

1 STEVEN T. GUBNER – NV Bar No. 4624  
 SUSAN K. SEFLIN – CA Bar No. 213865 – *Pro Hac Vice* Granted  
 2 JESSICA WELLINGTON – CA Bar No. 324477 - *Pro Hac Vice* Granted  
 BG LAW LLP  
 3 300 S. 4<sup>th</sup> Street, Suite 1550  
 Las Vegas, NV 89101  
 4 Telephone: (702) 835-0800  
 Facsimile: (866) 995-0215  
 5 Email: sgubner@bg.law  
 sseflin@bg.law  
 6 jwellington@bg.law

7 Attorneys for Chapter 11 Debtor  
 and Plan Proponent

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

11  
 12 In re  
 13 Front Sight Management LLC,

Case No. 22-11824-abl

Chapter 11

**Continued Hearing Date:** October 3, 2022  
**Continued Hearing Time:** 10:30 a.m.

14  
 15  
 16  
 17  
 18 **DECLARATION OF SUSAN K. SEFLIN SUBMITTING REDLINE OF DEBTOR’S**  
 19 **PROPOSED SECOND AMENDED DISCLOSURE STATEMENT COMPARED TO**  
 20 **DEBTOR’S FIRST AMENDED DISCLOSURE STATEMENT**

21 I, Susan K. Seflin, hereby declare as follows:

22 1. I am an attorney duly licensed to practice law in the State of California and admitted  
 23 pro hac vice to this Court pursuant to Court order entered on June 2, 2022 [ECF No. 83].

24 2. I am a partner of BG Law LLP, chapter 11 bankruptcy counsel to Front Sight  
 25 Management LLC, the chapter 11 debtor in possession herein (the “Debtor”). I have personal  
 26 knowledge of the facts contained in this declaration, and if called as a witness, I would and could  
 27 competently testify thereto under oath.  
 28

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

3. Attached hereto is a redline of the Debtor’s proposed second amended disclosure statement compared to the Debtor’s first amended disclosure statement [ECF No. 33].

4. I am submitting this redline for the continued hearing scheduled for October 3, 2022 at 10:30 a.m. I believe that it incorporates the changes agreed to by the Debtor, and the changes set forth on the record at the Court’s September 30, 2022 hearing.

5. The Debtor’s DIP financing lender, FS DIP, LLC, and its affiliate and the proposed equity investor under the Debtor’s plan, Nevada PF, LLC, have not had the opportunity to review and comment on this final version of the redline. Therefore, it is subject to change.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 2<sup>nd</sup> day of October, 2022 at Stateline, Nevada.

/s/ Susan K. Seflin  
Susan K. Seflin

**Redline of Debtor's Proposed Second Amended  
Disclosure Statement Compared to the Debtor's First  
Amended Disclosure Statement**

1 STEVEN T. GUBNER – NV Bar No. 4624  
 SUSAN K. SEFLIN – CA Bar No. 213865 – Admitted *Pro Hac Vice*  
 2 JESSICA S. WELLINGTON – CA Bar No. 324477 – Admitted *Pro Hac Vice*  
 BG LAW LLP  
 3 300 S. 4<sup>th</sup> Street, Suite 1550  
 Las Vegas, NV 89101  
 4 Telephone: (702) 835-0800  
 Facsimile: (866) 995-0215  
 5 Email: sgubner@bg.law  
 sseflin@bg.law  
 6 jwellington@bg.law

7 Attorneys for Chapter 11 Debtor  
 and Plan Proponent

8  
 9 **UNITED STATES BANKRUPTCY COURT**  
 10 **FOR THE DISTRICT OF NEVADA**

11 In re:  
 12 Front Sight Management LLC,  
 13  
 14 Debtor.

Case No. 22-11824-abl

Chapter 11

**Plan Objection Deadline: 5:10:00 p.m. PSTPDT on**  
**November 4, 2022**

**Ballot Deadline: 5:10:00 p.m. PSTPDT on**  
**November 4, 2022**

**Disclosure Statement Hearing [Application for OST**  
**Filed Concurrently Herewith]:**

**Requested Hearing Date: September 30, 2022**  
**Requested Hearing Time: 9:30 a.m.**

**Expected**  
**Plan Confirmation Hearing:**

**Hearing Date: November 18, 2022**  
**Hearing Time: 9:30 a.m.**

24 **FIRST****SECOND** AMENDED DISCLOSURE STATEMENT DESCRIBING DEBTOR'S  
 25 **FIRST**  
**SECOND** AMENDED CHAPTER 11 PLAN OF REORGANIZATION **DATED SEPTEMBER**  
 26 **9, 2022**

27  
 28

**TABLE OF CONTENTS**

1		<u>Page</u>
2		
3	<b>I.</b> INTRODUCTION .....	1
4	<b>A.</b> Purpose of this Disclosure Statement. ....	5
5	<b>B.</b> Purpose and Effect of Plan.....	7
6	<b>C.</b> Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing.....	7
7	<b>1.</b> Time and Place of the Plan Confirmation Hearing.....	7
8	<b>2.</b> Deadline for Voting For or Against the Plan .....	8
9	<b>3.</b> Deadline for Objecting to the Confirmation of the Plan.....	8
10	<b>D.</b> Identity of Persons to Contact for More Information Regarding the Plan.....	9
11	<b>E.</b> Disclaimer. ....	9
12	<b>F.</b> Forward-Looking Statements.....	10
13	<b>II.</b> DEFINITIONS AND EXHIBITS.....	10
14	<b>A.</b> Definitions.....	10
15	<b>B.</b> Exhibits. ....	21
16	<b>C.</b> Computing Time Periods. ....	22
17	<b>D.</b> Notices and Delivery of Documents. ....	23
18	<b>III.</b> BACKGROUND .....	23
19	<b>A.</b> Description and History of the Debtor’s Business and a Summary of the Circumstances that Led to the Filing of the Debtor’s Chapter 11 Case.....	23
20	<b>1.</b> General Background. ....	23
21	<b>2.</b> The Debtor’s Prepetition Lender and Other Lienholders. ....	24
22	<b>3.</b> The Debtor’s Other Indebtedness. ....	26
23	<b>B.</b> Management, Principals, and Affiliates of the Debtor’s Business. ....	26
24	<b>C.</b> Events Leading to the Debtor’s Chapter 11 Filing. ....	26
25	<b>D.</b> Significant Events During the Bankruptcy. ....	30
26	<b>1.</b> First Day Motions. ....	30
27	<b>2.</b> DIP Financing and Cash Collateral.....	31
28		

1	3.	Appointment of Committee. ....	31
2	4.	Employment of Professionals. ....	31
3	5.	Motion to Appoint Examiner. ....	33
4	6.	Legal Proceedings. ....	33
5	7.	Prosecution of Avoidance Actions & Other Potential Claims. ....	36
6	<b>IV.</b>	<b>CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER</b>	
7		<b>THE PLAN</b> .....	<b>36</b>
8	<b>A.</b>	<b>What Creditors and Interest Holders Will Receive Under the Plan.</b> .....	<b>36</b>
9	<b>B.</b>	<b>Unclassified Claims.</b> .....	<b>37</b>
10	1.	Administrative Claims. ....	37
11	2.	Priority Tax Claims. ....	40
12	<b>C.</b>	<b>Classified Claims and Interests.</b> .....	<b>41</b>
13	1.	Class of Secured Claims. ....	41
14	2.	Classes of Priority Unsecured Claims.....	43
15	3.	Classes of General Unsecured Claims. ....	44
16	4.	Classes of Interest Holders.....	45
17	<b>D.</b>	<b>Means of Effectuating the Plan and Implementation of the Plan.</b> .....	<b>45</b>
18	1.	Plan Funding. ....	45
19	2.	Release of Liens.....	45
20	3.	Composition of the Reorganized debtor and Post-Confirmation Management.....	46
21	4.	Disbursing Agent. ....	46
22	5.	Objections to Claims.....	47
23	6.	Payment Upon Resolution of Disputed Claims. ....	48
24	7.	Investigation and Prosecution of Claims and Avoidance Actions.....	49
25	8.	Payment of Professional Fees and Expenses Incurred After the Effective Date. ....	51
26	9.	Distributions to Be Made Pursuant to the Plan.....	51
27	10.	Corporate Matters. ....	51
28	11.	Exemption from Transfer Taxes. ....	52

1	12.	Exculpations and Releases.....	52
2	<b>E.</b>	Other Provisions of the Plan. ....	53
3	1.	Treatment of Prepetition Lifetime Memberships.....	53
4	2.	Executory Contracts and Unexpired Leases. ....	53
5	3.	Risk Factors. ....	55
6	4.	Changes in Rates Subject to Regulatory Commission Approval.....	56
7	<b>F.</b>	Retention of Jurisdiction. ....	56
8	<b>G.</b>	Amendments to Operating Agreement. ....	58
9	<b>H.</b>	Dissolution of the Committee. ....	58
10	<b>I.</b>	Miscellaneous Issues Regarding Plan Distribution.....	58
11	1.	No Fractional Distributions.....	58
12	2.	Name and Address of Holder of Claim.....	58
13	3.	Unclaimed Distribution.....	59
14	4.	De Minimus Cash Distributions. ....	59
15	<b>V.</b>	IRS CIRCULAR 230 NOTICE .....	59
16	<b>VI.</b>	TAX CONSEQUENCES OF THE PLAN .....	60
17	<b>VII.</b>	CONFIRMATION REQUIREMENTS AND PROCEDURES .....	60
18	<b>A.</b>	Who May Vote or Object.....	61
19	<b>B.</b>	Who May Vote to Accept/Reject the Plan.....	61
20	<b>C.</b>	What Is an Allowed Claim/Interest.....	61
21	<b>D.</b>	What Is an Impaired Claim/Interest.....	61
22	<b>E.</b>	Who Is Not Entitled to Vote. ....	62
23	<b>F.</b>	Who Can Vote in More Than One Class. ....	62
24	<b>G.</b>	Votes Necessary to Confirm the Plan. ....	62
25	<b>H.</b>	Votes Necessary for a Class to Accept the Plan. ....	62
26	<b>I.</b>	Treatment of Non-accepting Classes. ....	63
27	<b>J.</b>	Request for Confirmation Despite Nonacceptance by Impaired Class(es).....	63
28	<b>K.</b>	Liquidation Analysis.....	63

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

<b>L.</b>	Feasibility.....	66
<b>VIII.</b>	EFFECT OF CONFIRMATION OF THE PLAN.....	67
<b>A.</b>	Discharge.....	71
<b>B.</b>	Continuing Stay/Injunction.....	72
<b>C.</b>	Revesting of Property in the Reorganized Debtor.....	73
<b>D.</b>	Modification of the Plan.....	74
<b>E.</b>	Post-Confirmation Status Reports.....	74
<b>F.</b>	Post-Confirmation Conversion/Dismissal.....	74
<b>G.</b>	Final Decree.....	75



**TABLE OF AUTHORITIES**

Page

**CASES**

1  
2  
3  
4 *Dziubla v. Piazza*,  
59 Cal. App. 5th 140 Cal. Rptr. 3d 297 (2020).....27

5 *In re Barakat*,  
6 99 F.3d 1520 (9th Cir. 1996), cert. denied, 520 U.S. 1143 (1997).....55

**STATUTES**

7  
8 11 U.S.C. § 101.....12

9 11 U.S.C. § 1102.....14, 29

10 11 U.S.C. § 1103.....19

11 11 U.S.C. § 1112(b).....63

12 11 U.S.C. § 1125.....15

13 11 U.S.C. § 1127.....51

14 11 U.S.C. § 1129.....46

15 11 U.S.C. § 1129(a)(8).....56

16 11 U.S.C. § 1129(b).....57

17 11 U.S.C. § 1141.....60

18 11 U.S.C. § 1141(d)(1)(A).....60

19 11 U.S.C. § 1141(d)(1)(A)(i).....60

20 11 U.S.C. § 1141(d)(1)(A)(ii).....60

21 11 U.S.C. § 1141(d)(1)(A)(iii).....60

22 11 U.S.C. § 1146(c).....46, 47

23 11 U.S.C. § 326.....58

24 11 U.S.C. § 327.....19

25 11 U.S.C. § 328.....19

26 11 U.S.C. § 329.....19

27 11 U.S.C. § 330.....19

28 11 U.S.C. § 330(a).....11

1	11 U.S.C. § 331.....	11, 19
2	11 U.S.C. § 501.....	60
3	11 U.S.C. § 502(c).....	43
4	11 U.S.C. § 502(g).....	20, 60
5	11 U.S.C. § 502(h).....	60
6	11 U.S.C. § 502(i).....	60
7	11 U.S.C. § 503(b).....	11, 19
8	11 U.S.C. § 503(b)(2).....	19
9	11 U.S.C. § 503(b)(3)(D).....	19
10	11 U.S.C. § 503(b)(4).....	19
11	11 U.S.C. § 506(a).....	20
12	11 U.S.C. § 507(a).....	18
13	11 U.S.C. § 507(a)(1).....	34, 55
14	11 U.S.C. § 507(a)(2).....	11, 55
15	11 U.S.C. § 507(a)(3).....	40
16	11 U.S.C. § 507(a)(4).....	40
17	11 U.S.C. § 507(a)(5).....	40
18	11 U.S.C. § 507(a)(6).....	40
19	11 U.S.C. § 507(a)(7).....	40
20	11 U.S.C. § 507(a)(8).....	18, 37, 55
21	11 U.S.C. § 510.....	12
22	11 U.S.C. § 521.....	20
23	11 U.S.C. § 541.....	12
24	11 U.S.C. § 542.....	12
25	11 U.S.C. § 544.....	12, 34
26	11 U.S.C. § 545.....	12
27	11 U.S.C. § 547.....	12, 34
28	11 U.S.C. § 551.....	12

1 11 U.S.C. § 553.....12, 20  
2 28 U.S.C. § 1930.....11  
3 28 U.S.C. § 1930(a)(6).....34, 63  
4 California Code of Civil Procedure § 425.16 .....27  
5

**RULES**

7 Federal Rules of Bankruptcy Procedure 1000 .....46  
8 Federal Rules of Bankruptcy Procedure 1009 .....20  
9 Federal Rules of Bankruptcy Procedure 3020(e).....1  
10 Federal Rules of Bankruptcy Procedure 3022 .....63  
11 Federal Rules of Bankruptcy Procedure 9006(a).....12, 21  
12 Federal Rules of Civil Procedure 60(b) .....33  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

1           \*\*Front Sight Management LLC (the “Debtor”) is the proponent of this amended disclosure  
2 statement and accompanying amended chapter 11 plan of reorganization. The Debtor reserves the  
3 right to make further amendments and modifications.

4           **THE DEBTOR HAS NOT AUTHORIZED ANY ENTITY TO GIVE ANY**  
5 **INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH**  
6 **IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR HAS NOT**  
7 **AUTHORIZED ANY REPRESENTATION CONCERNING THE DEBTOR, THE VALUE**  
8 **OF ITS PROPERTY OR THE TREATMENT OF CLAIMS OTHER THAN AS SET FORTH**  
9 **IN THIS DISCLOSURE STATEMENT.**

10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

## I. INTRODUCTION

Front Sight Management LLC (the “Debtor” or “Front Sight”) is the chapter 11 debtor in possession in the above-captioned chapter 11 bankruptcy case. On May 24, 2022, the Debtor commenced its bankruptcy case by filing a voluntary petition under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”). This case is pending before the Honorable August B. Landis, Chief United States Bankruptcy Judge for the District of Nevada (the “Court”). This document is the Debtor’s ~~first~~second amended disclosure statement (as may be further amended or modified, the “Disclosure Statement”) which describes the Debtor’s ~~First~~Second Amended Plan of Reorganization ~~Dated September 9, 2022~~ (as may be further amended or modified, the “Plan”).

Chapter 11 allows the Debtor, and, under some circumstances, creditors and other parties in interest, to propose a plan of reorganization. A plan may provide for a debtor to reorganize by continuing to operate, to liquidate by selling the assets of its estate, or a combination of both. The Debtor is the party proposing the Plan.

### **THIS DOCUMENT IS THE DISCLOSURE STATEMENT FOR THE DEBTOR’S CHAPTER 11 PLAN.**

The effective date (“Effective Date”) of the plan will be the second business day after entry of the order confirming the Plan (the “Confirmation Order”), provided the Bankruptcy Court has waived the provisions of Rule 3020(e) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and no stay of the Confirmation Order is in effect.<sup>1</sup> The Debtor following the Effective Date is referred to herein as the “Reorganized Debtor.”

The Plan described in this Disclosure Statement is a reorganizing plan. The Plan described in this Disclosure Statement provides for the Debtor’s emergence from its chapter 11 ~~ease,~~bankruptcy

---

<sup>1</sup> If the Bankruptcy Court does not waive the provisions of Bankruptcy Rule 3020(e), then the Effective Date will be the second business day which is at least fifteen (15) days following the date of entry of the Confirmation Order, assuming there has been no appeal from and order staying the effectiveness of the Confirmation Order. If there has been an order entered staying the effectiveness of the Plan Confirmation Order, the Effective Date shall be the second business day after the stay is no longer in effect with respect to the Confirmation Order.

1 as the “Reorganized Debtor”, which the Debtor anticipates will occur in November 2022. Under the  
 2 Plan, the Debtor will satisfy its debt and other claims as set forth in Article IV below and implement  
 3 a recapitalization with approximately \$24 million of new capital. The Plan described below has  
 4 been designed to position the Reorganized Debtor to succeed- following bankruptcy.

5 After confirmation of the Plan, the Reorganized Debtor will continue operating its business  
 6 as a world class firearms training center located in Nye County, Nevada. Through its chapter 11  
 7 reorganization and the Plan, the Debtor is terminating all of its existing memberships and offering  
 8 new memberships as set forth in more detail in **Exhibit B** hereto.

9 There are five primary groups of creditor claims in this case consisting of: (i) priority tax  
 10 and employee claims; (ii) the claims of the Debtor’s pre-petition secured creditors (i.e., creditors  
 11 who haveassert a lien against certain of the Debtor’s assets as collateral for their claims);<sup>2</sup> (iii) the  
 12 claim of the Debtor’s post-petition lender who holds a first priority lien in substantially all of the  
 13 Debtor’s assets; and (iv) the claims of the Debtor’s non-priority general unsecured creditors.

14 The following is a summary of the Plan:

15 1. Recapitalization: The Plan provides for a recapitalization as follow: in exchange for  
 16 100% of the new equity interests to be issued on the Effective Date, Nevada PF, LLC (the “New  
 17 Equity Investor”), an affiliate of the Debtor’s post-petition lender FS DIP, LLC (“FS DIP”), or a  
 18 designee of Nevada PF will (a) contribute \$19.575 million in cash to fund the Plan, and (b) cause FS  
 19 DIP’s approximately \$5.2 million secured claim to be contributed to the estate as partial  
 20 consideration for the new equity interests, for total consideration of at least \$24.775 million (the  
 21 “New Value Contribution”).<sup>3</sup> Under the Plan, the Debtor will satisfy its debt and other claims as set  
 22 forth in Article IV below. The \$19.575 million cash contribution (“Cash Contribution”) will be  
 23 used to, among other things, fund certain Plan payments on or around the Effective Date, provide  
 24

25 <sup>2</sup> The Debtor does not intend, nor should any provision of either the Plan or Disclosure Statement be  
 26 construed, as an admission of any kind as to the nature, extent, or priority of any purported lien(s),  
encumbrance(s), or charge(s) of any kind, nature, or extent against the Debtor’s assets or property.

27 <sup>3</sup> The New Equity Investor will cause FS DIP’s secured claim to be contributed in the amount of the  
 28 DIP Financing (inclusive of all interest and fees) as of the Effective Date, which may affect the total  
amount of the New Equity Investor’s New Value Contribution.

1 reserves for certain disputed claims and provide the Reorganized Debtor with sufficient working  
2 capital.

3 2. The Plan segregates Claims<sup>4</sup> into Classes and treats them as summarized immediately  
4 below, which summaries are subject to the provisions specified in Article IV below and in Article III  
5 of the Plan. The following is a summary of the Plan:

6 ##

7 Class No.	Description	Estimated Amount or Value of Claims as of the Effective Date	Estimated Projected Payment / Treatment for Allowed Claims
8 N/A	Administrative Claims (Professional Fees)	Approximately \$500,000 <sup>5</sup>	Full payment, subject to Bankruptcy Court approval as may be required, except as otherwise agreed by such Professionals. To the extent there is any surplus, such surplus shall be paid to the Class <del>76</del> reserve account.
13 N/A	Administrative Claims (Incurred in the Ordinary Course of Business)	Estimated at \$75,000 to \$500,000	Allowed Administrative Claims representing post-Petition Date liabilities incurred by the Debtor in the ordinary course of business, for which no approval by the Bankruptcy Court is required, shall be paid in full in accordance with the terms and conditions of the particular transaction giving rise to such liabilities and any agreements relating thereto.
18 N/A	Priority Tax Claims	\$100,000	If there are any Allowed Priority Tax Claims on the Effective Date, full payment consistent with Bankruptcy Code section 1129(a)(9)(C).
21 N/A	The secured claim of post-petition lender FS DIP LLC ("FS DIP") Collateral Description: 1 <sup>st</sup> Priority Lien on substantially all assets of the Debtor[as set forth in ECF No. 288].	Approximately \$5.2 million	The FS DIP Secured Claim will be paid in full on the Effective Date or contributed to the estate as part of the New Value Contribution <u>as further provided in, or contemplated by, the Plan, Disclosure Statement and otherwise applicable DIP loan documents.</u>

26 <sup>4</sup> Any capitalized term not yet defined will be defined in Article II of this Disclosure Statement.

