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8 **UNITED STATES BANKRUPTCY COURT**
 9 **DISTRICT OF NEVADA**

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 12 In re
 13 Front Sight Management LLC,

Case No. 22-11824-abl
 Chapter 11
Hearing Date: May 27, 2022
Hearing Time: 9:30 a.m.

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 18 **SUPPLEMENTAL DECLARATION OF IGNATIUS PIAZZA**
 19 **IN SUPPORT OF FIRST DAY MOTIONS**

20 I, Ignatius Piazza, hereby declare as follows:

21 1. I am the manager of Front Sight Management LLC, the chapter 11 debtor in
 22 possession herein (the “Debtor”). I formed the Debtor in 1996 and I own, directly and indirectly,
 23 100% of the Debtor. I am authorized to make this declaration on behalf of the Debtor. If called
 24 upon to testify as to the content of this declaration, I could and would do so.

25 2. I make this declaration in support of the Debtor’s emergency first day motions
 26 (collectively, the “First Day Motions”)¹ and in response to the United States Trustee’s (“U.S.
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28 ¹ All capitalized, undefined terms shall have the meaning ascribed to them in the applicable First Day Motion.

1 Trustee”) objections to the First Day Motions. The U.S. Trustee filed a standalone objection [Doc.
2 #26] (the “First Objection”) to the Debtor’s motion to limit notice, and an omnibus objection [Doc.
3 #31] to the remainder of the Debtor’s First Day Motions.

4 3. The Wage Motion. The Debtor’s employees will quit if they are not timely paid their
5 wages, and the Debtor’s business cannot operate without the employees. The Debtor is only seeking
6 to pay employees the wages that they incur in the ordinary course of business. The Debtor pays
7 wages on the first and fifteenth of each month, two weeks in arrears (and not every other week, one
8 week in arrears, which is what I understand many companies do). Upon commencing this case,
9 management assured employees that their wages would be timely paid, in the ordinary course of
10 business. It is critical that the Debtor timely pay wages in the ordinary course of business. No
11 payment the Debtor is seeking to pay through the Wage Motion implicates Section 503(c) and no
12 employee will be paid over the Section 507(a)(4) cap.

13 4. In order for the Debtor to continue to operate its business and to preserve the going
14 concern value of the business, the Debtor’s employees must be timely paid on June 1, 2022.
15 Anything more than a one or two delay will have devastating consequences for the company.

16 5. The Cash Management Motion. The Debtor absolutely must keep open its Bank of
17 Texas account ending in 6255. This is the Debtor’s merchant account where all credit card receipts
18 are deposited and it currently acts as one of the Debtor’s main operating accounts. ADP, the
19 Debtor’s payroll processor, pulls funds from this account for payroll. Without an order to keep this
20 account open, there will be devastating consequences to the Debtor. My intent is to keep this
21 account open as a merchant account, and today I opened a general operating debtor-in-possession
22 account at Bank of Texas. It is my understanding that once the Cash Management Motion is
23 approved, my counsel will contact Bank of Texas and request that that Bank of Texas convert the
24 merchant account to a collateralized account per the US Trustee guidelines. I was told that this is
25 standard now in chapter 11 cases. Once converted and adequately collateralized, the merchant
26 account will not be any different than the general account I opened today.

27 6. With respect to the Bank of America account, that is the company’s former merchant
28 account and operating account. The credit card merchant is currently holding \$560,000 of the

1 Debtor's money that is due to be released \$170,000 every 30 days starting on May 31, 2022. I am
2 very concerned that closing this account or keeping it frozen will result in a delay of the return of the
3 \$560,000 to the company. Once the company receives the balance of the \$560,000, I will close this
4 account. Once my counsel receives the cash management order, I was told they will work with Bank
5 of America for Bank of America to collateralize this account as a debtor-in-possession account.

