make on the subject.

Training and Marketing Meetings

We are to be informed in advance, as soon as they are scheduled, regarding all marketing or training meetings. We may attend, on a spot check basis, and arrange to have some video taped or ask management to video tape them for us.

Cash Disbursements

All payments greater than \$50,000 that are not in the ordinary course of business will be submitted to me in advance for approval. I will make every effort to respond to any request within 48 hours.

Incurring Financial Obligations

All extraordinary obligations that the company intends to incur, which will result in a cash obligation greater than \$50,000 must be submitted in advance for approval. I will make every effort to respond to any request within 48 hours.

Review of Expenses & Disbursements

One of my associates will visit the company weekly and review expenses, disbursements and financial reports and the files related thereto. My associate is to have full access to whichever individuals or files he considers appropriate for that purpose.

Two of my associates, both CPAs, will visit the company periodically and perform limited review procedures. They are to have full access and cooperation.

Financial Statements

The company will submit financial statements and all financial reports to the Receiver on as regular and prompt a basis as they are available to the Management and with the same level of detail. In any event, company prepared balance sheets, profit and loss statements, agings of accounts receivable, accounts payable (including bonus, refund and rebate payments) and inventory will be submitted as of each month end by the 15th of the following month.

Mr. Gould's expenses

The Court has directed me to establish and arrange payment of "reasonable" living expenses for Mr. Gould. There is no way for me to approach this task without being arbitrary except with disclosure of his fixed cash flow requirements for such items as mortgage payments, as well as other sources of cash flow, if any. The Court has directed that a budget be submitted to me for evaluation.

Receiver's Fees and Expenses

Attached is a schedule of the Receivership fees and expenses from inception through September 10, 1999. Fifty-eight per cent of the total expenses were incurred during the first eight days while my staff and I were establishing custody and control and reviewing financial and corporate records to prepare the Receiver's initial report. As I had previously directed, my staff reduced its activity as rapidly as the situation allowed and lowered expenses radically over the next three weeks. Currently, we are preparing a budget for the expense needed to carry out my directed responsibilities until the trial in April 2000. That budget will be submitted to the Court in my next report.

Approvals Requested

The Court is respectfully requested to:

1. Approve this report.
2. Authorize the payment of all expenses in this report.
3. Authorize the return to Equinox the balance of all funds in the control of the Receiver following the payment of expenses with the exception of \$1,000 which will be retained to maintain an operating Receiver's account for future usage.
4. Confirm the adequacy of the control and operating procedures described in this report that the Receiver will follow pending further order of this Court.

Respectfully submitted,

Robb Evans
Receiver