27 <sup>5</sup> This amount does not include the \$2 million carve-out for professionals provided for in the Final DIP Order or approximately \$700,000 from the Debtor's DIP Financing budget that is allocated to pay professional fees.

Class No.	Description	Estimated Amount or Value of Claims as of the Effective Date	Estimated Projected Payment / Treatment for Allowed Claims
1	<p data-bbox="381 793 604 888">Secured claim of Las Vegas Development Fund, LLC ("LVDF")</p> <p data-bbox="381 919 625 1077">Collateral Description: Real property located at 1 Front Sight Road, Pahrump, NV 89061 ("Front Sight Property")</p> <p data-bbox="381 1108 576 1171">Interest rate: Non-Default – 6%</p> <p data-bbox="381 1203 560 1266">Maturity Date – October 4, 2021</p> <p data-bbox="381 1297 641 1392">*Debtor has a pending action against LVDF and affiliates</p>	<p data-bbox="667 888 1039 1014">Filed Claim: \$11,655,706.01 with interest, costs and attorneys' fees accruing. [Pursuant to Proof of Claim No. 284-1]</p> <p data-bbox="667 1056 1047 1329">Debtor's Estimate of Claim for Plan Treatment Purposes: \$6.7 million [Calculated at \$6,375,000 plus unpaid non default interest with no attorneys' fees, penalties or default interest]. <u>The Debtor <del>to file</del> filed its objection to LVDF's claim on September 29, 2022 [ECF No. 393]</u></p>	<p data-bbox="1073 279 1511 531"><del>Debtor to file objection to LVDF's claim.</del> The Debtor filed an objection to Proof of Claim No. 284-1 filed by LVDF [ECF No. 393]. The hearing on the Debtor's objection is scheduled at the same date and time as the Confirmation Hearing. This claim is Contingent and Disputed.</p> <p data-bbox="1073 552 1201 573"><b>Treatment:</b></p> <p data-bbox="1073 594 1511 940">Pending resolution of the Debtor's objection to LVDF's claim and the Debtor's affirmative claims against LVDF and prior to the Effective Date, \$11,655,805,706.01 of the Cash Contribution shall be placed into a reserve account <u>maintained by Stretto</u> for LVDF's allowed claim. If LVDF's allowed claim is less than the reserve amount, any surplus shall revert to the Reorganized Debtor.</p> <p data-bbox="1073 961 1511 1150">Until resolution of LVDF's disputed claim, and commencing January 2023, monthly interest shall accrue at the non-default rate of 6% set forth in the underlying loan documents on an estimated claim amount of \$6.7 million.</p> <p data-bbox="1073 1171 1495 1392">Upon resolution of the Debtor's objection to LVDF's claim and its affirmative claims against LVDF, LVDF shall be paid the balance of its allowed secured claim, if any, in full within five (5) business days of a final order allowing such claim.</p> <p data-bbox="1073 1413 1503 1665"><b>Lien:</b> <u>To the same extent and validity of its existing lien, LVDF shall <del>retain its</del> have a first priority lien against the Front Sight Property pending the \$11,805,706.01 in the reserve account until any allowed claim resolution process is paid from the reserve.</u></p> <p data-bbox="1073 1686 1495 1770"><b>Collateral:</b> <u>LVDF's collateral shall solely be the \$11,805,706.01 in the reserve account.</u></p> <p data-bbox="1073 1791 1487 1885"><b>EB5 Related Obligations:</b> The Reorganized Debtor shall have no EB5 Related Obligations.</p> <p data-bbox="1073 1906 1455 1959">Such treatment shall be in full and complete satisfaction of the Class 1</p>



Class No.	Description	Estimated Amount or Value of Claims as of the Effective Date	Estimated Projected Payment / Treatment for Allowed Claims
			<p>claim. The Debtor shall have no other obligations under the requisite loan agreements <u>or deed of trust</u>.</p> <p><del>Unimpaired; Not</del> <b>Unimpaired; Entitled to Vote subject to the Court's order approving the Disclosure Statement.</b></p>
2	<p>Secured claim of Michael Meacher dba Bankgroup Financial Services ("Meacher")</p> <p>Collateral Description: Certain of the Debtor's firearms</p> <p>Value of Collateral: Approximately \$214,569 book value of collateral set forth in the Bankgroup UCC financing statement filed March 22, 2021.</p>	<p>Filed Claim: \$3.3 million secured claim [Proof of Claim No. 235-1]</p> <p>Former insider.</p>	<p>This claim is Contingent and Disputed. The Debtor intends <del>on filing to file</del> a complaint <del>to avoid the seeking</del> <u>avoidance of this purported lien</u>, which includes an objection to <u>this claim and a</u> fraudulent transfer claim <del>for relief</del>.</p> <p><b>Treatment:</b></p> <p>Pending resolution of the Debtor's complaint against Meacher and prior to the Effective Date, \$3.3 million of the Cash Contribution shall be placed into a reserve account <u>maintained by Stretto</u> for <del>Meacher's purposes of satisfying any</del> <u>allowed claim held by Meacher (again, if any)</u>. If <del>Meacher's any</del> <u>allowed claim</u> is less than the reserve amount <u>of \$3.3 million</u>, any surplus shall revert to the Reorganized Debtor.</p> <p>Upon resolution of the aforementioned complaint, if the Class 2 claimant has an allowed secured claim, such claim shall be paid in full. <b>Lien: To the same extent and validity of its existing lien against the Debtor's guns, if any, Meacher shall have a first priority lien against the \$3.3 million in the reserve account until any allowed claim is paid from the reserve. I.e., Meacher will have a lien in the Cash in the reserve account equal to the fair market value of the Debtor's guns.</b></p> <p><del>Unimpaired; Not</del> <b>To the extent that Meacher has a lien against guns owned by Ignatius Piazza, such lien shall not be affected by the Plan.</b></p> <p><b>Collateral: The \$3.3 million in the reserve account but only to the same extent and validity of Meacher's interest in the Debtor's guns (again, if any).</b></p> <p><b>Impaired; Entitled to Vote</b></p>
3	M2 EPC Mechanics Lien	\$110,000 secured claim as of the Petition Date.	The Class 3 claim will be paid in monthly installments of \$10,000 commencing February 1, 2023 until paid in full.

Class No.	Description	Estimated Amount or Value of Claims as of the Effective Date	Estimated Projected Payment / Treatment for Allowed Claims
			Payment start date – February 1, 2023 Payment end date – December 1, 2023 <b>Impaired; Entitled to Vote</b>
4	Top Rank Builders / Morales Construction  Mechanics Lien	\$15,000 secured claim as of the Petition Date.	The Class 4 claim will be paid in three monthly installments of \$5,000. Payment start date – February 1, 2023 Payment end date – April 1, 2023 <b>Impaired; Entitled to Vote</b>
5	Employee Wage Claim	\$8,758.99	Paid in full within 10 business days of the Effective Date. <b>Not Impaired; Not Entitled to Vote</b>
6	General Unsecured Claims	Estimated at approximately \$10 million to \$30 million. (This number is subject to change as follows: (a) the resolution of objections to Disputed Claims; and (b) the amount of rejection damages claims asserted by members.)  [This estimation does not include any insider claims as the Debtor's insiders have agreed to subordinate all of their claims to those of General Unsecured Creditors and have agreed that their claims will not <del>be</del> <u>paid, receive any distribution(s)</u> <u>under, and will be permanently</u> <u>discharged by the Confirmation</u> <u>Order.</u> ]	The Debtor disputes the validity of many of the claims asserted by members and intends on objecting to such claims. <b>Treatment:</b> Prior to the Effective Date, \$3 million of the Cash Contribution shall be placed into a reserve account <u>maintained by</u> <u>Stretto</u> for allowed general unsecured claims. Any fees relating to objections to Class 6 claims after the Effective Date will be paid from this reserve.  Upon resolution of all objections to claims, holders of Class 6 allowed claims shall receive their pro rata share of the reserve amount. <b>Impaired; Entitled to Vote</b>
87	Equity Interests of Ignatius Piazza (1% Voting), VNV Dynasty Trust – FS I (49.5% Non- Voting) and VNV Dynasty Trust – FS II (49.5% Non-Voting)	The Debtor's current equity holders who collectively own 100% of the Debtor.	<b>Treatment:</b> Current equity holders will not retain any equity under the Plan. <b>Impaired. Presumed not to accept the Plan.</b>

**A. Purpose of this Disclosure Statement.**

This Disclosure Statement summarizes what is in the Plan, and tells you certain information relating to the Plan and the process the Bankruptcy Court follows in determining whether or not to confirm the Plan.

**READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO**

1 **KNOW ABOUT:**

- 2 (1) WHO CAN VOTE OR OBJECT,
- 3
- 4 (2) WHAT THE TREATMENT OF YOUR CLAIM IS (i.e., what, if anything, your
- 5 Claim will receive if the Plan is confirmed) AND HOW THIS TREATMENT COMPARES TO
- 6 WHAT YOUR CLAIM WOULD LIKELY RECEIVE IN A HYPOTHETICAL CHAPTER 7
- 7 LIQUIDATION,
- 8 (3) THE HISTORY OF THE DEBTOR AND SIGNIFICANT EVENTS DURING
- 9 ITS BANKRUPTCY CASE,
- 10 (4) WHAT THINGS THE COURT WILL LOOK AT TO DECIDE WHETHER
- 11 OR NOT TO CONFIRM THE PLAN,
- 12 (5) WHAT IS THE EFFECT OF CONFIRMATION, AND
- 13 (6) WHETHER THE PLAN IS FEASIBLE.

14 This Disclosure Statement cannot tell you everything about your rights. The Debtor’s

15 counsel cannot tell you about your rights or offer any advice. – especially legal advice. You are

16 strongly encouraged to consult your own lawyer to obtain more specific advice on how the Plan will

17 affect you and what is the best course of action for you. This Disclosure Statement may not be relied

18 on for any purpose other than to determine providing you with adequate information, as required by

19 the Bankruptcy Code, to assist you in determining whether to vote to accept or reject the Plan.

20 Be sure to read the Plan as well as this Disclosure Statement. If there are any inconsistencies

21 between the Plan and this Disclosure Statement, the Plan provisions will govern.

22 The Bankruptcy Code requires a Disclosure Statement to contain “adequate information”

23 concerning the Plan. The Bankruptcy Court has approved this document on a conditional basis as an

24 adequate Disclosure Statement, containing enough information to enable parties affected by the Plan

25 to make an informed judgment about the Plan. Any party can now solicit votes for or against the

26 Plan.

27 **THE DEBTOR HAS NOT AUTHORIZED ANY ENTITY TO GIVE ANY**

28 **INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH**

1 **IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR HAS NOT**  
2 **AUTHORIZED ANY REPRESENTATION CONCERNING THE DEBTOR, THE VALUE**  
3 **OF ITS PROPERTY OR THE TERMS OF ITS ONGOING MEMBERSHIP AGREEMENTS**  
4 **OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.**

5 **B. Purpose and Effect of the Plan.**

6 Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under  
7 chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and  
8 shareholders. If reorganization is not feasible, chapter 11 allows a debtor to formulate and  
9 consummate a plan of liquidation, which sets forth the process for the orderly satisfaction of claims  
10 against and interests in a debtor pursuant to the priority rules of the Bankruptcy Code.

11 Confirmation of a plan of reorganization by a bankruptcy court makes the plan binding upon  
12 the debtor and any creditor of or interest holder in a debtor, whether or not such creditor or interest  
13 holder (i) is impaired (i.e., will receive less than 100% of its allowed claim) under the plan, (ii) has  
14 accepted the plan, or (iii) receives or retains any property under the plan.

15 In this chapter 11 Case, the Plan provides for the Debtor to emerge from bankruptcy and for  
16 the distribution of certain funds to various holders of Allowed Claims as set forth under the Plan, and  
17 for the pursuit of certain claims and Causes of Action. Under the Plan, Claims against, and Equity  
18 Interests in, the Debtor are divided into Classes according to their relative seniority and other criteria  
19 as required under the Bankruptcy Code. If the Plan is confirmed by the Bankruptcy Court and  
20 ultimately consummated, the Claims and Equity Interests of the various Classes will be treated in  
21 accordance with the provisions in the Plan established for each Class.

22 A summary of the Classes of Claims and Equity Interests, as well as their treatment under the  
23 Plan, is set forth above. A more detailed description of the Classes of Claims against the Debtor  
24 created under the Plan, the treatment of those Classes under the Plan and the property to be  
25 distributed under the Plan is described in Section IV below and in Section III of the Plan.

26 **C. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing.**

27 THE BANKRUPTCY COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED  
28 IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE

1 NOT YET BINDING ON ANYONE. HOWEVER, IF THE BANKRUPTCY COURT LATER  
2 CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON ALL CREDITORS,  
3 INTEREST HOLDERS AND PARTIES IN INTEREST IN THIS CASE.

4 ##

5 **1. Time and Place of the Plan Confirmation Hearing**

6 The hearing where the Bankruptcy Court will determine whether or not to confirm the Plan  
7 (the “Confirmation Hearing”) will take place on \_\_\_\_\_, **November 18, 2022 at 9:30 a.m.**,  
8 before the Honorable August Landis, Chief United States Bankruptcy Judge for the District of  
9 Nevada, in Courtroom “1” of the United States Bankruptcy Court, District of Nevada, located at the  
10 Foley Federal Building, 300 Las Vegas Boulevard South, Las Vegas, Nevada 89101. The  
11 Confirmation Hearing will be held via ZoomGov. Hearing information is available at  
12 <https://www.nvb.uscourts.gov/case-info/mega-cases/>.

13 **2. Deadline for Voting For or Against the Plan**

14 If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot  
15 (“Ballot”) **sent to you as a PDF or via an electronic voting link**, and return the Ballot via U.S. Mail,  
16 personal delivery, overnight mail or electronically to:

17 Front Sight Management LLC Ballot Processing  
18 C/O Stretto  
19 410 Exchange, Suite 100  
20 Irvine, CA 92602  
21 <https://balloting.stretto.com/>

22 **Your Ballot must be received by 10:00 p.m. Pacific time on \_\_\_\_\_, November 4, 2022** or  
23 it will not be counted.

24 **Through its chapter 11 reorganization and the Plan, the Debtor is terminating all of its**  
25 **existing memberships and offering member programs set forth in Exhibit B hereto. If**  
26 **members want to vote on the Plan and they are not already scheduled with a claim or have not**  
27 **already filed a proof of claim, then they will need to file a proof of claim prior to receiving a**  
28 **Ballot. Claims may be filed electronically at the Bankruptcy Court’s website:**  
<https://ecf.nvb.uscourts.gov/cgi-bin/autoFilingClaims.pl>

29 **3. Deadline for Objecting to the Confirmation of the Plan**

30 Objections to the Confirmation of the Plan must, by **10:00 p.m. Pacific time, on**

1 \_\_\_\_\_, **November 4, 2022**, (a) be filed with the Bankruptcy Court at Foley Federal  
2 Building and U.S. Courthouse, 300 Las Vegas Blvd. South, Las Vegas, NV 89101, and (b) be served  
3 upon the following:

4 **Debtor (Service Must be by Overnight, U.S. Mail or Messenger)**

5 Front Sight Management LLC  
6 1 Front Sight Road  
7 Pahrump, NV 89061

8 **Counsel for the Debtor**

9 Susan K. Seflin  
10 BG Law LLP  
11 300 S. 4<sup>th</sup> Street, Suite 1550  
12 Las Vegas, NV 89101  
13 Fax: (866) 995-0215  
14 Email: [sseflin@bg.law](mailto:sseflin@bg.law)

15 **Counsel for the New Equity Investor**

16 Samuel A. Schwartz  
17 Schwartz Law, PLLC  
18 601 East Bridger Avenue  
19 Las Vegas, Nevada 89101  
20 Fax: (702) 442-9887  
21 Email: [saschwartz@nvfirm.com](mailto:saschwartz@nvfirm.com)

22 **Counsel for the Committee**

23 Robert LeHane  
24 Kelley Drye & Warren LLP  
25 3 World Trade Center  
26 175 Greenwich Street  
27 New York, NY 10007  
28 Fax: (212) 808-7897  
Email: ~~[rlehane@kellydrye.com](mailto:rlehane@kellydrye.com)~~ [rlehane@kelleydrye.com](mailto:rlehane@kelleydrye.com)

**Office of the United States Trustee**

Office of the U.S. Trustee  
300 Las Vegas Boulevard, So., Ste. 4300  
Las Vegas, NV 89101  
Email: [edward.m.mcdonald@usdoj.gov](mailto:edward.m.mcdonald@usdoj.gov)

**D. Identity of Persons to Contact for More Information Regarding the Plan.**

Any interested party desiring further information about the Plan should contact Susan K. Seflin, Esq., of BG Law LLP, 300 S. 4<sup>th</sup> Street, Suite 1550, Las Vegas, Nevada 89101, Phone: (702) 835-0800, Email: [sseflin@bg.law](mailto:sseflin@bg.law). Any request(s) for legal advice with respect to the Plan, however, should be directed to your own counsel.

1 **E. Disclaimer.**

2 The financial data relied upon in formulating the Plan is based on the Debtor's books and  
3 records which, unless otherwise indicated, are unaudited. Except as expressly stated, the  
4 information contained in this Disclosure Statement is provided by the Debtor. The Debtor represents  
5 that everything stated in this Disclosure Statement is true to the best of the Debtor's knowledge. The  
6 Bankruptcy Court has not yet determined whether ~~or not~~ the Plan is confirmable and makes no  
7 representation as to whether ~~or not~~ you should support or oppose confirmation of the Plan.

8 The contents of the Disclosure Statement should not be construed as legal, business or tax  
9 advice from the Debtor or its counsel.

10 **THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE A**  
11 **CAREFUL AND DETAILED REVIEW OF THE PLAN BY EACH HOLDER OF A CLAIM**  
12 **OR INTEREST. THIS DISCLOSURE STATEMENT IS INTENDED TO AID AND**  
13 **SUPPLEMENT SUCH REVIEW. THIS DISCLOSURE STATEMENT IS QUALIFIED IN**  
14 **ITS ENTIRETY BY REFERENCE TO THE PLAN. THE PLAN IS THE OPERATIVE**  
15 **CONTROLLING LEGAL DOCUMENT. AS SUCH, IF THERE IS ANY INCONSISTENCY**  
16 **BETWEEN THE TERMS AND PROVISIONS OF THIS DISCLOSURE STATEMENT AND**  
17 **THE PLAN, THEN THE TERMS AND PROVISIONS OF THE PLAN SHALL CONTROL.**  
18 **NEITHER THE PLAN, NOR THE DISCLOSURE STATEMENT, SHOULD BE**  
19 **CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE FROM THE DEBTOR OR ITS**  
20 **COUNSEL.**

21 **BG LAW LLP COMMENCED REPRESENTATION AS GENERAL**  
22 **RESTRUCTURING COUNSEL TO THE DEBTOR IN APRIL OF 2022 AND HAS RELIED**  
23 **UPON INFORMATION DEVELOPED SINCE THEN IN CONNECTION WITH THE**  
24 **PREPARATION OF THIS DISCLOSURE STATEMENT. PROVINCE, LLC WAS**  
25 **RETAINED AS FINANCIAL ADVISOR FOR THE COMPANY IN APRIL OF 2022 AND**  
26 **HAS RELIED UPON INFORMATION RECEIVED FROM THE DEBTOR TO PREPARE**  
27 **THE LIQUIDATION ANALYSIS AND FINANCIAL PROJECTIONS ATTACHED AS**  
28 **EXHIBITS.**

1 **F. Forward-Looking Statements.**

2 CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE  
3 STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES  
4 AND ASSUMPTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL,  
5 FUTURE RESULTS. Except as otherwise specifically and expressly stated herein, this Disclosure  
6 Statement does not reflect any events that may occur subsequent to the date hereof and that may  
7 have a material impact on the information contained in this Disclosure Statement. The Debtor does  
8 not anticipate that any amendments or supplements to this Disclosure Statement will be distributed  
9 to reflect such occurrences. Accordingly, the filing of this Disclosure Statement shall not under any  
10 circumstance imply that the information herein is correct or complete as of any time *subsequent to*  
11 the date hereof.