6 7. The Debtor will close the American First National Bank account as it is not at an
7 authorized depository. The Debtor uses that account to deposit cash receipts and checks from
8 operations but the Debtor will find a new bank in Pahrump that is an authorized depository.
9 However, the Debtor requests that it receive Court authority to keep this account open for a ten day
10 period otherwise the Debtor has nowhere to deposit cash and checks.

11 8. The Motion to Extend. The Debtor consents to the US Trustee's proposed June 15,
12 2022 deadline as long as it is without prejudice to seeking a further extension.

13 9. The Critical Vendor Motion. The Debtor requested authority to pay its ordinary
14 course sales & use taxes and nineteen vendors. With respect to the sales & use taxes, the company
15 will incur penalties and interest if this is not timely paid.

16 10. Each amount that the Debtor has requested to pay arises out of pre-petition checks
17 that the company issued in the ordinary course of business to its most important suppliers and
18 service providers. With respect to the suppliers, these payments are for goods recently delivered and
19 it is my understanding that they would be entitled to a priority claim in this case. Also, in this
20 industry, bouncing a check will cause these suppliers to no longer do business with the company.
21 With respect to the service providers, they are all services the company relies on and that the
22 business cannot continue to operate without. The amount of outstanding checks is relatively small
23 and I request that the company be allowed to honor these checks. The total amount is \$44,902.99
24 (excluding the sales & use tax). At least \$18,000 of these checks cleared today from the Bank of
25 Texas merchant account.

26 11. The Colonial Life payment is for a life insurance premium that the employees pay for
27 (i.e., this money was taken from the employees' paychecks and must be paid).

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1 12. Richard Carlton Consulting provides the Debtor with its IT database software and
2 license and this is for the next five years. The Debtor's accounting system will not work without this.

3 13. The Notice Motion. While the Debtor believes that approximately 80,000 of its
4 members are potential creditors, the total amount of actual creditors is considerably less because the
5 intends on continuing to honor its Customer Programs. The Debtor believes that as of the petition
6 date, approximately 2,500 of the 80,000 of the aforementioned members are actual creditors.

7 14. Without doing a background check on each of its members, which would be cost
8 prohibitive, the Debtor cannot conclusively confirm which of its members are current or former law
9 enforcement and which of its members are family members of current or former law enforcement.
10 The Debtor also has current and former judges, politicians and other high-profile individuals as
11 members. The Debtor believes it has an obligation to keep its members personal information
12 confidential and to keep the fact that they are members confidential (given that membership also
13 certainly means they are also a gun owner).

14 15. Additionally, the disclosure of the Debtor's member/customer list could also have
15 huge negative impacts (such as competitors would like send mass marketing communications in an
16 attempt to steal our customers) on the Debtor's ability to operate its business post-petition and to
17 successfully reorganize.

18 16. DIP Financing Motion. The Debtor cannot operate its business or pay its employees
19 without DIP Financing. The Debtor cannot survive on its current revenue, and the Debtor will have
20 to immediately terminate all of its employees without DIP Financing. It is my understanding that the
21 Debtor's professionals are only willing to take on this representation if sufficient funds are set aside
22 for the fees and expenses they are incurring; however, they acknowledge that any payment to them is
23 conditioned upon Bankruptcy Court approval. Prepetition, the company's counsel, the company's
24 financial adviser and I spent significant time attempting to secure debtor in possession financing.
25 While we initially found many interested lenders, after seeing the online slander disseminated by
26 approximately 400 current and former disgruntled members, the majority of the potential DIP
27 lenders were not interested. The Debtor did not have any connection to the potential lenders –
28 including the Lender. Other than the Lender, the company received two written DIP

1 offers, both of which had significantly higher fees and interest rates and both of which had the same
2 or similar strict timing, relief from stay clauses, etc.

3 17. The proposed DIP Financing is by far the best terms that the company and its
4 professionals were able to obtain.

5 I declare under penalty of perjury under the laws of the United States of America that the
6 foregoing is true and correct. Executed this 26th day of May, 2022, at Dallas, Texas.

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