12 THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED  
13 BY A CERTIFIED PUBLIC ACCOUNTING FIRM AND HAS NOT BEEN PREPARED IN  
14 ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

15 **II. DEFINITIONS AND EXHIBITS**

16 **A. Definitions.**

17 For the purposes of this Disclosure Statement, except as expressly provided or unless the  
18 context otherwise requires, all capitalized terms not otherwise defined shall have the meanings  
19 ascribed to them in this Article II. Any term used in this Disclosure Statement that is not defined  
20 herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning(s)  
21 ascribed to such terms in the Bankruptcy Code or the Bankruptcy Rules, in that order or priority.  
22 Throughout this Disclosure Statement, the use of the masculine, feminine, neuter, plural or singular  
23 shall be understood to include each of the others as the context may reasonably dictate. As used in  
24 this Disclosure Statement, the following definitions shall apply:

25 **1. Administrative Claim.** A Claim for costs and expenses of administration  
26 allowed under Section 503(b) of the Bankruptcy Code and referred to in Section 507(a)(2) of the  
27 Bankruptcy Code including, without limitation: (a) the actual and necessary costs and expenses  
28 incurred after the Petition Date of preserving the Estate and operating the business of the Debtor



1 (such as wages, salaries or commissions for services); (b) compensation for legal, financial advisory,  
2 accounting and other services, and reimbursement of expenses awarded or allowed under Sections  
3 330(a) or 331 of the Bankruptcy Code; and (c) all fees and charges assessed against the Estate under  
4 28 U.S.C. § 1930.

5           **2. Administrative Claims Bar Date.** The date which is thirty (30) days after  
6 the Effective Date.

7           **3. Allowed Administrative Claim.** An Administrative Claim which is an  
8 Allowed Claim.

9           **4. Allowed Claim.** A Claim against the Debtor and/or the Estate as to which no  
10 objection has been filed, or if an objection has been filed, has either been overruled or otherwise  
11 resolved by the allowance of such Claim by the Bankruptcy Court, if the Claim was: (1) scheduled in  
12 the list of creditors prepared and filed with the Bankruptcy Court by the Debtor and not listed as  
13 disputed, contingent or unliquidated as to amount; or (2) the subject of a timely filed proof of claim;  
14 or (3) which has been allowed by order of the Bankruptcy Court.

15           **5. Allowed Priority Claim.** A Priority Claim which is an Allowed Claim.

16           **6. Allowed Priority Tax Claim.** A Priority Tax Claim which is an Allowed  
17 Claim.

18           **7. Allowed Professional Fees.** The amount of fees and costs incurred by  
19 Professionals engaged by the Debtor or the Committee in connection with the Case which are (1)  
20 timely requested by application filed on or prior to the Administrative Claims Bar Date; and (2)  
21 which are allowed by order of the Bankruptcy Court.

22           **8. Allowed Secured Claim.** A Secured Claim which is an Allowed Claim.

23           **9. Allowed General Unsecured Claim.** A General Unsecured Claim which is  
24 an Allowed Claim.

25           **10. Assets.** All tangible and intangible assets of every kind and nature of the  
26 Debtor and its Estate, and all proceeds thereof, wherever located, as of the Effective Date.

27           **11. Avoidance Actions.** Causes of Action arising under Bankruptcy Code  
28 sections 510, 541, 542, 544, 545, 547 through 551 and/or 553, or under related state or federal

1 statutes and common law including, without limitation, fraudulent transfer laws, whether or not  
2 litigation is commenced to prosecute such Causes of Action.

3           **12. Ballot.** The form of ballot or ballots that will be distributed electronically  
4 with the Disclosure Statement to holders of Claims entitled to vote under the Plan in connection with  
5 the solicitation of votes to accept or to reject the Plan.

6           **13. Bankruptcy Code.** Title 11 of the United States Code (11 U.S.C. §§ 101 *et*  
7 *seq.*), as now in effect or hereafter amended. All citations in the Disclosure Statement or in the Plan  
8 to section numbers are to the Bankruptcy Code unless otherwise expressly indicated.

9           **14. Bankruptcy Court.** The United States Bankruptcy Court for the District of  
10 Nevada, or such other federal court with competent jurisdiction over the Case.

11  
12           **15. Bankruptcy Rules.** Federal Rules of Bankruptcy Procedure, as now in effect  
13 or hereafter amended.

14           **16. Bar Date.** August 8, 2022, for non-governmental creditors; and October 8,  
15 2022, for governmental units.

16           **17. Business Day.** Any day, other than a Saturday, Sunday or legal holiday as  
17 defined in Bankruptcy Rule 9006(a).

18           **18. Case.** This Chapter 11 bankruptcy case, filed by the Debtor, pending in the  
19 Bankruptcy Court as Case No. 22-11824-abl.

20           **19. Cash.** Currency, checks, negotiable instruments and wire transfers of  
21 immediately available funds.

22           **20. Cash Contribution.** The \$19.575 million in Cash contributed by the New  
23 Equity Investor under its New Value Contribution.

24           **21. Causes of Action.** Any and all causes of action, Avoidance Actions, suits,  
25 rights of action, rights to legal remedies, rights to equitable remedies, rights to payment of any  
26 amounts owing to the Debtor or the Estate for any reason whatsoever, whether known, unknown,  
27 reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured,  
28 unmatured, disputed, undisputed, secured or unsecured, and whether asserted or assertable directly

1 or derivatively, in law, equity or otherwise, that the Debtor and/or Estate may hold against any  
2 Person but excluding those Persons who are released or exculpated, or against whom claims were  
3 waived, pursuant to the Plan.

4           **22. Claim.** Any right to payment, whether or not such right is reduced to  
5 judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed,  
6 legal, equitable, secured or unsecured, against the Debtor and/or the Estate, and any right to any  
7 legal or equitable remedy for breach of any obligation giving rise to a right to payment, whether or  
8 not such right is an equitable remedy or is reduced to judgment, liquidated, unliquidated, fixed,  
9 contingent, matured, unmatured, disputed, undisputed, secured or unsecured, against the Debtor  
10 and/or the Estate.

11           **23. Claimant.** A Person who holds a Claim.

12           **24. Claim Chart.** Exhibit A to the Disclosure Statement which lists all Claims  
13 filed against the Debtor as of the date reflected therein.

14           **25. Claims Objection Deadline.** One hundred eighty (180) days following the  
15 Effective Date, which date may be extended by the Bankruptcy Court upon motion of any party in  
16 interest for cause.

17           **26. Class.** A category of Claims which are substantially similar to each other and  
18 into which Allowed Claims are grouped and classified pursuant to the Plan, unless a member of the  
19 Class has agreed to a subordinated treatment. The Classes provided for in the Plan are summarized  
20 in Article IV of the Disclosure Statement and Article III of the Plan.

21           **27. Committee.** The Official Committee of Unsecured Creditors appointed by  
22 the OUST on June 9, 2022, pursuant to § 1102 of the Bankruptcy Code.

23           **28. Confirmation.** The entry of the Confirmation Order on the docket of the  
24 Bankruptcy Court.

25           **29. Confirmation Date.** The date upon which the Confirmation occurs.

26           **30. Confirmation Hearing.** The hearing or hearings held by the Bankruptcy  
27 Court to consider and rule upon the Debtor's request for confirmation of the Plan.

28           **31. Confirmation Order.** The order entered by the Bankruptcy Court confirming

1 the Plan.

2 **32. Creditor.** A Person asserting a Claim; *aka* a Claimant.

3 **33. Cure Claim.** A claim based upon the Debtor's default on an Executory  
4 Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtor under  
5 sections 365 or 1123 of the Bankruptcy Code.

6 **34. Debtor.** Front Sight Management LLC is the chapter 11 debtor in the Case.

7 **35. DIP Financing.** The post-petition credit facility of up to \$5 million extended  
8 by FS DIP to the Debtor and approved by the Bankruptcy Court by the Final DIP Order, estimated to  
9 be approximately \$5.2 million as of the Effective Date including interest and fees.

10 **36. Disallowed.** With respect to a Claim, or any portion thereof, that (a) has been  
11 disallowed by a Final Order, (b) is Scheduled at zero, or as contingent, disputed or unliquidated and  
12 as to which no Proof of Claim has been filed by the applicable Bar Date or deemed timely filed  
13 pursuant to either the Bankruptcy Code or any Final Order or under applicable law, or (c) is not  
14 Scheduled, and as to which (i) no Proof of Claim has been filed by the applicable Bar Date or  
15 deemed timely filed pursuant to either the Bankruptcy Code or any Final Order or under applicable  
16 law, or (ii) no request for payment of an Administrative Claim has been filed by the Administrative  
17 Claims Bar Date, as appropriate, or deemed timely filed pursuant to either the Bankruptcy Code or  
18 any Final Order or under applicable law.

19 **37. Disbursing Agent.** Stretto, the Debtor's current Noticing Agent, will be the  
20 Disbursing Agent under the Plan.

21 **38. Disclosure Statement.** This ~~First~~Second Amended Disclosure Statement  
22 ~~Dated September 9, 2022~~ (as may be further amended or modified) prepared by the Debtor as  
23 required by § 1125 of the Bankruptcy Code describing the Plan.

24 **39. Disputed Claim.** Disputed Claims include: (i) a Claim which has been  
25 scheduled as disputed, contingent or unliquidated where a Proof of Claim has not been timely filed  
26 thereafter; (ii) a Claim as to which an objection has been timely filed with the Bankruptcy Court, and  
27 which objection has not been withdrawn on or before any date fixed for filing such objections by the  
28 Plan or by order of the Bankruptcy Court and has not been overruled or denied by a Final Order; and

1 (iii) any Claim listed as a Disputed Claim on the Claim Chart.

2           **40. Distribution(s).** Any distribution by the Reorganized Debtor to any Class,  
3 Claimant or Creditor.

4           **41. Effective Date.** The second Business Day after the Confirmation Date,  
5 provided that the Bankruptcy Court has waived the provisions of Bankruptcy Rule 3020(e) and no  
6 stay of the Confirmation Order is in effect. If the Bankruptcy Court does not waive the provisions of  
7 Bankruptcy Rule 3020(e), then the Effective Date will be the second Business Day which is at least  
8 fifteen (15) days following the date of entry of the Confirmation Order, providing there has been no  
9 appeal from and order staying the effectiveness of the Confirmation Order. If there has been an  
10 order entered staying the effectiveness of the Confirmation Order, the Effective Date shall be the  
11 second Business Day after the stay is no longer in effect with respect to the Confirmation Order.

12           **42. Equity Interest.** An “equity security” as defined in § 101(16) of the  
13 Bankruptcy Code, including membership units and interests.

14           **43. Equity Holder(s).** A holder of any Unit or an Equity Interest. Dr. Ignatius  
15 Piazza, VNV Dynasty Trust – FS I, and VNV Dynasty Trust – FS II were the Equity Holders of the  
16 Debtor on the Petition Date. Dr. Ignatius Piazza held 1% voting interest and VNV Dynasty Trust –  
17 FS I and VNV Dynasty Trust – FS II each held a 49.5% non-voting interest in the Debtor.

18           **44. Estate.** The estate of the Debtor created upon commencement of the Case  
19 pursuant to § 541 of the Bankruptcy Code.

20           **45. Exit Financing.** Financing in the sum of approximately \$24 million  
21 consisting of the New Value Contribution from the New Equity Investor.

22           **46. Executory Contract.** A contract to which the Debtor is a party that is subject  
23 to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

24           **47. Final Fee Application(s).** The final request for payment of Professional Fee  
25 Claims.

26           **48. Final DIP Order.** *The Final Order: (I) Authorizing Debtor to Obtain Post-*  
27 *Petition Financing, (II) Granting Liens and Administrative Expense Claims, (III) Authorizing*  
28 *Debtor’s Use of Cash Collateral, (IV) Modifying the Automatic Stay, and (V) Granting Other*

1 *Related Relief* [ECF No. 228] entered by the Bankruptcy Court on July 1, 2022.

2           **49. Final Order.** An order or judgment of the Bankruptcy Court, as entered on  
3 the applicable docket, that has not been reversed, stayed, modified or amended, and as to which the  
4 time to appeal, petition for certiorari, or move for re-argument or rehearing has expired, and as to  
5 which no appeal, petition for certiorari, or other proceedings for re-argument or rehearing shall then  
6 be pending, or as to which any right to appeal, petition for certiorari, reargue, or rehear have been  
7 waived in writing in form and substance satisfactory to the Debtor prior to the Effective Date, or to  
8 the Reorganized Debtor after the Effective Date, or, in the event that an appeal, writ of certiorari, or  
9 re-argument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court  
10 shall have been affirmed by the highest court to which such order or judgment was appealed, or  
11 certiorari has been denied, or from which re-argument or rehearing was sought and denied, and the  
12 time to take any further appeal, petition for certiorari or move for re-argument or rehearing shall  
13 have expired.

14           **50. Front Sight Property.** The Debtor's primary place of business located at 1  
15 Front Sight Road, Pahrump, Nevada 89061, Nye County Assessor's Parcel Nos. 045-481-05 and  
16 045-481-06, consisting of 550 acres of raw land and approximately 500 acre feet of water rights.

17           **51. FS DIP.** The Debtor's senior secured lender FS DIP, LLC, whose debtor in  
18 possession financing to the Debtor was approved, pursuant to 11 U.S.C. § 364, by Final Order of the  
19 Court. See, ECF No. 228.

20           **52. General Unsecured Claim.** A Claim against the Debtor that is not secured  
21 by a charge against, or interest in, any of the Debtor's Assets, that is not an Administrative Claim, a  
22 Priority Claim, or a Priority Tax Claim.

23           **53. Holder(s).** A Person holding a Claim or Interest against the Debtor, provided,  
24 however, with respect to transfers of Claims governed by Bankruptcy Rule 3001(e), in order for the  
25 transferor to be deemed the Holder of the Claim for distribution purposes, the deadline for any  
26 objection to the proposed transfer of a Claim must have passed with either (1) no objection to the  
27 transfer having been filed, or (2) any objection to such transfer having been resolved in favor of the  
28 transferor by no later than the Confirmation Date. In other words, after the Effective Date, without

1 the express consent of the Reorganized Debtor, no transfer of Claims will be recognized by the  
 2 Reorganized Debtor for Distributions made pursuant to the Plan.

3 **54. Impaired.** When used in reference to a Claim, Interest or Class, a Claim,  
 4 Interest or Class that is impaired within the meaning of § 1124 of Bankruptcy Code.

5 **55. Interest.** When “Interest” is used in the context of holding an equity security  
 6 or unit of the Debtor (and not used to denote (i) the compensation paid for the use of money for a  
 7 specified time and usually denoted as a percentage rate of interest on a principal sum of money, or  
 8 (ii) a security interest in property), then “Interest” shall mean an interest or share in the Debtor of the  
 9 type described in the definition of “Equity Interest.”

10 **56. Litigation Claims.** Any and all Causes of Action of the Effective Date,  
 11 including without limitation all causes of action arising under chapter 5 of the Bankruptcy Code,  
 12 including without limitation those causes of actions which could be brought by the Debtor under one  
 13 or more of sections 542, 543, 544, 545, 547, 548, 549, 550, 551, 552, and 553 of the Bankruptcy  
 14 Code against any Person or other entity, including any governmental entity, who received an  
 15 avoidable transfer from the Debtor, including but not limited to insiders, employees, officers, and  
 16 equity holders of the Debtor. Although the Debtor has not concluded its investigation of all the  
 17 potential Litigation Claims and all the potential parties to such claims, a non-exclusive summary of  
 18 known potential Litigation Claims is described in the Disclosure Statement.

19 **57. New Value Contribution.** The approximately \$19.575 million Cash  
 20 Contribution by the New Equity Investor plus approximately \$5.2 million contribution of FS DIP’s  
 21 secured claim (for a total of at least \$24.775 million) in exchange for the issuance of 100% of the  
 22 ~~new equity interests~~New Equity Interests in the Reorganized Debtor to the New Equity Investor.

23 **58. New Equity Interests. The new equity interests to be issued on the Effective**  
 24 **Date.**

25 **58.59. New Equity Investor.** Nevada PF, LLC, an affiliate of the Debtor’s post-  
 26 petition lender FS DIP, or its assignee.

27 **59.60. Noticing Agent.** Stretto is the claims and noticing agent employed in the  
 28 Debtor’s bankruptcy case.

1 **60.61. OUST.** Office of the United States Trustee for Region 17.

2 **61.62. Person.** Person shall have the same meaning as in § 101(41) of the  
3 Bankruptcy Code.

4 **62.63. Petition Date.** May 24, 2022, the date on which the Debtor filed its voluntary  
5 petition for relief under chapter 11, thereby commencing this Case.

6 **63.64. Plan.** The ~~First~~*Second* Amended Plan of Reorganization Dated ~~September 9,~~  
7 ~~2022~~ (as may be further amended or modified) proposed by the Debtor and including, without  
8 limitation, all exhibits, supplements, appendices and schedules thereto, either in its present form or  
9 as it may be altered, amended, supplemented, or modified from time to time.

10 **64.65. Plan Supplement.** Collectively, the compilation of documents and forms of  
11 documents, and all exhibits, attachments, schedules, agreements, documents and instruments  
12 referred to therein, ancillary or otherwise, all of which are incorporated by reference into, and are an  
13 integral part of, the Plan, as all of the same may be amended, modified, replaced and/or  
14 supplemented from time to time in accordance with the terms hereof and the Bankruptcy Code and  
15 the Bankruptcy Rules. The Plan Supplement shall be filed with the Bankruptcy Court by no later  
16 than ten days before the Confirmation Hearing.

17 **65.66. Post-Confirmation Status Report.** The post-confirmation status report to be  
18 filed by the Reorganized Debtor if so ordered by the Bankruptcy Court.

19 **66.67. Priority Claim.** A Claim entitled to priority under § 507(a) of the  
20 Bankruptcy Code, other than a Priority Tax Claim pursuant to § 507(a)(8) of the Bankruptcy Code.

21 **67.68. Priority Tax Claim.** A Claim entitled to priority under § 507(a)(8) of the  
22 Bankruptcy Code.

23 **68.69. Professional Fee Applications.** Applications filed pursuant to sections 330,  
24 331 or 503(b)(4) of the Bankruptcy Code for allowance of Administrative Claims relating to the  
25 compensation and reimbursement of expenses of Professionals employed pursuant to an order of the  
26 Bankruptcy Court under sections 327 or 1103 of the Bankruptcy Code for services provided and  
27 expenses incurred prior to the Effective Date.

28 **69.70. Professional Fee Claims.** (A) a claim under sections 327, 328, 330, 331,



1 503(b), 1103 or 1106 of the Bankruptcy Code for compensation for professional services rendered or  
2 expenses incurred on and after the Petition Date and prior to the Effective Date on behalf of the  
3 Estate by a Professional duly employed and authorized by an Order of the Bankruptcy Court; or (b) a  
4 claim under § 503(b)(4) of the Bankruptcy Code for reasonable compensation for professional  
5 services rendered by an attorney or accountant of an entity whose expense is allowable under §  
6 503(b)(3)(D) of the Bankruptcy Code for making a substantial contribution to the Estate.

7 **70.71. Professionals.** Those Persons (i) that are subject to the retention pursuant to  
8 an order of the Bankruptcy Court in accordance with sections 327, 1103 and/or 1106 of the  
9 Bankruptcy Code and to be compensated for services rendered prior to the Effective Date pursuant  
10 to sections 327, 328, 329, 330 and 331 of the Bankruptcy Code or (ii) for which compensation and  
11 reimbursement has been allowed by the Bankruptcy Court pursuant to sections 330 and 503(b)(2) of  
12 the Bankruptcy Code.

13 **71.72. Proponent.** The proponent of the Plan is the Debtor.

14 **72.73. Pro Rata.** Pro rata means proportionate so that the ratio of (a) the amount of  
15 consideration distributed on account of an Allowed Claim to (b) the amount of the Allowed Claim is  
16 the same as the ratio of (x) the amount of consideration available for distribution on account of all  
17 Allowed Claims in the Class in which the Allowed Claim is included to (y) the amount of all  
18 Allowed Claims in that Class.

19 **73.74. Reorganized Debtor.** The Debtor following the occurrence of the Effective  
20 Date.

21 **74.75. Reserve Account.** An account created, and in an amount determined, by the  
22 Reorganized Debtor pending the resolution of a Disputed Claim, containing a sufficient amount to  
23 satisfy such Disputed Claim in a manner consistent with that Claim's treatment under the Plan  
24 should it ultimately become an Allowed Claim.

25 **75.76. Scheduled.** Scheduled means the information set forth in the Schedules.

26 **76.77. Schedules.** The Schedules of Assets and Liabilities filed by the Debtor in  
27 accordance with § 521 of the Bankruptcy Code and Bankruptcy Rule 1007 [ECF No. 137], as the  
28 same may be amended from time to time in accordance with Bankruptcy Rule 1009 prior to the

1 Effective Date.

2 ~~77.~~**78. Secured Claim.** A Claim that is secured by a lien against any Assets to the  
3 extent of the value of the Estate's interest in such Assets, or to the extent of the amount of such  
4 Claim subject to setoff in accordance with § 553 of the Bankruptcy Code, in either case determined  
5 pursuant to § 506(a) of the Bankruptcy Code.

6 ~~78.~~**79. Unclaimed Distribution.** Any Distribution made by the Reorganized Debtor  
7 ~~or the Disbursing Agent~~ to the address of the recipient reflected in the Schedules (or on any Proof of  
8 Claim filed by the Claimant), by: (a) checks which have been returned as undeliverable without a  
9 proper forwarding address; (b) checks which were not mailed or delivered because of the absence of  
10 a proper address to which to mail or deliver the same; (c) checks which have not been cashed for a  
11 period of ninety (90) days after the date such checks were issued, or (d) disbursements that were not  
12 made because the Holder of such Allowed Claim failed to provide required tax information within  
13 forty-five (45) days after the Reorganized Debtor ~~has~~~~or the Disbursing Agent have~~ sent any request  
14 for same to such Claimant's address as reflected in the Schedules and/or such Claimant's Proof of  
15 Claim.

16 ~~79.~~**80. Unclassified Claim.** Any Claim which is not part of any Class, including  
17 Administrative Claims and Priority Tax Claims.

18 ~~80.~~**81. Unimpaired.** A Claim is unimpaired when it is within a class that is not  
19 impaired within the meaning of § 1124 of the Bankruptcy Code.

20 ~~81.~~**82. Unsecured Claim.** Any Claim, including without limitation any claim arising  
21 under § 502(g) of the Bankruptcy Code, that is not secured by a lien on, security interest in, or  
22 charge against, any Asset.

23 **B. Exhibits.**

24 All Exhibits to this Disclosure Statement are incorporated into and are part of this Disclosure  
25 Statement as if set forth in full herein.

26 **C. Computing Time Periods.**

27 In computing any period of time prescribed or contemplated by the Plan, Bankruptcy Rule  
28 9006(a) shall apply.

1 **D. Notices and Delivery of Documents.**

2 All notices, correspondence, and other deliveries under the Plan must be directed as follows:

3 To the Debtor or Reorganized Debtor: Front Sight Management LLC  
4 1 Front Sight Road  
Pahrump, NV 89061

5 With a Copy to: Susan K. Sefflin  
6 BG Law LLP  
7 300 S. 4<sup>th</sup> Street, Suite 1550  
Las Vegas, NV 89101  
8 Fax: (866) 995-0215  
Email: [ssefflin@bg.law](mailto:ssefflin@bg.law)

9 **III. BACKGROUND**

10 **A. Description and History of the Debtor’s Business and a Summary of the Circumstances**  
11 **that Led to the Filing of the Debtor’s Chapter 11 Case.**

12 **1. General Background.**

13 The Debtor was originally formed as a California business and operated near Bakersfield,  
14 California from its formation in 1996 until 2002. In 1998, the Debtor purchased the Front Sight  
15 Property and began building what is now the finest and largest private firearms training facility in  
16 the world. In 2012, the Debtor became a Nevada limited liability company. The Debtor’s primary  
17 place of business is the Front Sight Property located at 1 Front Sight Road, Pahrump, Nevada 89061.  
18 The Debtor’s website is [www.frontsight.com](http://www.frontsight.com).

19 The Front Sight Property is accessed by a four-mile, two lane paved road, and is currently  
20 comprised of 50 outdoor firearms training ranges, live fire tactical training simulators, an 8,000  
21 square foot classroom and pro shop, and assorted accessory buildings, bathrooms, three water wells  
22 and thousands of square yards of completed grading for future development (the “Front Sight  
23 Firearms Facility”).

24 The Debtor provides firearms training courses which promote the defensive use of various  
25 firearms. Courses are offered to the general public, members of law enforcement and military  
26 members. The Front Sight Firearms Facility is the most successful of its type in the United States.  
27 The Debtor provides classes and instruction annually to upwardupwards of 40,000 gun and weapons  
28 enthusiasts. The Debtor is considered the leader in its field, and provides additional training and

1 instruction for numerous city and state agencies seeking to improve performance of their respective  
2 law enforcement departments. Over the last 25 years, the Debtor has trained a million students and  
3 currently has over 263,000 members.

4 Historically, the Debtor has operated its business by selling lifetime memberships, courses  
5 and ancillary products. The Debtor's business model centered around a major expansion plan that  
6 was intended to build the Front Sight Vacation Club & Resort (vacation residences, a RV park, etc.),  
7 a retail area adjacent to the vacation club and a pavilion (collectively, the "Project"). The Debtor's  
8 intent was that the discounted lifetime memberships and other promotional benefits (like "Front  
9 Sight bucks" [money to be used on limited items at Front Sight], certificates [to be used for 2 day or  
10 4-day training courses], etc.) would lead to a "captive" customer base that would be more likely to  
11 take advantage of the Vacation Club & Resort which would then bring increased revenue to the  
12 Debtor.

13 For the fiscal year 2021, the Debtor's gross revenue was \$19,423,078.86. The Debtor's gross  
14 revenue for fiscal year 2020 was \$14,355,073.91. The Debtor expects that its gross revenue for 2022  
15 will be approximately \$7.5 million.

16 Dr. Ignatius Piazza is the Chief Executive Officer, founder and manager of the Debtor. The  
17 Equity Holders of the Debtor are Dr. Piazza, VNV Dynasty Trust – FS I, and VNV Dynasty Trust –  
18 FS II.

## 19 **2. The Debtor's Prepetition Lender and Other Lienholders.**

20 The Debtor's prepetition lender is Las Vegas Development Fund LLC ("LVDF"). On or  
21 about October 6, 2016, the Debtor and LVDF entered into that certain Construction Loan Agreement  
22 and Promissory Note (the "CLA") for a \$75 million construct loan to build the Project. Of the \$75  
23 million loan amount, LVDF only ever funded \$6,375,000 (which caused significant harm to the  
24 Debtor). The CLA is secured by that certain Construction Deed of Trust, Security Agreement,  
25 Assignment of Leases and Rents, and Fixture Filing recorded on October 13, 2016, in the Official  
26 Records Nye County Nevada as document number 860867 (the "LVDF Deed of Trust").

27 On May 18, 2022, LVDF recorded a notice of election to sell against the Front Sight  
28 Property. As of the Petition Date, LVDF was owed \$11,027,956.26, which included (i) unpaid

1 principal of \$6,375,000, (ii) late fees of \$955,695, (iii) interest of \$1,817,130, (iv) attorneys' fees of  
2 \$1,744,853.19 and (v) past due foreclosure costs of \$131,364. Postpetition, as of June 10, 2022,  
3 LVDF asserted that it was owed \$11,233,878.47 [ECF No. 121].

4 While LVDF appears to have perfected the LVDF Deed of Trust against the Front Sight  
5 Property by recording it, LVDF appears to not have any interest in the Debtor's cash collateral.  
6 Although the LVDF Deed of Trust includes an assignment of rents, the Debtor can only find an  
7 initial UCC recorded in Nye County in 2016, and no continuation statement has been filed as of the  
8 Petition Date (and the initial UCC filing expired within five years). ~~The Debtor is filing an objection~~  
9 ~~to LVDF's claim~~ On September 29, 2022, Debtor objected to LVDF's claim(s), including Proof of  
10 Claim No. 284. (See ECF No. 393). The hearing date on the Debtor's objection is November 18,  
11 2022 at 9:30 a.m. (PT), the same date and time as that set for the Confirmation Hearing.

12 Other than LVDF, three other creditors asserted security interests against the Debtor on the  
13 Petition Date. The first is M2 EPC, which recorded a mechanic's lien in the amount of \$614,000 on  
14 December 30, 2021, in the Official Records Nye County Nevada as document number 973226. As  
15 of the Petition Date, \$110,000 of the \$614,000 remained unpaid. The second is Top Rank Builders  
16 Inc., which recorded a mechanic's lien in the amount of \$295,000 on March 7, 2022, in the Official  
17 Records Nye County Nevada as document number 977950. As of the Petition Date, \$15,000 of the  
18 \$295,000 remained unpaid. The third is Bankgroup Financial Services ("BFS"), which is a "dba" of  
19 the Debtor's former chief operating officer, Michael Meacher ("Meacher"). BFS asserts a security  
20 interest in certain firearms either owned or maintained by the Debtor pursuant to an agreement  
21 entered into while Meacher was an insider and officer of the Debtor, which agreement does not  
22 disclose Meacher's insider status to the Debtor and BFS. The firearms owned by the Debtor were  
23 Scheduled with a book value \$214,569.00, and the Debtor believes the market value of those guns is  
24 at least \$300,000. The Debtor intends on filing an objection and adversary complaint with respect  
25 to the BFS / Meacher claims and seeking lien avoidance.

26 Other than the lienholders disclosed above and the post-petition lender FS DIP, there are no  
27 other parties that assert a security interest against the Debtor or its assets.  
28

1           **3.       The Debtor's Other Indebtedness.**

2           The Debtor believes that it has approximately \$10 million in valid general unsecured debt as  
3 of the date this Disclosure Statement was filed. Approximately \$6.5 million of general unsecured  
4 claims arise out of unsecured obligations owing to the Debtor's Champion Club members and  
5 Platinum members.

6           **B.       Management, Principals, and Affiliates of the Debtor's Business.**

7           At the time of the Petition Date, the Debtor's Chief Executive Officer and manager was Dr.  
8 Piazza. Dr. Piazza founded the Debtor in 1996 and is the Debtor's sole manager and owns 1% of the  
9 voting shares of the Debtor. Because the Debtor is a limited liability company, it does not have a  
10 board of directors. The Debtor's other two Equity Holders, each of which holds 49.5% of non-voting  
11 stock are VNV Dynasty Trust – FS I and VNV Dynasty Trust – FS II.

12           The Reorganized Debtor's post confirmation management is described more fully in Article  
13 IV.D.3 below.

14           **C.       Events Leading to the Debtor's Chapter 11 Filing.**

15           The primary factor that precipitated the filing of this case arose out of Debtor's pre-petition  
16 business dealings with LVDF. As discussed above, the Debtor's business model centered around a  
17 major expansion plan that was intended to build the Project. With that goal in mind, the Debtor  
18 began researching its financing options. Financing from traditional banks was largely unavailable to  
19 the Debtor due to its business centering around the use of firearms.

20           In 2012, the Debtor was approached by Robert W. Dziubla ("Dziubla") and John Fleming  
21 ("Fleming"), doing business as LVDF,<sup>6</sup> who represented themselves as like-minded, pro-gun patriots  
22 who told the Debtor that they would be able to obtain a financing package for the Debtor to raise up  
23 to \$150 million (at a low interest rate) to build and bring to market, among other things, the Vacation  
24 Club & Resort. Dziubla, Fleming and LVDF stated that all they needed from the Debtor was  
25 \$300,000 in fees needed to secure approval from the United States Customs and Immigration

26  
27  
28           <sup>6</sup> LVDF disputes the Debtor's version of events set forth in Section III.C of this Disclosure Statement.

1 Service (“USCIS”) and \$100,000 in marketing costs to solicit foreign investors to participate in an  
2 EB-5<sup>7</sup> immigration investment plan.

3 The Debtor initially declined the Dziubla, Fleming and LVDF offer twice. Dziubla and  
4 Fleming persisted and represented to the Debtor that due to their vast experience raising foreign  
5 investments, their personal connections in China, and their desire to help the Debtor complete its  
6 development, that they could raise the necessary funds within a year.

7 After months of solicitation, the Debtor accepted Dziubla’s and Fleming’s proposal. The  
8 Debtor paid the requested \$300,000 in fees to secure approval from the USCIS to market the EB-5  
9 investment project. Instead of taking a year as promised to secure the USCIS approval, it took over  
10 two years. The Debtor paid the aforementioned \$100,000 in marketing fees, as well as another  
11 \$120,000 in marketing fees, but the promised funding never materialized.

12 Four years later, in 2016, Dziubla and Fleming represented that they had secured the first  
13 \$2.5 million in investor funding, and had hundreds of investors in a pipeline to invest in the  
14 construction project, but needed to execute a construction loan document to start the flow of  
15 investment money. In October of 2016, after three months of negotiating a construction loan  
16 agreement, the Debtor was induced into signing the CLA with the expectation that \$75 million in  
17 funding would follow shortly thereafter. However, Dziubla and Fleming produced only \$6.375  
18 million dollars in funding over the next two years, all of which was used by the Debtor under the  
19 parameters of the construction loan agreement. During this time period, the Debtor paid the interest  
20 payments on the money every month on time and in full until September 2021. By 2018, the Debtor  
21 became suspicious that the funds advanced to Dziubla and Fleming (the \$300,000 in fees and  
22 \$220,000 for marketing) had not actually been used to secure USCIS approval and for marketing the  
23 project to foreign investors, and requested that Dziubla and Fleming produce such evidence.

24 ##

25 Dziubla and Fleming refused to show proof of where the funds the Debtor paid had been  
26

---

27 <sup>7</sup> An “EB-5” investment allows qualified foreign investors who meet specific capital investments  
28 and job creation requirements to potentially obtain permanent residency.

1 spent and apparently in retaliation for ~~the~~the Debtor's demands, Dziubla and Fleming fraudulently  
2 claimed that the Debtor was in default on a number of terms of the CLA (which the Debtor was not  
3 in default).

4 To sum up a very complex history, Dziubla, Fleming and LVDF defaulted on their  
5 obligations, failed to raise the funds necessary to complete the Vacation Club & Resort, and  
6 litigation was commenced by the Debtor against Dziubla, Fleming, LVDF and related affiliates  
7 (collectively, the "LVDF Parties") in August of 2018, styled *Front Sight Management, LLC v. Las*  
8 *Vegas Development Fund LLC et al.*, Case No. A-18-781084-B, which, on the Petition Date, was  
9 pending in the Eighth Judicial District Court in Clark County, Nevada (the "LVDF Litigation"). In  
10 the LVDF Litigation, the Debtor asserts claims for, among other things, fraud in the inducement,  
11 intentional misrepresentation, breach of fiduciary duty and conversion against the LVDF Parties.  
12 Dziubla, Fleming, and LVDF then filed a fraudulent foreclosure action against the Debtor. The  
13 judge in the LVDF Litigation initially placed a temporary restraining order on the foreclosure action  
14 but was lifted shortly before the Petition Date due to the Debtor's inability to obtain a bond.

15 The LVDF Litigation has been pending for nearly four years, and shortly before the Petition  
16 Date, the LVDF Parties filed a notice of foreclosure against the Front Sight Property.

17 While the Debtor believes it will ultimately prevail in the litigation, the Debtor's legal fees  
18 related to the LVDF Litigation and foreclosure action have exceeded one million dollars to date.  
19 Furthermore, the most damaging consequences arising out of the LVDF Parties malfeasance are (a)  
20 the loss of momentum the Debtor suffered in completing the development of the Vacation Club &  
21 Resort, (b) the loss of member confidence the Debtor suffered due to all the delays in the project, (c)  
22 the resulting reduction in membership sales, and (d) the increased difficulty for the Debtor to obtain  
23 additional financing to complete the project.

24 In addition to the LVDF Litigation, the Debtor was a party to three other pending actions on  
25 the Petition Date as stated below:

26 **The Dziubla Action.** Pre-petition, Dziubla, among others, filed a complaint against  
27 the Debtor, among others, for trespass, privacy claims, defamation, and harassment in the Superior  
28 Court of the State of California for the County of San Diego, commencing the case styled *Robert*



1 *Dziubla et al., v. Ignatius A. Piazza II et al.*, Case No. 37-2018-00057391-CU-DF-NV (the “Dziubla  
2 Action”). During the pendency of the Dziubla Action, the state court granted in part and denied in  
3 part the Debtor’s and Dr. Piazza’s special motion to strike the complaint pursuant to Cal. Code. Civ.  
4 Proc. § 425.16, and awarded the Debtor and Dr. Piazza attorneys fees as the prevailing party.  
5 Dziubla, among others, appealed the trial court’s ruling on the special motion to strike to the Court  
6 of Appeal, Fourth District, Division 1, California. The appellate court affirmed in part and reversed  
7 in part, and remanded the trial court’s ruling on the special motion to strike. *Dziubla v. Piazza*, 59  
8 Cal. App. 5th 140, 273 Cal. Rptr. 3d 297 (2020). Subsequently, on May 10, 2022, a jury found in  
9 favor of Dr. Piazza and the Debtor on the intentional infliction of emotional distress and the threat of  
10 violence claims. As of the Petition Date, the Dziubla Action was on appeal.

11 **The Armscor Action.** Shortly before the Petition Date, Armscor Precision  
12 International filed a complaint against the Debtor for breach of contract in the Fifth Judicial District  
13 Court of Nevada, commencing the case styled *Armscor Precision International v. Front Sight*  
14 *Management LLC*, Case No. CV22-0161 (the “Armscor Action”). The Armscor Action was pending  
15 on the Petition Date, but was never served on the Debtor. The Armscor Action is currently stayed  
16 because of the Debtor’s bankruptcy filing.

17 **The Top Rank Builders Action.** Pre-petition, Top Rank Builders Inc. filed a  
18 complaint against the Debtor, among others, for breach of contract in the Fifth Judicial District Court  
19 of Nevada, commencing the case styled *Top Rank Builders Inc. v. Direct Grading and Paving LLC,*  
20 *et al.*, Case No. CV19-0113 (the “Top Rank Builders Action”). The Top Rank Builders Action was  
21 pending on the Petition Date, but it is currently stayed because of the Debtor’s bankruptcy filing.

22 As 2021 came to an end, the Debtor solicited its members to participate in a number of  
23 marketing offers in an attempt to raise sufficient funds to complete the aforementioned litigation.  
24 Unfortunately, the Debtor was not able to raise sufficient funds.

25 Because (i) the Vacation Club & Resort and related project had not yet materialized, (ii) the  
26 Debtor’s ability to obtain traditional financing to complete the construction was impossible while the  
27 LVDF Litigation was pending and (iii) a foreclosure sale was imminent, the Debtor was forced to  
28 seek bankruptcy protection.

1 **D. Significant Events During the Bankruptcy.**

2 The following is a list of significant events which have occurred during this case:

3 **1. First Day Motions.**

4 The Debtor's efforts during the early part of this Case focused on obtaining authority to,  
5 among other things, secure debtor-in-possession financing, maintain certain prepetition accounts,  
6 honor and continue certain customers programs, and pay pre-petition wages, salaries, and other  
7 compensation, which were each critical elements of the continuation of the Debtor's business  
8 operations.

9 **Maintain Prepetition Accounts.** On the Petition Date, the Debtor filed its *Emergency*  
10 *Motion for Order Authorizing Maintenance of Certain Prepetition Bank Accounts and Merchant*  
11 *Accounts and Cash Management System* [ECF No. 7] (the "Maintain Prepetition Accounts Motion").  
12 On May 26, 2022, the OUST filed an opposition to the Maintain Prepetition Accounts Motion [ECF  
13 No. 31]. The Court entered its interim order granting the Maintain Prepetition Accounts Motion on  
14 June 2, 2022 [ECF No. 81], and a final order granting the Maintain Prepetition Accounts Motion on  
15 August 5, 2022 [ECF No. 317].

16 **Honor Customer Programs.** On the Petition Date, the Debtor filed its *Emergency Motion*  
17 *for Entry Order of an Order Authorizing the Debtor to Honor and Continue Certain Customer*  
18 *Programs and Customer Obligations in the Ordinary Course of Business* [ECF No. 13] (the "Honor  
19 Customer Programs Motion"). The Court entered its final order granting the Honor Customer  
20 Programs Motion on June 17, 2022 [ECF No. 141].

21 **Wage Motion.** On the Petition Date, the Debtor filed its *Emergency Motion for Entry of an*  
22 *Order: (1) Authorizing, But Not Requiring, Debtor to Pay or Honor (A) Prepetition Wages, Salaries,*  
23 *and Other Compensation Including Reimbursement of Expenses and (B) Prepetition Medical,*  
24 *Workers' Compensation, Paid Time Off, and Similar Benefits; and (2) Authorizing and Directing*  
25 *Applicable Banks and Other Financial Institutions to Receive, Process, Honor, and Pay Checks*  
26 *Presented for Payment and to Honor Fund Transfer Requests* [ECF No. 9] (the "Wage Motion").  
27 On May 26, 2022, the OUST filed an opposition to the Wage Motion [ECF No. 31]. On May 31,  
28 2022, the Court entered a final order granting the Wage Motion [ECF No. 50].

1           **2.       DIP Financing and Cash Collateral.**

2           Pre-petition, the Debtor did not have sufficient available sources of working capital and  
3 financing to carry out the operation of its business and fund a chapter 11 reorganization, thus, the  
4 Debtor determined that it was necessary to enter into a postpetition financing agreement with lender  
5 FS DIP. On May 24, 2022, the Debtor filed its *Emergency Motion For Entry Of Interim And Final*  
6 *Orders: (I) Authorizing The Debtor To Obtain Postpetition Financing, (II) Granting Priming Liens*  
7 *And Administrative Expense Claims, (III) Authorizing The Debtor’s Use of Cash Collateral, (IV)*  
8 *Modifying the Automatic Stay, And (V) Granting Related Relief* [ECF No. 4] (the “DIP Motion”)  
9 pursuant to which it sought to obtain postpetition financing (“DIP Financing”) from FS DIP. The  
10 OUST objected to the DIP Motion [ECF Nos. 31, 117]. LVDF objected to the DIP Motion [ECF  
11 Nos. 35, 121]. BFS objected to the DIP Motion [ECF No. 125]. The Committee filed a limited  
12 objection to the DIP Motion [ECF No. 147]. The DIP Motion was granted on an interim basis  
13 pursuant to Court order entered on May 31, 2022 [ECF No. 59], and on a final basis pursuant to  
14 Court order entered on July 1, 2022 [ECF No. 228] (the “~~DIP~~-Final DIP Order”). The ~~DIP~~-Final DIP  
15 Order authorizes the Debtor to borrow up to \$5 million from FS DIP, and authorized the Debtor to  
16 operate within a budget approved by FS DIP for a 13-week period beginning in the week  
17 commencing June 27, 2022, subject to extension by agreement between the Debtor and FS DIP. The  
18 ~~DIP~~-Final DIP Order also granted FS DIP a valid, enforceable, non-avoidable and fully perfected  
19 first priority security interest on substantially all of the Debtor’s assets pursuant to Section 364 of the  
20 Bankruptcy Code (the “FS DIP Liens”).

21           **3.       Appointment of Committee.**

22           The Committee was appointed by the OUST on June 9, 2022, pursuant to § 1102 of the  
23 Bankruptcy Code.

24           **4.       Employment of Professionals.**

25           On May 24, 2022, the Debtor filed its *Emergency Application for the Entry of an Order*  
26 *Authorizing the Debtor to Employ and Retain Stretto as Claims, Noticing and Solicitation Agent*  
27 [ECF Nos. 10, 18] (the “Stretto Application”). The OUST objected to the Stretto Application [ECF  
28 No. 31]. The Stretto Application was approved pursuant to Court order entered on June 1, 2022

1 [ECF No. 64] (the “Stretto Order”).

2 On May 27, 2022, the Debtor filed its *Application to Employ BG Law LLP as General*  
3 *Bankruptcy Counsel Effective Nunc Pro Tunc to May 24, 2022* [ECF No. 42] (“BG Application”).  
4 The OUST objected to the BG Application [ECF No. 128]. The BG Application was approved  
5 pursuant to Court order entered on June 30, 2022 [ECF No. 224].

6 On May 31, 2022, the Debtor filed its *Application to Employ Province, LLC as Financial*  
7 *Advisor Pursuant to 11 U.S.C. §§ 327(a) and 330 Nunc Pro Tunc to the Petition Date* [ECF No. 60]  
8 (the “Province Application”). The OUST objected to the Province Application [ECF No. 142]. The  
9 Province Application was approved pursuant to Court order entered on June 30, 2022 [ECF No.  
10 225].

11 On June 27, 2022, the Debtor filed its *Application to Employ Lucas Horsfall, LLC as*  
12 *Accountant Pursuant to 11 U.S.C. §§ 327(a), 328(a) and 330 Effective as of the Petition Date* [ECF  
13 No. 200] (the “Lucas Application”). The Lucas Application was approved pursuant to Court order  
14 entered on August 24, 2022 [ECF No. 326].

15 On August 29, 2022, the Debtor filed its application [ECF No. 329] (the “GT Application”)  
16 to employ Greenberg Traurig, LLC (“GT”) as its special membership counsel. The GT Application  
17 was approved at a hearing held on September 30, 2022. An order has not yet been entered.

18 On July 1, 2022, the Committee filed its application to employ Carlyon Cica CHTD. as its  
19 Nevada counsel [ECF No. 230] (the “Carlyon Application”). The Carlyon Application was  
20 approved pursuant to Court order entered on July 26, 2022 [ECF No. 299].

21 On July 1, 2022, the Committee filed its application to employ Kelley Drye & Warren LLP  
22 as its lead counsel [ECF No. 233] (the “Kelley Application”). The Kelley Application was approved  
23 pursuant to Court order entered on July 29, 2022 [ECF No. 302].

24 On July 1, 2022, the Committee filed its application to employ Dundon Advisers LLC as its  
25 financial advisor [ECF No. 236] (the “Dundon Application”). The Dundon Application was  
26 approved pursuant to Court order entered on July 29, 2022 [ECF No. 303].

27 On June 27, 2022, the Debtor filed its *Motion to Entry of Order Establishing Procedure for*  
28 *Interim Compensation and Reimbursement of Expenses for Professionals* [ECF No. 202] (the

1 Interim Compensation Motion”). Through the Interim Compensation Motion, the Debtor requests  
2 that the Court establish certain procedures for interim compensation of the Debtor’s and the  
3 Committee’s professionals. The Interim Compensation Motion was granted pursuant to Court order  
4 entered on August 5, 2022 [ECF No. 318].

##### 5 **5. Motion to Appoint Examiner.**

6 On June 27, 2022, LVDF filed a motion to appoint an examiner [ECF No. 211] (the  
7 “Examiner Motion”). On July 11, 2022, the Debtor filed an opposition [ECF No. 254] to the  
8 Examiner Motion and the Committee filed an opposition [ECF No. 255]. The hearing on the  
9 Examiner Motion was held on July 25, 2022, and the Court issued its oral ruling on the Examiner  
10 Motion on September 9, 2022 at 9:30 a.m. and denied the Examiner Motion. —The Court entered a  
11 Final Order denying the Examiner Motion [ECF No. 347].

##### 12 **6. Legal Proceedings.**

###### 13 **The LVDF Litigation and Subsequent Removal.**

14 As referenced in Section III.C above, the LVDF Litigation was commenced by the Debtor in  
15 August 2018. In the LVDF Litigation, the Debtor asserts claims for, among other things, fraud in  
16 the inducement, intentional misrepresentation, breach of fiduciary duty and conversion against the  
17 LVDF Parties. As referenced above, in 2019, LVDF filed a fraudulent foreclosure action against the  
18 Debtor through its *Defendants’ Answer to Plaintiff’s Second Amended Complaint; and Counterclaim*  
19 (the “Initial Counterclaim”). In the Initial Counterclaim, LVDF alleged that the Debtor breached the  
20 CLA in a multitude of ways, including improper use of loan proceeds and transferring assets to  
21 related parties. As to the fraudulent nature of LVDF’s foreclosure action and its Initial  
22 Counterclaim, on January 23, 2020, the state court entered its *Findings of Fact, Conclusions of Law,*  
23 *and Order Denying Defendant Las Vegas Development Fund LLC’s Motion to Dissolve Temporary*  
24 *Restraining Order and to Appoint a Receiver* (the “January 23, 2020 Order”).

25 Although LVDF alleged in the Initial Counterclaim the Debtor improperly used funds and  
26 improperly transferred assets to its principals, in the January 23, 2020 Order, the state court made the  
27 following conclusions of law:  
28

1 a. Regarding alleged Breach #1, the Court concludes that Front Sight’s expenses  
2 on the Project far exceed the amount of the loan from Defendant LVDF has [*sic*] Defendant  
3 LVDF’s assertion that Front Fight improperly used loan proceeds is without merit, and  
4 consequently, LVDF has failed to establish this alleged breach.

5 b. As to the second, third, and fifth through thirteenth alleged breaches, as  
6 asserted by Defendant/Counterclaimant LVDF, the Court concludes that LVDF has not  
7 established that Plaintiff is in breach of the Construction Loan Agreement, and consequently,  
8 LVDF is not entitled to the relief that it seeks by this Motion.

9 c. Regarding the fourth alleged breach, pertaining to the reduction in the size of  
10 the Patriot Pavilion, because it appears that the size of the classroom was reduced but not the  
11 overall size of the facility, creating an issue of fact as to this alleged breach, the Court  
12 concludes that LVDF has not established that Plaintiff is in breach of the construction Loan  
13 Agreement, and consequently, LVDF is not entitled to the relief it seeks by this Motion.

14 January 23, 2020 Order, pp. 7-8.

15 Thus, at late as January 2020, the state court found that the Debtor was not in default under  
16 the CLA and had not improperly used the CLA loan proceeds. Notwithstanding the state court’s  
17 conclusions of law, on June 4, 2020, LVDF amended the Initial Counterclaim by filing its operative  
18 *Defendants’ Answer to Plaintiff’s Second Amended Complaint; and First Amended Counterclaim*  
19 (the “Operative Counterclaim”) against, among others, the Debtor and non-debtor affiliates and  
20 related entities (the “Non-Debtor Entities”) for fraud, fraudulent transfers, intentional interference  
21 with contractual relationships, conversion, civil conspiracy, judicial foreclosure, and waste. The  
22 Debtor contends that the counterclaims are property of the Estate as they are premised on either: (i)  
23 the Debtor’s principal being the alter ego of the Debtor; or (ii) allegations that the Debtor made  
24 fraudulent transfers to the Non-Debtor Entities.

25 On May 12, 2022, LVDF filed a motion for terminating sanctions (the “Terminating  
26 Sanctions Motion”) in the LVDF Litigation, which was set for hearing on May 25, 2022, i.e., after  
27 the Petition Date. The Terminating Sanctions Motion was based on the Debtor’s and the Non-  
28 Debtor Entities’ failure to appear for their depositions. Through the Terminating Sanctions Motion,  
29 LVDF requested that the state court strike the Debtor’s operative complaint and enter judgment in  
30 favor of LVDF on the Debtor’s claims, and to strike the Non-Debtor Entities answers and  
31 affirmative defenses to the Operative Counterclaim and enter default judgment in LVDF’s favor,  
32 including on the fraudulent transfer claims.

1 Notwithstanding the Debtor's bankruptcy filing, postpetition on June 22, 2022, the state court  
 2 entered its *Order Granting in Part Defendants and Counterclaimant's Motion for Case Dispositive*  
 3 *Sanctions* (the "Terminating Sanctions Order") against the Non-Debtor Entities. The Debtor asserts  
 4 that each of LVDF's counterclaims is property of the Estate, and upon the filing of the Debtor's  
 5 bankruptcy petition, LVDF was divested of standing to prosecute such claims and continued  
 6 prosecution by LVDF was and is a violation of the automatic stay.

7 Accordingly, on June 23, 2022, the Debtor removed the LVDF Litigation to the Bankruptcy  
 8 Court, commencing adversary proceeding no. 22-01116-abl (the "Adversary Proceeding"). On June  
 9 27, 2022, LVDF filed a motion to remand the LVDF Litigation to the state court [Adv. ECF No. 4]  
 10 ("Remand Motion") and a motion to terminate the automatic stay to continue prosecution of the  
 11 counterclaims, including the fraudulent transfer claims [ECF No. 206] ("Stay Motion"). The  
 12 hearings on these motions were held on July 25, 2022, and the Bankruptcy Court issued its oral  
 13 rulings on both motions on September 9, 2022 at 9:30 a.m. ~~The Bankruptcy Court denied LVDF's~~  
 14 ~~the Remand Motion and the Stay Motion.~~ The Bankruptcy Court denied LVDF's Remand Motion  
 15 pursuant to Court order entered on September 15, 2022 [ECF No. 107]. The Bankruptcy Court  
 16 denied LVDF's Stay Motion pursuant to Court order entered on September 15, 2022 [ECF No. 346].  
 17 In connection with its oral ruling on the Stay Motion, the Bankruptcy Court found that LVDF's  
 18 counterclaims in the LVDF Litigation are property of the Debtor's bankruptcy estate and that only  
 19 the Debtor, as the Debtor-in-possession, has standing to prosecute them.

20 On July 5, 2022, the Debtor filed its motion for entry of an order confirming that the  
 21 Terminating Sanctions Order is void as a violation of the automatic stay or, in the alternative, for  
 22 relief from the Terminating Sanctions Order pursuant to Rule 60(b) of the Federal Rules of Civil  
 23 Procedure [Adv. ECF ~~No~~No. 43 and amended motion Adv. ECF No. 51]. The hearing on this  
 24 motion was held on September 1, 2022, and the Court ~~will~~intended to issue its oral ruling on  
 25 September 15, 2022 ~~at 1:30 p.m.~~ In advance of the oral ruling, the Debtor and LVDF stipulated  
 26 that the Terminating Sanctions order is void ab initio as a violation of the automatic stay, and the  
 27 Court order approving the stipulation was entered on September 15, 2022 [Adv. ECF No. 106].

28 **Objections to Claims.** The Debtor ~~will be filing~~filed an objection to LVDF's claim

1 ~~and on September 29, 2022 [ECF No. 393]. The Debtor intends on filing~~ a complaint for avoidance  
2 of lien and objection to claim to the Meacher/BFS claim(s) shortly. Pursuant to the terms of a  
3 consulting agreement between the New Equity Investor and the Debtor's principal, Ignatius Piazza  
4 (the "Consulting Agreement"), which Consulting Agreement will be filed with the Plan Supplement,  
5 the New Equity Investor has agreed to fund up to \$1,000,000 in litigation costs to allow the  
6 Reorganized Debtor to litigate the LVDF and Meacher Claims. Mr. Piazza will have litigation  
7 decision control with respect to the LVDF and Meacher Claims, and Mr. Piazza and the Reorganized  
8 Debtor have agreed to a division of any recoveries from the LVDF and Meacher litigation.

9          The Debtor will also be objecting to any claim marked on the Claim Chart as objectionable,  
10 to the proofs of claims filed by terminated members who have been refunded in full, and to any  
11 proof of claim filed by a member asserting a monetary claim against the Debtor arising out of  
12 membership reward account assets. The Debtor or Reorganized Debtor, as applicable, reserves the  
13 right to review and object to any claims in its sole discretion, so long as such objection is filed prior  
14 to ~~any claim objection deadline.~~ the Claim Objection Deadline (which is 180 days after the Effective  
15 Date).

#### 16 **7. Prosecution of Avoidance Actions & Other Potential Claims.**

17 The Debtor has not yet filed any actions seeking to recover any fraudulent conveyances or  
18 preferential transfers. ~~The Debtor is currently investigating potential claims under, among others,~~  
19 ~~sections 544, 547, 548 and 550 of the Bankruptcy Code, and the Committee is currently~~  
20 ~~investigating claims under these code sections as well. The Debtor expects to update this section~~  
21 ~~once the aforementioned investigations have been concluded.~~ See Section IV.D.7 below for more  
22 detail.

### 23 **IV. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER** 24 **THE PLAN**

#### 25 **A. What Creditors and Interest Holders Will Receive Under the Plan.**

26 As required by the Bankruptcy Code, the Plan classifies Claims and Interests in various  
27 Classes according to their right of priority under the Bankruptcy Code. The Plan states whether each  
28 Class of Claims or Interests is impaired or unimpaired. The Plan provides the treatment each Class



1 will receive.

2 **B. Unclassified Claims.**

3 Certain types of Claims are not placed into voting Classes; instead they are unclassified.  
4 They are not considered impaired and they do not vote on the Plan because they are automatically  
5 entitled to specific treatment provided for them in the Bankruptcy Code. As such, the Debtor has not  
6 placed the following Unclassified Claims in a Class.

7 **1. Administrative Claims.**

8 Administrative Claims are for costs or expenses of administering the Debtor's Chapter 11  
9 Case which are allowed under Bankruptcy Code Section 507(a)(1). Allowed Administrative Claims  
10 representing post-Petition Date liabilities incurred by the Debtor in the ordinary course of business,  
11 for which no approval by the Bankruptcy Court is required, shall be paid in full in accordance with  
12 the terms and conditions of the particular transaction giving rise to such liabilities and any  
13 agreements relating thereto. The Bankruptcy Code requires that all Administrative Claims be paid  
14 on the Effective Date unless a particular Claimant agrees to a different treatment. After the Effective  
15 Date, while the Debtor's Chapter 11 Case remains open, the Reorganized Debtor will (i) file with the  
16 United States Trustee quarterly ~~operating~~ reports; and (ii) timely pay fees incurred pursuant to 28  
17 U.S.C. Section 1930(a)(6).<sup>8</sup>

18 The following chart lists all of the Debtor's Section 507(a)(1) administrative claims and their  
19 treatment under the Plan.

NAME	AMOUNT OWED <sup>9</sup>	TREATMENT
<del>Clerk's Office Fees</del>	<del>\$0 (Estimate)</del>	<del>Paid in full on the Effective Date</del>
<del>Office of the U.S. Trustee Fees</del>	<del>\$0 (Estimate)</del>	<del>Paid in full on the Effective Date</del>

24  
25 <sup>8</sup> The quarterly fees owed to the United States Trustee are due and owing every quarter, without the requirement for the United States Trustee to file an administrative claim or a proof of claim. There is also no bar date for quarterly fees.

26  
27 <sup>9</sup> The amounts set forth in this chart are estimates of the administrative claim amount that the Debtor believes each administrative claimant will be entitled to on the Effective Date. The amounts set forth in this chart are subject to change. ~~The Debtor will supplement this information prior to the hearing date on approval of the adequacy of this Disclosure Statement.~~

NAME	AMOUNT OWED <sup>9</sup>	TREATMENT
Administrative Claims (Incurred in the Ordinary Course of Business)	Estimated at approximately \$75,000 to \$500,000	Allowed Administrative Claims representing post-Petition Date liabilities incurred by the Debtor in the ordinary course of business, for which no approval by the Bankruptcy Court is required, shall be paid in full in accordance with the terms and conditions of the particular transaction giving rise to such liabilities and any agreements relating thereto.
BG Law LLP, bankruptcy counsel to the Debtor	Approximately <del>_____</del> \$100,000 in addition to the post-petition payments to BG pursuant to the order approving the Interim Compensation Motion [ECF No. 318] (the "Interim Compensation Order")	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
Province, LLC, financial advisor to the Debtor	Approximately <del>_____</del> \$100,000 in addition to the post-petition payments made by the Debtor in connection with the Interim Compensation Order.	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
Lucas Horsfall, accountant to the Debtor	<del>_____</del> \$40,000 [in addition to the <del>_____</del> \$30,000 that Lucas Horsfall has been paid pursuant to its ordinary course work done as approved the Lucas Horsfall Order].	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
<u>Greenberg Traurig, special membership counsel to the Debtor</u>	<u>\$50,000</u>	<u>Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.</u>
Stretto, claims, noticing and solicitation agent for the Debtor	\$0	Paid in the ordinary course of business pursuant to the order approving Stretto's employment [ECF No. 64]

NAME	AMOUNT OWED <sup>9</sup>	TREATMENT
Carlyon Cica CHTD., Nevada counsel to the Committee	Approximately _____ in addition to the post-petition payments made by the Debtor in connection with the Interim Compensation Order.	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
Kelley Drye & Warren LLP, counsel to the Committee	Approximately _____ in addition to the post-petition payments made by the Debtor in connection with the Interim Compensation Order.	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
Dundon Advisers LLC, financial advisor to the Committee	Approximately _____ in addition to the post-petition payments made by the Debtor in connection with the Interim Compensation Order.	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
<b>TOTAL</b>	[ _____ ] est. <sup>10</sup>	Paid in the manner described above

Court Approval of Fees Required:

The Bankruptcy Court must approve, or must have previously approved on a final basis, all Professional Fee Claims listed in the foregoing chart before they may be paid. Only the amount of fees and expenses approved by the Bankruptcy Court is required to be paid under the Plan. The administrative claim amounts set forth above for professional fees and expenses simply represent the Debtor’s best estimate as to the amount of Allowed Professional Fee Claims, which estimates assume that the Debtor makes all of the post-petition professional fee monthly payments that the Bankruptcy Court has authorized the Debtor to make. The actual Administrative Claims for Professional fees and expenses may be higher or lower. By voting to accept the Plan, Creditors are not acknowledging the validity of, or consenting to the amount of, any of these Administrative Claims for professional fees and expenses, and Creditors are not waiving any of their rights to object

<sup>10</sup> Not all of these claims will be paid from the Cash Contribution. Some will be paid in the ordinary course of business, and some are provided for in the Debtor’s DIP Financing budget.

1 to the allowance of any of these Professional Fee Claims. Also, the Professionals employed in this  
2 Case may, prior to the Effective Date, seek Court approval of interim fees and expenses incurred in  
3 excess of the post-petition professional fee monthly payments received by such Professionals,  
4 pursuant to prior orders of the Bankruptcy Court. To the extent any such interim fees and expenses  
5 are allowed by the Bankruptcy Court and paid by the Debtor prior to the Effective Date, that will  
6 reduce the amount of professional fees and expenses to be paid by the Reorganized Debtor.

7 **The last day to file any Administrative Claims (but NOT for ordinary post-petition**  
8 **operating obligations or Professional Fee Claims) is thirty (30) days after the Effective Date.**

9 Administrative expenses will be paid on the later of the Effective Date or 10 days after the entry of a  
10 Final Order allowing the administrative expense, unless the administrative claimant has consented  
11 otherwise in writing. On or before the Effective Date, the Debtor or the Reorganized Debtor will  
12 serve notice of an administrative bar date on all potential administrative claimants including, but not  
13 limited to, the Debtor's post-petition suppliers, service providers and employees.

## 14 **2. Priority Tax Claims.**

15 Priority tax claims include certain unsecured income, employment and other taxes described  
16 by Section 507(a)(8) of the Bankruptcy Code. The Bankruptcy Code requires that each holder of  
17 such a Section 507(a)(8) priority tax claim receive the present value of such claim in deferred cash  
18 payments, over a period not exceeding five years from the Petition Date. The Debtor believes that it  
19 owes \$500 to the Internal Revenue Service. The Reorganized Debtor will pay this Priority Tax  
20 Claim on the Effective Date. If there are any other Allowed Priority Tax Claims as of the Effective  
21 Date, the Reorganized Debtor will pay those Allowed Priority Tax Claims in full by the Reorganized  
22 Debtor over a period not exceeding five years from the Petition Date. The State of Nevada  
23 Department of Taxation has filed amended Proof of Claim 150-2 against the Debtor asserting an  
24 unsecured priority claim in the amount of \$156,893,3073,215.50 and a general unsecured claim of  
25 \$3,884.14. It appears that this claim arises out of post-petition taxes due, which the Debtor believes  
26 it is current on. The Debtor is in the process of investigating this claim and has estimated the  
27 liability at \$100,000 for purposes of the Plan.  
28

**C. Classified Claims and Interests.**

**1. Class of Secured Claims.**

Secured Claims are claims secured by liens on property of the Estate. The following chart sets forth the description and treatment of each of the Debtor’s known Secured Claims. The Debtor has listed the below Creditors based on the priority of their liens.

CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
N/A	Secured Claim of FS DIP (an affiliate of the New Equity Investor)  Collateral Description: 1 <sup>st</sup> Priority Lien on substantially all assets of the Debtor’s Estate [except as set forth in ECF No. 288].  Amount of Claim: Approximately \$5,200,000	No.	The FS DIP Secured Claim will be paid in full on the Effective Date or waived by FS DIP as part of the New Value Contribution from the New Equity Investor.  Upon the occurrence of the Effective Date and satisfaction in full of the FS DIP Secured Claim (or contribution in partial satisfaction of the new value and consideration exchanged for the Reorganized Debtor’s new equity interests), the commitments and obligations under the FS DIP loan agreements and the Final DIP Order are terminated, and FS DIP’s security interest in the Debtor’s Assets is terminated.  <b>Unimpaired. This Claim is a Secured Claim and will be satisfied in full on the Effective Date. Presumed to accept the Plan and not entitled to vote.</b>
1	Secured claim of LVDF  Collateral Description: Real property located at 1 Front Sight Road, Pahrump, NV 89061 (“Front Sight Property”)  Interest rate: Non-Default – 6%  Maturity Date – October 4, 2021  *Debtor has a pending action against LVDF and believes that it has significant affirmative claims against LVDF and significant offsets.	NoYes.	Debtor to file objection to LVDF’s claim. This Claim is Contingent and Disputed.  <b>Treatment:</b>  Pending resolution of the Debtor’s objection to LVDF’s claim <a href="#">[ECF No. 393]</a> and the Debtor’s affirmative claims against LVDF and prior to the Effective Date, \$11,655,805,706.01 of the Cash Contribution shall be placed into a reserve account <a href="#">maintained by Stretto</a> for LVDF’s allowed claim. If LVDF’s allowed claim is less than the reserve amount, any surplus shall revert to the Reorganized Debtor.  Until resolution of LVDF’s disputed claim, and commencing January 2023, monthly interest shall accrue at the non-default rate of 6% set forth in the underlying loan documents on an estimated claim

CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
			<p>amount of \$6.7 million.</p> <p>Upon resolution of the Debtor's objection to LVDF's claim and its affirmative claims against LVDF, LVDF shall be paid the balance of its allowed secured claim, if any, in full within five (5) business days of a final order allowing such claim.</p> <p><b>Lien:</b> <u>To the same extent and validity of its existing lien, LVDF shall retain its have a first priority lien against the Front Sight Property pending the \$11,805,706.01 in the reserve account until any allowed claim resolution process is paid from the reserve.</u></p> <p><b>Collateral:</b> <u>LVDF's collateral shall solely be the \$11,805,706.01 in the reserve account.</u></p> <p><b>EB5 Related Obligations:</b> The Reorganized Debtor shall have no EB5 Related Obligations.</p> <p>Such treatment shall be in full and complete satisfaction of the Class 1 claim. The Debtor shall have no other obligations under the requisite loan agreements <u>or deed of trust.</u></p> <p><b><u>Unimpaired; Not Impaired; Entitled to Vote</u></b></p>
2	<p>Secured claim of Michael Meacher dba Bankgroup Financial Services</p> <p>Collateral Description: Certain of the Debtor's firearms</p> <p>Value of Collateral: Approximately \$214,569 book value of collateral set forth in the Bankgroup UCC financing statement filed March 22, 2021</p> <p>Former insider.</p>	<del>No</del> Yes.	<p>This Claim is Contingent and Disputed.</p> <p>The Debtor disputes the validity of this claim and is filing a complaint to avoid the lien which includes an objection to claim. <del>The Debtor believes that the Class 3 claimant's security interest is avoidable, and a fraudulent transfer claim.</del></p> <p><b>Treatment:</b></p> <p>Pending resolution of the Debtor's complaint against Meacher and prior to the Effective Date, \$3.3 million of the Cash Contribution shall be placed into a reserve account <u>maintained by Stretto</u> for Meacher's allowed claim. If Meacher's allowed claim is less than the reserve amount, any surplus shall revert to the Reorganized Debtor.</p> <p>Upon resolution of the aforementioned</p>

CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
			<p>complaint, if the Class 2 claimant has an allowed secured claim, such claim shall be paid in full.</p> <p><b><u>Unimpaired; Not Lien:</u></b> <u>To the same extent and validity of its existing lien against the Debtor's guns, Meacher shall have a first priority lien against the \$3.3 million in the reserve account until any allowed claim is paid from the reserve. I.e., Meacher will have a lien in the Cash in the reserve account equal to the fair market value of the Debtor's guns.</u></p> <p><u>To the extent that Meacher has a lien against guns owned by Ignatius Piazza, such lien shall not be affected by the Plan.</u></p> <p><b><u>Collateral:</u></b> <u>The \$3.3 million in the reserve account but only to the same extent and validity of Meacher's interest in the Debtor's guns.</u></p> <p><b><u>Impaired; Entitled to Vote</u></b></p>
3	<p>M2 EPC</p> <p>Collateral Description: the Front Sight Property.</p> <p>Amount of Claim: \$110,000</p>	Yes	<p>The Class 3 claim will be paid in monthly installments of \$10,000 commencing February 1, 2023 until paid in full.</p> <p>Payment start date – February 1, 2023</p> <p>Payment end date – December 1, 2023</p> <p><b><u>Impaired; Entitled to Vote</u></b></p>
4	<p>Top Rank Builders Inc.</p> <p>Collateral Description: the Front Sight Property.</p> <p>Amount of Claim: \$15,000</p>	Yes	<p>The Class 4 claim will be paid in three monthly installments of \$5,000.</p> <p>Payment start date – February 1, 2023</p> <p>Payment end date – April 1, 2023</p> <p><b><u>Impaired; Entitled to Vote</u></b></p>

## 2. Classes of Priority Unsecured Claims.

Certain Priority Claims that are referred to in Bankruptcy Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in Classes. These types of Claims are entitled to priority treatment as follows: the Bankruptcy Code requires that each holder of such a Claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured

1 priority claim holders may vote to accept deferred cash payments of a value, as of the Effective  
 2 Date, equal to the allowed amount of such claim. The Debtor does not believe that there are any  
 3 valid outstanding Section 507(a)(3), (4), (6), or (7) priority unsecured claims. If there are any  
 4 allowed priority unsecured claims as of the Effective Date, these claims will be paid in full by the  
 5 Reorganized Debtor on the Effective Date (or as soon as practicable thereafter). All allowed Section  
 6 507(a)(3), (4), (6), or (7) priority unsecured claims, if any, will be characterized as Priority Claims.

7 There is one valid outstanding Section 507(a)(5) priority unsecured claim, which claim and  
 8 treatment are set forth below:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Yes/No)</u>	<u>TREATMENT</u>
5	Employee Wage Claim of \$8,758.99	No.	Paid in full within 10 business days of the Effective Date.  <b>Not impaired; not entitled to vote.</b>

9  
 10  
 11  
 12  
 13  
 14  
 15 **3. Classes of General Unsecured Claims.**

16 General Unsecured Claims are classified and treated as follows:

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Yes/No)</u>	<u>TREATMENT</u>
6	All General Unsecured Claims Estimated at approximately \$10 million to \$30 million. (This number is subject to change as follows: (a) the resolution of objections to Disputed Claims; and (b) the amount of rejection damages claims asserted by members.)  [This estimation does not include any insider claims as the Debtor’s insiders have agreed to subordinate all of their claims to those of General Unsecured Creditors and have agreed that their claims will not be paid.]	Yes.	The Debtor disputes the validity of many of the claims asserted by members and intends on objecting to such claims.  <u><b>Treatment:</b></u> Prior to the Effective Date, \$3 million of the Cash Contribution shall be placed into a reserve account for allowed general unsecured claims. Any fees relating to objections to Class 6 claims after the Effective Date will be paid from this reserve.  Upon resolution of objections to claims, holders of Class 6 allowed claims shall receive their pro rata share of the reserve amount.  <b>Impaired; Entitled to Vote</b>



**4. Classes of Interest Holders.**

Interest holders are the parties who hold an ownership interest (i.e., equity interest) in the Debtor. The following chart identifies the Plan’s treatment of the class of interest holders:

CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
7	Equity Interests of Dr. Ignatius Piazza (1% Voting), VNV Dynasty Trust – FS I (49.5% Non-Voting) and VNV Dynasty Trust – FS II (49.5% Non-Voting)	No.	<b>Treatment:</b> Current equity holders will not retain any equity under the Plan.  <b>Impaired. Presumed not to accept the Plan.</b>

**D. Means of Effectuating the Plan and Implementation of the Plan.**

**1. Plan Funding.**

The Plan will be funded by the Exit Financing in the aggregate amount of the \$19.575 million Cash Contribution and the ~~waiver~~contribution or payment of FS DIP’s secured claim of approximately \$5.2 million by the New Equity Investor. Of this amount, the Reorganized Debtor anticipates that it will require ~~at least \$500~~approximately \$700,000 for working capital to meet the Debtor’s operating needs. Such proceeds will be utilized as follows:

Administrative (Professional)	\$500,000	
FS DIP Secured Claim	\$5,200,000 <u>(estimated)</u>	
LVDF Secured Claim	\$11, <del>655</del> <u>805</u> ,706.01 (reserve account)	
Meacher Secured Claim	\$3,300,000 (reserve account)	
Lease/Contract Cures	\$0	
<del>Nevada Dept. of Taxation</del> <u>Priority Claims</u>		\$100,000 (estimated)
<u>Solicitation Expenses</u>	<u>\$125,000</u>	
Unsecured Claims	\$3,000,000 (reserve account)	
<u>Miscellaneous</u>	<u>\$50,000</u>	
<b>Total</b>	<b>\$<del>23,755</del><u>24,080</u>,706.01</b>	

Based on the foregoing, the Debtor is confident that sufficient funds will exist to make all required Effective Date payments.

**2. Release of Liens.**

Within 30 days of ~~satisfaction of Secured Claims as set forth in the Plan, holders of such~~ Claims Effective Date, LVDF and Meacher shall file releases of their respective liens against the

1 Front Sight Property and the Debtor's guns with the appropriate government agencies (the "Release  
2 Procedures"). In the event that the foregoing Claimants parties do not complete the Release  
3 Procedures, the Reorganized Debtor shall be granted, pursuant to the Confirmation Order, power of  
4 authority for the limited purpose of implementing and consummating the Release Procedures.

5 The Confirmation Order shall provide that Meacher's and LVDF's respective liens attach, to  
6 the same extent and validity of their prepetition liens, to their respective reserve accounts.

### 7 **3. Composition of the Reorganized debtor and Post-Confirmation Management.**

8 On the Effective Date, the Reorganized Debtor will remain a Nevada limited liability  
9 company. The Reorganized Debtor's managing member shall be William W. Wilson. The New  
10 Equity Investor (Nevada PF, LLC or its assignee) will own a 100% equity interest in the  
11 Reorganized Debtor as of the Effective Date.

12 The Debtor currently anticipates that the managing member of the e Reorganized Debtor  
13 immediately following the Effective Date will be William W. Wilson. The New Equity Investor  
14 currently operates under the name of PrairieFire and its business is focused on providing the most  
15 memorable and unique "special ops" experiences available to civilians worldwide. William "Bill"  
16 Wilson is the current CEO of PrairieFire. PrairieFire's website is <https://www.prairiefire.com/>, and  
17  
18 contains a more detailed biography of Mr. Wilson. The Debtor believes that Mr. Wilson's expertise,  
19 insight and capabilities will enable the Reorganized Debtor to succeed post confirmation.

20 Dr. Piazza, a current equity holder of the Debtor and its current Chief Executive Officer and  
21 manager, has agreed to act on a limited basis as a consultant for the Reorganized Debtor after the  
22 Effective Date. Dr. Piazza will not hold a management position but will, ~~among other things, assist~~  
23 ~~with marketing, prosecuting objections to claims and certain Causes of Action, and will~~ enter into a  
24 consulting agreement with the Reorganized Debtor.

### 25 **4. Disbursing Agent.**

26 Stretto, the Debtor's current Noticing Agent, will act as the Disbursing Agent for purposes of  
27 making most, if not all, Distributions under the Plan. ~~The Debtor is still in the process of negotiating~~  
28 ~~these terms and will have them prior to the hearing on the Disclosure Statement. Stretto will also~~

1 maintain the reserve accounts for Classes 2, 3 and 6. With respect to the reserve accounts, Stretto has  
2 agreed to (i) waive all monthly maintenance fees (\$550 per account per month), (ii) waive account  
3 opening fees (\$3,000 savings per account), and (iii) waive all transactional fees (for wires and ACH  
4 payments). The Disbursing Agent will bill at hourly rates.

5 To the extent that the Reorganized Debtor acts as Disbursing Agent, it will receive no  
6 compensation for distribution services and expenses incurred pursuant to the Plan.

### 7 **5. Objections to Claims.**

8 The claims Bar Date in this Case was August 8, 2022, for non-governmental entities and  
9 October 8, 2022, for governmental entities. Attached as **Exhibit A** to this Disclosure Statement is a  
10 Claim Chart, which identifies all of the Debtor's filed proofs of claims which have been filed to date  
11 against the Debtor. Following Confirmation of the Plan, the Reorganized Debtor shall be the sole  
12 entity with the standing and authority to file objections to Claims in this case, and shall have the  
13 right to file objections to all Claims which are inconsistent with the Debtor's books and records  
14 unless the Reorganized Debtor deems the inconsistency to be insignificant. Any proof of claim that  
15 is filed with the Bankruptcy Court and/or served on the Debtor after the Effective Date will be  
16 deemed invalid (without the need for the Reorganized Debtor to file an objection to such late-filed  
17 claim) unless the claimant files a motion for leave of Court to file such claim. With respect to  
18 disputed claims which are not resolved prior to the Effective Date, the Reorganized Debtor shall  
19 have the authority, in its sole discretion, in the reasonable exercise of its business judgment to settle  
20 or compromise any Claim following the Effective Date by submitting a stipulation to the Bankruptcy  
21 Court without a notice or hearing thereon.

22 As provided by Section 502(c) of the Bankruptcy Code, the Bankruptcy Court may estimate  
23 any contingent-~~or~~<sub>2</sub> unliquidated or disputed claim for purposes of Confirmation of the Plan. The  
24 Bankruptcy Court shall retain jurisdiction over the Debtor, the Reorganized Debtor, this Case and  
25 this Estate to resolve and to adjudicate any and all such objections to Claims which are commenced  
26 or continued following the Confirmation of the Plan. Nothing contained in the Plan shall constitute  
27 a waiver or release by the Debtor or the Reorganized Debtor of any rights of setoff or recoupment, or  
28 of any defense, the Debtor or the Reorganized Debtor may have with respect to any claim, or of any

1 basis that the Reorganized Debtor Trustee may have to object to any such claim.

2 **Any Proof of Claim or Interest that is filed with the Bankruptcy Court and/or served on**  
 3 **the Debtor or Reorganized Debtor after the Effective Date will be deemed invalid unless the**  
 4 **Claimant files a motion for leave of Court to file such Claim.**

5 The Debtor specifically reserves the right to file objections to any and all Claims set forth in  
 6 **Exhibit A** to this Disclosure Statement. An order confirming the Plan shall not be *res judicata*,  
 7 collateral estoppel, or other bar to the Reorganized Debtor's or other party in interest's right to  
 8 object to such Claims after the Effective Date.

9 Claims Arising from the Rejection of Memberships

10 Members will have until 30 days after the Effective Date to file a proof of claim arising out  
 11 of the rejection of their memberships. However, if members want to vote on the Plan, they need to  
 12 file a claim no later than November 4, 2022 for voting purposes (but still have until 30 days after the  
 13 Effective Date to file a proof of claim for purposes of participating in Class 6 distributions). The  
 14 Effective Date is estimated to be on around November 23, 2022, which would make the bar date for  
 15 filing claims related to termination of memberships on or around December 23, 2022. Please note  
 16 that any proof of claim filed in an amount that is more than what the respective member has paid for  
 17 his or her membership and membership benefits and promotions will be objected to.

18 **6. Payment Upon Resolution of Disputed Claims.**

19 The ~~Reorganized Debtor~~Disbursing Agent will not make any payment to the holder of a  
 20 Disputed Claim until such Disputed Claim becomes an Allowed Claim. Pending a resolution of the  
 21 Disputed Claim, the ~~Reorganized Debtor~~Disbursing Agent will create a reserve account (the  
 22 "Reserve Account") which will contain proposed distributions based on the Disputed Claims.  
 23 Within sixty (60) days after a Disputed Claim becomes an Allowed Claim, the ~~Reorganized~~  
 24 ~~Debtor~~Disbursing Agent will make a payment on such Allowed Claim from the Reserve Account in  
 25 an amount equal to what the holder of such Allowed Claim would have received if the Claim had  
 26 been allowed in such amount as of the Effective Date. In the event that the Disputed Claim is  
 27 disallowed, the portion of the Reserve Account which was designated for payment of the Disputed  
 28 Claim will be transferred to Allowed Claims in accordance with the treatment set forth in Class **86**

1 above.

2 **7. Investigation and Prosecution of Claims and Avoidance Actions.**

3 ~~The Debtor does not believe that it made any significant preferential payments and believes~~  
4 ~~that such preference litigation would cause substantial ill will against the Reorganized Debtor with~~  
5 ~~its vendors, which the Debtor believes would negatively interfere with the Reorganized Debtor's~~  
6 ~~business operations and reorganization efforts. Furthermore, the Debtor does not believe that any~~  
7 ~~significant preferences were paid. As a result, the Debtor has determined that neither the Debtor nor~~  
8 ~~the Reorganized Debtor will pursue any preference litigation based on monetary transfers.~~  
9 ~~Notwithstanding the foregoing, the Reorganized Debtor, as the representative of the Debtor's Estate~~  
10 ~~and for the benefit of the Estate, shall have the right to pursue any preference actions.~~

11 ~~The Debtor specifically reserves the right to continue to prosecute the LVDF Litigation, the~~  
12 ~~objections to the LVDF claim and the Meacher/BFS claim(s) and potential other litigation against~~  
13 ~~Meacher/BFS. An order confirming the Plan shall not be *res judicata*, collateral estoppel, or any~~  
14 ~~other bar to the Reorganized Debtor's right to prosecute the LVDF Litigation, the LVDF objection to~~  
15 ~~claim, the Meacher/BFS objection to claim or any litigation against Meacher/BFS. To the extent the~~  
16 ~~LVDF claim objection results in a reduced secured claim against LVDF or the LVDF Litigation~~  
17 ~~results in an affirmative recovery for the Debtor, such reduction shall inure to the benefit of the~~  
18 ~~Reorganized Debtor.~~

19 ~~As mentioned above, the Debtor intends on filing a complaint to avoid and to recover~~  
20 ~~fraudulent transfers against Meacher. The Debtor reserves its right to file an avoidance action~~  
21 ~~against LVDF and any former member who received a refund before the case was filed.~~

22 ~~As set forth in Attachment 3 to the Debtor's Statement of Financial Affairs [ECF No. 137,~~  
23 ~~pgs. 100 to 104], the Debtor paid a total of \$1,475,480.12 to creditors in the 90 day preference~~  
24 ~~period (with respect to creditors that received \$7,575 or more during the 90 day preference period).~~  
25 ~~The Debtor does not believe that it has any preference claims arising out of payments made during~~  
26 ~~the 90 day preference period. The majority of the payments during this time period were to suppliers~~  
27 ~~and servicer providers that continued to supply products and provide services to the Debtor during~~  
28 ~~this period, and to professionals that also were providing ongoing services to the Debtor.~~

1 In connection with its investigation of insider claims, the Debtor's financial advisor prepared  
2 a detailed analysis which shows that in the four year period from before the Petition Date (i.e.,  
3 5/24/2018 through 5/24/2022), the Debtor's insiders contributed over \$2 million more to the Debtor  
4 than the amount that was distributed to them. While the Debtor's records reflect that insider  
5 transfers occurred in the three years before that (i.e., 5/24/2015 through 5/23/2018), the Debtor's  
6 records also reflect that the Debtor was solvent at the time and that significant income taxes were  
7 paid on the Debtor's profits from those distributions (i.e., \$1.3 million for the period from 5/24/2015  
8 through 5/23/2016, \$4.9 million for the period 5/24/2016 through 5/23/2017 and \$2.5 million for the  
9 period from 5/24/2017 through 5/23/2018). Given the Debtor's solvency, profitability and the large  
10 amount of income tax paid related thereto, the Debtor believes that any fraudulent transfer action  
11 initiated against its insiders would be costly and ineffective.

12 The Debtor's financial advisor provided the Committee's financial advisor with its detailed  
13 four year insider transfer analysis on June 20, 2022, and shortly thereafter the Debtor's financial  
14 advisor and the Committee's financial advisor had an initial phone conference. Neither the  
15 Committee nor its professionals contacted the Debtor's professionals about any follow up questions  
16 related thereto until approximately two months later when they requested the analysis be extended  
17 back another two years. The Debtor's financial advisor and the Debtor's bankruptcy counsel have  
18 immediately responded to all document and information requests from the Committee's  
19 professionals. The Debtor does not know when or if the Committee will complete its investigation.  
20 To date, the Committee's professionals have not provided the Debtor's professionals with any  
21 analysis of alleged claims that the Committee believes exist.

22 The Committee is currently conducting its investigation of insider claims. Based on its  
23 investigation of insider claims conducted to date, the Committee disputes that the estate is limited to  
24 the four-year lookback period put forth by the Debtor and whether or not there are viable claims to  
25 pursue.

26 The Reorganized Debtor will retain all claims against the Debtor's insiders, including its  
27 current equity holders, and such claims shall revest in the Reorganized Debtor upon the Effective  
28 Date. The retention of such claims is an important component of the consideration "package" for the

1 New Equity Investor's agreement to pay \$19.575 million in Cash to fund the Plan, to contribute or  
2 otherwise satisfy FS DIP's \$5.2 million secured claim and to enable the Reorganized Debtor to  
3 continue as a going concern. The retention of these claims by the Reorganized Debtor is part of an  
4 integrated transaction between and among the Debtor, FS DIP, the New Equity Investor and Dr.  
5 Piazza. As such, the proposed Plan could not be accomplished without the retention of these claims.  
6 Furthermore, the Debtor does not believe that there is any value to its potential claims against  
7 insiders- as set forth above.

#### 8 **8. Payment of Professional Fees and Expenses Incurred After the Effective Date.**

9 The Reorganized Debtor shall be entitled to employ such professionals that the Reorganized  
10 Debtor deems appropriate and to pay the fees and expenses incurred by such professionals in the  
11 ordinary course without any further order of the Bankruptcy Court.

#### 12 **9. Distributions to Be Made Pursuant to the Plan.**

13 Except as otherwise agreed to by the Reorganized Debtor in writing, Distributions to be  
14 made to holders of Allowed Claims pursuant to the Plan may be delivered by regular mail, postage  
15 prepaid, to the address shown in the Debtor's Schedules, as they may from time to time be amended  
16 in accordance with Bankruptcy Rule ~~4000~~1009, or, if a different address is stated in a proof of claim  
17 duly filed with the Bankruptcy Court, to such address. Checks issued to pay Allowed Claims shall  
18 be null and void if not negotiated within ninety (90) days after the date such check was mailed to the  
19 intended recipient. Those funds represented by voided checks that were not timely negotiated shall  
20 become the property of the Reorganized Debtor- to the extent the funds relate to distributions made  
21 to Classes 2, 3, 4 or 5. Any voided checks or unclaimed distributions relating to Class 6 shall be  
22 paid back into the Class 6 reserve maintained by Stretto.

#### 23 **10. Corporate Matters.**

24 Upon the Effective Date, the New Equity Investor shall be the Reorganized Debtor's sole  
25 equity holder. Therefore, the occurrence of the Effective Date shall constitute all approvals,  
26 consents and actions required by any member of the Debtor under applicable law, and shall enable  
27 the Debtor or the Reorganized Debtor to execute any documents, instruments or agreements, and to  
28 take all corporate and other actions that are specified in the Plan or the Plan Confirmation Order that

1 are necessary or appropriate to perform, implement and effectuate the Plan. At least ten (10) days  
2 prior to the Confirmation Hearing, the Debtor will file its Plan Supplement with the Bankruptcy  
3 Court to provide the Court and parties in interest with copies of certain documents and agreements  
4 necessary for the transition of the new equity interests in the Reorganized Debtor to the New Equity  
5 Investor. Such documents to be included with the Plan Supplement, may include, but are not limited  
6 to, the Consulting Agreement, an amended and restated operating agreement of the Reorganized  
7 Debtor, officer and director resolutions, an operational budget to ensure a seamless and  
8 uninterrupted transition of the Reorganized Debtor's business, and such other agreements the Debtor  
9 and the New Equity Investor deem reasonably necessary to effectuate the transactions contemplated  
10 by the Plan.

#### 11 **11. Exemption from Transfer Taxes.**

12 Pursuant to § 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of a  
13 security, or the making or delivery of an instrument of transfer under a plan confirmed under § 1129  
14 of the Bankruptcy Code, may not be taxed under any law imposing a stamp tax or similar tax.  
15 Transfers under the Plan that are exempt from taxes under § 1146(c) of the Bankruptcy Code include  
16 all transfers by the Debtor after the commencement of its chapter 11 case in contemplation of the  
17 Plan but prior to the Effective Date, and all transfers to and by the Reorganized Debtor. The taxes  
18 from which such transfers are exempt include stamp taxes, recording taxes, sales and use taxes,  
19 transfer taxes, and other similar taxes.

#### 20 **12. Exculpations and Releases.**

21 *To the maximum extent permitted by law, neither the Debtor, the Reorganized Debtor, the*  
22 *Committee members, FS DIP, the New Equity Investor nor any of their successors and assigns,*  
23 *advisors, attorneys, employees, officers, directors, shareholders, agents, members, representatives,*  
24 *or Professionals employed or retained by any of them whether or not by Bankruptcy Court order,*  
25 *each in their capacity as such, shall have or incur liability to any Person for an act taken or*  
26 *omitted to be taken in connection with, or related to formulating, negotiating, soliciting,*  
27 *preparing, confirming, implementing, or consummating the Plan or the transactions*  
28 *contemplated therein, or a contract, instrument, release or other agreement or document created*



1 or entered into in connection with the Plan; provided, however, that each of the above Persons  
2 shall be entitled to rely upon the advice of counsel concerning his or her duties pursuant to, or in  
3 connection with, the Plan or any related document, instrument or agreement; provided further  
4 that the foregoing exculpation shall have no effect on liability of any Person that results from any  
5 act or omission that is determined in a Final Order to have constituted fraud, gross negligence, or  
6 willful misconduct.

7 **E. Other Provisions of the Plan.**

8 **1. Treatment of Prepetition Lifetime Memberships.**

9 All of the Debtor's pre-petition lifetime memberships shall be rejected effective as of the  
10 Effective Date, and members shall be entitled to become members of the Reorganized Debtor  
11 pursuant to the terms set forth in **Exhibit B** hereto.

12 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING  
13 FROM THE REJECTION OF ANY MEMBERSHIP AGREEMENT SHALL BE THIRTY (30)  
14 DAYS AFTER THE EFFECTIVE DATE (ESTIMATED TO BE AT THE END OF DECEMBER  
15 2022). Any claim based on the rejection of a membership agreement will be barred if the proof of  
16 claim is not timely filed, unless the Bankruptcy Court orders otherwise. Any Allowed Claim  
17 resulting from the rejection of an unexpired lease or executory contract will be classified and treated  
18 as a Class 6 Allowed Claim. Please be advised that the Reorganized Debtor or other ~~party~~parties in  
19 interest will object to any claim filed with respect to a terminated membership agreement that arises  
20 out of a member's "Account Assets" (versus on the amount paid for such membership and such  
21 "Account Assets").

22 IF YOU WANT TO VOTE ON THE PLAN AND YOU HAVE NOT ALREADY FILED A  
23 PROOF OF CLAIM, YOU NEED TO FILE YOUR PROOF OF CLAIM BY NOVEMBER 4,  
24 2022.

25 **2. Executory Contracts and Unexpired Leases.**

26 a. Assumptions.

27 The following is a list of the Debtor's executory contracts and unexpired leases which the  
28 Debtor may assume on the Effective Date with the obligations of the Debtor to the other parties to

1 such executory contracts and unexpired leases to become obligations of the Reorganized Debtor. The  
 2 Debtor will file its list of assumed and rejected contracts with the Plan Supplement. Set forth below  
 3 is an itemization of the defaults which the Debtor contends exist and must be cured in connection  
 4 with the Debtor's assumption of such executory contracts and unexpired leases (the "Cure  
 5 Amounts") if the Debtor determines the below executory contracts and unexpired leases will be  
 6 assumed. The Debtor estimates that the total Cure Amounts that the Reorganized Debtor will be  
 7 required to pay on the Effective Date will be approximately \$0. To the extent the Debtor determines  
 8 it will assume the below executory contracts and unexpired leases, the Confirmation Order will  
 9 constitute a Bankruptcy Court order approving the Debtor's assumption of all such executory  
 10 contracts and unexpired leases and fixing the Cure Amounts for each such executory contract and  
 11 unexpired lease in the amounts asserted by the Debtor as set forth below.

12 **Executory Contracts/Unexpired Leases That May Be Assumed:**

13 Vendor/Lessor	Description	Vendor/Lessor Address	Cure Amount	Cure Terms
14 Evolution Insurance Brokers, LLC	Certificate of Insurance – Commercial Liability	8722 S. Harrison St. Sandy, UT 84070	\$0	TBD
15 Nevada Retail Network Self Insured Group	Workers' Compensation and Employers Liability Coverage	575 S. Saliman Road Carson City, NV 89701	\$0	TBD
16 Risk Placement Services	Evidence of Property Insurance	1231E Basin Road, #6 Pahrump, NV 89060	\$0	TBD
17 Scottsdale Insurance Company	Common Policy Agreement	One Nationwide Plaza Columbus, OH 43215	\$0	TBD
18 State Farm	Auto Insurance Renewal	3250 S Highway 160, Ste 1 Pahrump, NV 89048-4876	\$0	TBD
19 Williams Scottsman, Inc.	Amendment to Lease Agreement	PO Box 91975 Chicago, IL 60693-1975	\$0	TBD
20 Maverick	Merchant Agreement	26520 Agoura Road 1 <sup>st</sup> Floor Calabasas, CA 91302	\$0	TBD

22 b. Rejections.

23  
 24 Except as otherwise set forth on its list of rejected contracts in the Plan Supplement, the only  
 25 contracts that the Debtor is rejecting are its membership agreements. All membership agreements  
 26 will be deemed rejected and the Court order confirming the Plan will constitute a Court order  
 27 approving the Debtor's rejection of such membership agreements. To the extent that any member  
 28 whose membership was terminated prior to the Petition Date asserts that somehow he/she/they have  
 an interest in a lifetime membership, such membership agreement is also deemed rejected and

1 terminated effective as of entry of the Confirmation Order.

2 To the extent the Debtor is a party to any executory contract and/or unexpired lease that is  
3 not addressed above, such executory contract or unexpired lease will be deemed rejected, and the  
4 Court order confirming the Plan will constitute a Court order approving the Debtor's rejection of all  
5 such executory contracts and unexpired leases.

6 c. Cures.

7 The Cure Amounts that the Debtor believes are required are set forth in the charts in section a  
8 above. Any party who wishes to object to the Debtor's assumption of any of the unexpired leases or  
9 executory contracts and/or to the Cure Amounts of any defaults the Debtor believes exist must file a  
10 written objection with the Bankruptcy Court no later than 14 days prior to the date first set for the  
11 Plan Confirmation Hearing, and serve such objection on counsel to the Debtor. The Bankruptcy  
12 Court may deem the failure of any party to file such a timely objection to constitute consent to the  
13 Debtor's assumption of the unexpired leases and executory contracts set forth above and to the Cure  
14 Amounts of any defaults the Debtor must cure in connection with the Debtor's assumption of these  
15 unexpired leases and executory contracts.

16 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING  
17 FROM THE REJECTION OF ANY EXECUTORY CONTRACT OR UNEXPIRED LEASE  
18 WHICH IS REJECTED ON THE EFFECTIVE DATE SHALL BE THIRTY (30) DAYS AFTER  
19 THE EFFECTIVE DATE. Any claim based on the rejection of an unexpired lease or executory  
20 contract will be barred if the proof of claim is not timely filed, unless the Bankruptcy Court orders  
21 otherwise. Any Allowed Claim resulting from the rejection of an unexpired lease or executory  
22 contract will be classified and treated as a Class 6 Allowed Claim.

23 **3. Risk Factors.**

24 The primary risk of implementing the Plan would be the Debtor's inability to obtain an  
25 entered final Confirmation Order prior to November 29, 2022, the current deadline for the Debtor to  
26 confirm its plan pursuant to the Final DIP-Financing Order, or prior to December 1, 2022, the current  
27 deadline for the Debtor to obtain such an order pursuant to its agreement with the New Equity  
28 Investor. If the Debtor does not obtain an entered final Confirmation Order by November 29, 2022,

1 then pursuant to the Final DIP Order, that will constitute an Event of Default under the DIP  
2 Financing, which could cause the Debtor to have to convert its case to one under chapter 7 of the  
3 Bankruptcy Code and which could result in the sale of the Debtor's Assets (with no two year  
4 membership available to members and with all of the Debtor's employees being terminated).

5 If the Plan Confirmation Order is not entered by November 29, 2022, the Debtor will also run  
6 out of money to fund its operations and its bankruptcy case.

7 The termination of existing memberships as of the Effective Date may materially increase the  
8 amount of general unsecured claims in this case, which would then greatly decrease any distribution  
9 to be received for holders of Class 6 allowed general unsecured claims.

10 If the Debtor is not successful in objecting to various claims, then the projected unsecured  
11 claim pool of between \$10 million and \$30 million could be significantly higher.

12 There is a risk that the Plan is not confirmable under section 1129(a) of the Bankruptcy Code  
13 because not all impaired classes vote in favor of the Plan.

14 There is a risk that the Plan is not confirmable under the "cramdown" provision of section  
15 1129(b) of the Bankruptcy Code.

16 There is a risk the Reorganized Debtor will not obtain the requisite membership interest to  
17 support ongoing operations.

18 **4. Changes in Rates Subject to Regulatory Commission Approval.**

19 The Debtor is not subject to governmental regulatory commission approval of its rates.

20 **F. Retention of Jurisdiction.**

21 Following the Confirmation of the Plan and occurrence of the Effective Date, in addition to  
22 jurisdiction which exists in any other court, the Bankruptcy Court shall retain such jurisdiction as is  
23 legally permissible including for the following purposes:

24 1. To resolve any and all disputes regarding the operation and interpretation of the Plan  
25 and the Confirmation Order;

26 2. To determine the allowability, classification, or priority of Claims and to consider any  
27 objection to claim or interest whether such objection is filed before or after the Effective Date;

28

1           3.       To determine the extent, validity and priority of any lien asserted against any Asset or  
2 property of the Debtor or the Debtor's Estate;

3           4.       To construe and take any action to enforce the Plan, the Confirmation Order, and any  
4 other order of the Bankruptcy Court, issue such orders as may be necessary or appropriate for the  
5 implementation, execution, performance, and consummation of the Plan, the Confirmation Order,  
6 and all matters referred to in the Plan and the Confirmation Order, and to determine all matters that  
7 may be pending before the Bankruptcy Court in this Case on or before the Effective Date;

8           5.       To determine (to the extent necessary) any and all applications for allowance of  
9 compensation and reimbursement of expenses of Professionals for the period on or before the  
10 Effective Date;

11          6.       To determine any request for payment of administrative expenses;

12          7.       To determine motions for the rejection, assumption, or assignment of executory  
13 contracts or unexpired leases filed before the Effective Date and the allowance of any Claims  
14 resulting therefrom;

15          8.       To determine all applications, motions, adversary proceedings, contested matters, and  
16 any other litigated matters instituted during the pendency of this Case whether before, on, or after the  
17 Effective Date, including Claims, Causes of Action, and Avoidance Actions, and the Reorganized  
18 Debtor shall have the right to commence in the Bankruptcy Court any Causes of Action, including  
19 any Avoidance Actions, after the Effective Date, and to continue with the prosecution in the  
20 Bankruptcy Court of any such claims, Causes of Action and Avoidance Actions which were  
21 commenced but not completed by the Debtor prior to the Effective Date;

22          9.       To determine such other matters and for such other purposes as may be contemplated  
23 by the Plan or Confirmation Order;

24          10.      To modify the Plan under § 1127 of the Bankruptcy Code in order to remedy any  
25 apparent defect or omission in the Plan, or to reconcile any inconsistency in the Plan, so as to carry  
26 out its intents and purposes;

27          11.      Except as otherwise provided in the Plan or the Confirmation Order, to issue  
28 injunctions, to take such other actions, or make such other orders, as may be necessary or

1 appropriate to restrain interference with the Plan or the Confirmation Order, or the execution or  
2 implementation by any Person or other entity of the Plan or the Confirmation Order;

3 12. To issue such orders in aid of consummation, and in aid of implementation, of the  
4 Plan and the Confirmation Order, notwithstanding any otherwise applicable nonbankruptcy law,  
5 with respect to any Person or entity, to the fullest extent authorized by the Bankruptcy Code or  
6 Bankruptcy Rules; and

7 13. To enter a final decree closing the Case.

8 **G. Amendments to Operating Agreement.**

9 On the Effective Date, the member(s) of the Reorganized Debtor shall be authorized to  
10 amend the operating agreement to take all actions necessary and appropriate to carry out the terms of  
11 the Plan.

12 **H. Dissolution of the Committee.**

13 On the Effective Date, the Committee, to the extent that it serves as the Official Committee  
14 of Unsecured Creditors appointed in this Case, shall be dissolved and its members shall be released  
15 and discharged from all rights and duties arising from or related to this Case.

16 **I. Miscellaneous Issues Regarding Plan Distribution.**

17 **1. No Fractional Distributions.**

18 No Distributions in fractions of hundredths of U.S. Dollars (\$0.00's) (i.e., cents) shall be  
19 issued. If the Distribution amount allocated to an Allowed Claim at the time of a Distribution  
20 hereunder would include fractions of cents, the amount to be distributed to the holder of such Claim  
21 shall be rounded down to the highest integral number of cents in the applicable Claim amount.

22 **2. Name and Address of Holder of Claim.**

23 For purposes of all distributions under the Plan, the Disbursing Agent can rely on the name  
24 and address of the holder of each Allowed Claim as shown on any timely filed proof of claim and, if  
25 none, as shown on the Debtor's Schedules, except to the extent that the Disbursing Agent first  
26 receives adequate written notice of a change of address, properly executed by the Holder or its  
27 authorized agent.

28

1           **3. Unclaimed Distribution.**

2           Any Unclaimed Distribution under the Plan shall be forfeited to the Reorganized Debtor. An  
3 Unclaimed Distribution is any Distribution made by the Reorganized Debtor to the address of the  
4 recipient reflected in the Schedules (or on any Proof of Claim filed by the Claimant), by: (a) checks  
5 which have been returned as undeliverable without a proper forwarding address; (b) checks which  
6 were not mailed or delivered because of the absence of a proper address to which to mail or deliver  
7 the same; (c) checks which have not been cashed for a period of ninety (90) days after the date such  
8 checks were issued, or (d) disbursements that were not made because the Holder of such Allowed  
9 Claim failed to provide required tax information within forty-five (45) days after the Reorganized  
10 Debtor has sent any request for same to such Claimant’s address as reflected in the Schedules and/or  
11 such Claimant’s Proof of Claim.

12           **4. De Minimus Cash Distributions.**

13           Notwithstanding anything to the contrary in the Plan, no Cash Distributions shall be made on  
14 account of any Allowed Claim if the Cash Distribution amount is less than \$25.00. Holders of  
15 Allowed Claims who would otherwise be entitled to a Distribution in the amount of less than \$25.00  
16 shall receive no Distribution on account of such Allowed Claim because the value of such Allowed  
17 Claim would be de minimus and the administrative costs associated with processing and mailing the  
18 Distributions to the holder of such Allowed Claim would likely exceed the amount of the  
19 Distribution.

20                                           **V. IRS CIRCULAR 230 NOTICE**

21           To ensure compliance with IRS Circular 230, holders of Claims and Interests are hereby  
22 notified that; (i) any discussion of federal tax issues contained or referred to in this Disclosure  
23 Statement is not intended or written to be used, and cannot be used, by holders of Claims or Interests  
24 for the purpose of avoiding penalties that may be imposed on them under the Internal Revenue Code;  
25 (ii) such discussion is written in connection with the promotion or marketing by the Debtor of the  
26 transactions or matters addressed herein; and (iii) holders of Claims and Interests should see advice  
27 based on their particular circumstances from an independent tax advisor.

28

## VI. TAX CONSEQUENCES OF THE PLAN

CREDITORS AND INTEREST HOLDERS CONCERNED WITH HOW THE PLAN MAY AFFECT THEIR TAX LIABILITY SHOULD CONSULT WITH THEIR OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers about possible tax issues the Plan may present to the Debtor. The Debtor CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the Tax Code embodies many complicated rules which make it difficult to state completely and accurately all of the tax implications of any action.

While the Debtor does not anticipate that confirmation of the Plan will have a significant or material effect on its tax liability, the Debtor does anticipate that it will make certain tax elections in connection with Confirmation of the Plan and the issuance of new equity interests to the New Equity Investor. The Debtor makes no representations regarding the potential tax consequences to creditors or equity holders.

## VII. CONFIRMATION REQUIREMENTS AND PROCEDURES

PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THE PLAN SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following discussion is intended solely for the purpose of alerting readers about basic confirmation issues, which they may wish to consider, as well as certain deadlines for filing claims. The Debtor CANNOT and DOES NOT represent that the discussion contained below is a complete summary of the law on this topic.

Many requirements must be met before the Bankruptcy Court can confirm a plan. Some of the requirements include that the plan must be proposed in good faith, the acceptance of the plan, whether the Plan pays creditors at least as much as Creditors would receive in a Chapter 7 liquidation, and whether the Plan is feasible. These requirements are not the only requirements for confirmation.



1 **A. Who May Vote or Object.**

2 Any party in interest may object to the confirmation of the Plan, but, as explained below, not  
3 everyone is entitled to vote to accept or reject the Plan.

4 **B. Who May Vote to Accept/Reject the Plan**

5 A Creditor or Interest holder has a right to vote for or against the Plan if that Creditor or  
6 Interest holder has a Claim or Interest which is both (1) allowed or allowed for voting purposes and  
7 (2) classified in an impaired class.

8 **C. What Is an Allowed Claim/Interest**

9 As noted above, a Creditor or Interest holder must first have an allowed claim or interest to  
10 have the right to vote. Generally, any proof of claim or interest will be allowed, unless a party in  
11 interest files an objection to the claim or interest. When an objection to a claim or interest is filed,  
12 the creditor or interest holder holding the claim or interest cannot vote unless the Court, after notice  
13 and hearing, either overrules the objection or allows the claim or interest for voting purposes.

14 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE ON ACCOUNT OF  
15 PRE-PETITION ~~CLAIMS~~ CLAIMS WAS AUGUST 8, 2022. A creditor or interest holder may  
16 have an allowed claim or interest even if a proof of claim or interest is not timely filed. A claim is  
17 deemed allowed if (1) it is scheduled on the Debtor's Schedules and such claim is not scheduled as  
18 disputed, contingent, or unliquidated, and (2) no party in interest has objected to the claim. An  
19 interest is deemed allowed if it is scheduled and no party in interest has objected to the interest.

20 **D. What Is an Impaired Claim/Interest.**

21 As noted above, an allowed claim or interest has the right to vote only if it is in a class that is  
22 impaired under the Plan. *See, e.g., In re Barakat*, 99 F.3d 1520 (9th Cir. 1996), *cert. denied*, 520  
23 U.S. 1143 (1997) (a class that is not impaired is conclusively presumed to have accepted a chapter  
24 11 plan). A class is impaired if the Plan alters the legal, equitable, or contractual rights of the  
25 members of that class. For example, a class comprised of General Unsecured Claims is impaired if  
26 the Plan fails to pay the members of that class 100% of what they are owed on the Effective Date.

27 In this case, the Debtor believes that members of Classes 1, 2, 3, 4, 5, 6 and 7 are impaired.  
28 ~~Members of Classes 1 and 6 are not impaired because they will be paid in full.~~ Parties who dispute

1 the Debtor's characterization of their claim or interest as being impaired or unimpaired may file an  
2 objection to the Plan contending that the Debtor has incorrectly characterized the Class.

3 **E. Who Is Not Entitled to Vote.**

4 ———The following four types of claims are not entitled to vote: (1) claims that have been  
5 disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to sections  
6 507(a)(1), (a)(2), and (a)(8) of the Bankruptcy Code; and (4) claims in classes that do not receive or  
7 retain any value under the Plan. Claims in unimpaired classes are not entitled to vote because such  
8 classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to sections  
9 507(a)(1), (a)(2), and (a)(8) of the Bankruptcy Code are not entitled to vote because such claims are  
10 not placed in classes and they are required to receive certain treatment specified by the Bankruptcy  
11 Code. Claims in classes that do not receive or retain any value under the Plan do not vote because  
12 such classes are deemed to have rejected the Plan. Accordingly, Classes ~~1~~, ~~65~~ and ~~87~~ are not entitled  
13 to vote. EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY STILL  
14 HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.

15 **F. Who Can Vote in More Than One Class.**

16 A Creditor whose Claim has been allowed in part as a secured claim and in part as an  
17 unsecured claim is entitled to accept or reject the Plan in both capacities by casting one ballot for the  
18 secured part of the claim and another ballot for the unsecured claim. The Debtor believes that  
19 Meacher/BFS may be partially secured and partially unsecured. The Debtor does not believe that  
20 there are any other Creditors who have a claim that is partially secured and partially unsecured.

21 **G. Votes Necessary to Confirm the Plan.**

22 If impaired classes exist, the Bankruptcy Court cannot confirm the Plan unless (1) at least  
23 one impaired class has accepted the Plan without counting the votes of any insiders within that class,  
24 and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed  
25 by "cramdown" on non-accepting classes, as discussed below.

26 **H. Votes Necessary for a Class to Accept the Plan.**

27 A class of claims is considered to have accepted the Plan when more than one-half (1/2) in  
28 number and at least two-thirds (2/3) in dollar amount of the claims which actually voted on the plan,

1 voted in favor of the plan. A class of interests is considered to have “accepted” a plan when at least  
2 two-thirds (2/3) in amount of the interest-holders of such class which actually voted on the plan,  
3 voted to accept the plan.

4 **I. Treatment of Non-accepting Classes.**

5 As noted above, even if all impaired classes do not accept the Plan, the Bankruptcy Court  
6 may nonetheless confirm the Plan if the non-accepting classes are treated in the manner required by  
7 the Bankruptcy Code. The process by which non-accepting classes are forced to be bound by the  
8 terms of a plan is commonly referred to as “cramdown.” The Bankruptcy Code allows the Plan to be  
9 “crammed down” on non-accepting classes of claims or interests if it meets all consensual  
10 requirements except the voting requirements of § 1129(a)(8) and if the Plan does not “discriminate  
11 unfairly” and is “fair and equitable” toward each impaired class that has not voted to accept the Plan  
12 as referred to in § 1129(b) of the Bankruptcy Code and applicable case law.

13 **J. Request for Confirmation Despite Nonacceptance by Impaired Class(es).**

14 The Debtor will request the Bankruptcy Court to confirm the Plan by cramdown on impaired  
15 classes if such classes do not vote to accept the Plan.

16 **K. Liquidation Analysis.**

17 Another confirmation requirement is the “Best Interest Test,” which requires a liquidation  
18 analysis. Under the Best Interest Test, if a claimant or interest holder is in an impaired class and that  
19 claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder must  
20 receive or retain under the Plan property of a value that is not less than the amount that such holder  
21 would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

22 In a Chapter 7 case, the debtor’s assets are usually sold by a Chapter 7 trustee. Secured  
23 creditors are paid first from the sales proceeds of properties on which the secured creditor has a lien.  
24 Administrative claims are paid next. Next, unsecured creditors are paid from any remaining sales  
25 proceeds, according to their rights to priority. Unsecured creditors with the same priority share in  
26 proportion to the amount of their allowed claim in relationship to the amount of total allowed  
27 unsecured claims. Finally, interest holders receive the balance that remains after all creditors are  
28 paid, if any.

1 For the Bankruptcy Court to be able to confirm the Plan, the Bankruptcy Court must find that  
2 all creditors and interest holders who do not accept the Plan will receive at least as much under the  
3 Plan as such holders would receive under a Chapter 7 liquidation of the Debtor. The Debtor  
4 maintains that this requirement is clearly met.

5 ##  
6 The Debtor's liabilities, including disputed liabilities, include in excess of \$20 million in  
7 alleged Secured Claims, approximately \$162,000 in alleged Priority Unsecured Claims, and in  
8 excess of ~~\$1.2573~~ billion<sup>11</sup> in alleged General Unsecured Claims.

9 The Debtor has therefore clearly satisfied the Best Interest Test for Class 6 Claim holders  
10 (general unsecured creditors) because under the Plan, holders of Class 6 Allowed Claims will  
11 receive a pro rata distribution of at least \$3 million (estimated at between 10% to 30% of their  
12 Allowed Claim), compared to receiving potentially nothing in a Chapter 7 liquidation of the Debtor.

13 Moreover, in a Chapter 7 case, the Chapter 7 trustee would be required to replace the  
14 professionals currently employed by the Debtor's Estate with new professionals, which would  
15 burden the Estate with additional substantial fees as the trustee and his/her professionals would need  
16 to familiarize themselves with this case, and the Estate would bear the significant financial burden of  
17 their learning curve. These additional expenses are avoided through the confirmation of the Plan.  
18 Moreover, the Reorganized Debtor will make all Effective Date Distributions under the Plan at no  
19 charge to the Estate and thereby avoid the substantial fees that would otherwise be payable to a  
20 Chapter 7 trustee for making such disbursements pursuant to Section 326 of the Bankruptcy Code.

21 Attached hereto as **Exhibit C** is a liquidation analysis prepared by the Debtor and its advisors  
22 (the "Liquidation Analysis"). The Liquidation Analysis depends on several estimates and  
23 assumptions. Although developed and considered reasonable by the Debtor and the advisors of the  
24 Debtor, the assumptions are inherently subject to significant economic, business, regulatory, and

25  
26  
27 <sup>11</sup> One creditor filed a \$1.12 billion claim, which claim the Debtor intends on objecting to and which  
28 the ~~Debtor believes~~ Debtor's books and records reflect will be allowed, at most, for \$14,000. Another  
creditor filed a \$72 billion claim, which the Debtor intends on objecting to and which the Debtor's  
books and records reflect will not be more than \$32,000.

1 competitive uncertainties and contingencies beyond the Debtor's control or its management. The  
 2 Liquidation Analysis is also based on the Debtor's best judgment of how numerous decisions in the  
 3 liquidation process would be resolved. Accordingly, there can be no assurance that the values  
 4 reflected in the Liquidation Analysis would be realized if the Debtor was, in fact, to undergo such  
 5 liquidation, and actual results could vary materially and adversely from those contained in the  
 6 Liquidation Analysis. Further, the Liquidation Analysis contains numerous estimates regarding the  
 7 ~~##~~  
 8 Debtor's financial and operational performance between now and the conversion date, which is still  
 9 under review and subject to material change.

10 In preparing the Liquidation Analysis, the Debtor has preliminarily estimated an amount of  
 11 Allowed Claims for each indicated type of Claim. Secured claims were estimated as of the  
 12 conversion date. Additional Claims were estimated to include certain Chapter 7 administrative  
 13 obligations incurred after the Conversion Date. The estimate of all allowed claims in the Liquidation  
 14 Analysis is based on the scheduled and filed claim values and several illustrative placeholders. No  
 15 order or finding has been entered or made by the Court estimating or otherwise fixing the amount of  
 16 Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. The  
 17 estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied  
 18 upon for any other purpose, including, without limitation, any determination of the value of any  
 19 distribution to be made on account of Allowed Claims under the Plan. The actual amount of Allowed  
 20 Claims could be materially different from the amount of Claims estimated in the Liquidation  
 21 Analysis.

22 The Liquidation Analysis demonstrates that in a piecemeal Chapter 7 liquidation, the worst-  
 23 case scenario would be that the liquidation proceeds would be less than the outstanding amount of  
 24 asserted secured claims. The best-case scenario is that General Unsecured Claims would receive a  
 25 pro rata distribution of 9.5% of their claims.

26 **% OF THEIR CLAIMS WHICH GENERAL UNSECURED CREDITORS WOULD**  
 27 **RECEIVE OR RETAIN IN A CHAPTER 7 LIQUIDATION: =0% to 9.5%**

28 **% OF THEIR CLAIMS WHICH GENERAL UNSECURED CREDITORS ARE**  
**ESTIMATED TO RECEIVE OR RETAIN UNDER THE PLAN: = 10% to 30% Cash**

1 **L. Feasibility.**

2 Another requirement for confirmation involves the feasibility of the Plan, which means that  
 3 confirmation of the Plan is not likely to be followed by the liquidation, or the need for further  
 4 financial reorganization, of the Debtor or any successor to the Debtor under the Plan, unless such  
 5 liquidation or reorganization is proposed in the Plan.

6 ##

7 There are at least two important aspects of a feasibility analysis. The first aspect considers  
 8 whether the Debtor will have enough cash on hand on the Effective Date to pay all the claims and  
 9 expenses which are entitled to be paid on such date.

10 The Plan will be funded by the Exit Financing in the aggregate amount of the \$19.575  
 11 million Cash Contribution and the ~~waiver~~contribution or payment of FS DIP’s secured claim of  
 12 approximately \$5.2 million by the New Equity Investor. Of this amount, the Reorganized Debtor  
 13 anticipates that it will require ~~at least \$500~~approximately \$700,000 for working capital to meet the  
 14 Debtor’s operating needs, thereby reducing available funds to implement the Plan to ~~\$23.65~~24.075  
 15 million. Such proceeds will be utilized as follows:

16	Administrative (Professional)	\$500,000	
17	FS DIP Secured Claim	\$5,200,000 (estimate)	
18	LVDF Secured Claim	\$11, <del>655</del> 805,706.01 (reserve account)	
19	Meacher Secured Claim	\$3,300,000 (reserve account)	
20	Lease/Contract Cures	\$0	
21	<del>Nevada Dept. of Taxation Claim</del> <u>Priority Claims</u>		\$100,000
22	(estimate)		
23	<u>Noticing Agent</u>	<u>\$125,000</u>	
24	Unsecured Claims	\$3,000,000 (reserve account)	
25	<u>Miscellaneous</u>	<u>\$50,000</u>	
26	Total	\$ <del>23,755</del> <u>24,080</u> ,706.01	

23 Based on the foregoing, the Debtor is confident that sufficient funds will exist to make all required  
 24 Effective Date payments.

25 The second aspect considers whether the Reorganized Debtor will have enough cash over the  
 26 life of the Plan to make the required Plan payments. This is not applicable here because the Plan will  
 27 be fully funded by the Effective Date by the New Value Contribution.

1 As a condition to confirmation of a plan, the Bankruptcy Code requires, among other things,  
2 that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation  
3 or the need for further financial reorganization of the Debtor. In connection with the development of  
4 the Plan, and for purposes of determining whether the Plan satisfies this feasibility standard, the  
5 Debtor's management has determined that based on the Debtor's agreement with the New Equity  
6 Investor and the New Value Contribution, the Reorganized Debtor will maintain sufficient liquidity  
7 and capital resources to conduct its business subsequent to its emergence from this Chapter 11 Case.  
8 The New Equity Investor has agreed to fund the Reorganized Debtor's ongoing business operations  
9 if necessary.

10 ##

### 11 VIII. AUCTION AND OVERBIDDING

#### 12 Equity Interests of the Debtor

13 Upon the Effective Date of the Plan, all equity interests in the Debtor will be eliminated and  
14 consequently, the Debtor's equity interest holders are conclusively deemed to reject the Plan. Also  
15 upon the Effective Date of the Plan and subject to the allowance for overbidding as set forth herein,  
16 the New Equity Investor (previously defined as Nevada PF) will receive 100% of the New Equity  
17 Interests in the Debtor (and all of the Debtor's Assets including all claims, if any, against the  
18 Debtor's insiders) in exchange for the New Value Contribution to the Debtor's estate as follows: (a)  
19 \$19.575 million in cash to fund the Plan including a \$3 million contribution to Class 6; (b) cause FS  
20 DIP's approximately \$5.2 million secured claim to be contributed to the estate; and (c) offer all  
21 existing members the benefits as set forth in Exhibit B hereto. It is currently estimated that the New  
22 Value Contribution will total approximately \$24,775,000. In exchange for the New Value  
23 Contribution, Nevada PF shall receive the New Equity Interests in the Reorganized Debtor, subject  
24 to the allowance for overbidding as set forth herein.

25 In order to comply with the Bankruptcy Code and Ninth Circuit Court of Appeals case law,  
26 the New Value Contribution must be: (1) new; (2) substantial; (3) money or money's worth; (4)  
27 necessary for a successful reorganization; and (5) reasonably equivalent to the value of interest  
28 received. Here, the New Value Contribution satisfies these requirements because the New Value

1 Contribution to be submitted: (1) constitutes new contributions; (2) is substantial; (3) is money or  
2 money's worth; (4) is necessary for a successful reorganization; and (5) is equal to or greater than  
3 the value to be received.

#### 4 **Overbidding**

5 On the Effective Date, the Reorganized Debtor shall issue the New Equity Interests to  
6 Nevada PF pursuant to the terms set forth herein and in the Plan. Under the Nevada PF bid, it may  
7 At the request of Nevada PF, for tax purposes, it may be necessary for the New Equity Interests to  
8 initially be transferred to the old Equity Holders, with a subsequent transfer to Nevada PF. The New  
9 Equity Interests to be issued to the New Equity Investor will be issued without registration under the  
10 Securities Act or any similar federal, state or local law in reliance upon the exemptions set forth in  
11 section 1145 of the Bankruptcy Code. The Debtor and the New Equity Investor or a Winning Bidder  
12 (defined below) may agree upon a more efficient tax structure but it will not affect creditors  
13 recoveries.

14 Pursuant to the Plan, 100% of the Debtor's equity will be issued to the New Equity Investor  
15 in exchange for the New Value Contribution. Persons interested in acquiring some or all of the New  
16 Equity Interests of the Debtor must submit a Qualifying Bid (as defined herein) to the Debtor's  
17 counsel by 4:00 p.m., Prevailing Pacific Time, on or before November 4, 2022 (the "Initial Bid  
18 Deadline"), unless such date is extended in the sole discretion of the Debtor and the New Equity  
19 Investor, and in consultation with the Committee.

20 A bid received by the Debtor for the New Equity Interests shall constitute a "Qualifying Bid"  
21 if such bid includes the following, in form and substance reasonably satisfactory to the Debtor: (i) a  
22 fully executed definitive purchase agreement for the New Equity Interests which sets forth all  
23 material terms and conditions of the proposed acquisition including, without limitation, the New  
24 Equity Interests to be acquired, liabilities to be assumed and proposed consideration to be paid by  
25 the bidder, and such other terms as the bidder deems appropriate (the "Definitive Agreement") in a  
26 minimum bid amount of \$25,150,000, (ii) evidence that the bidder has the necessary authorizations  
27 and approvals to engage in the transaction without the consent of any entity that has not already been  
28 obtained; (iii) a cashier's check or wire transfer made payable to the Debtor in an amount equal to \$5



1 million (the “Deposit”) and (iv) evidence that the bidder can consummate the proposed transactions.  
2 Additionally, in order to constitute a “Qualifying Bid”, (i) the transaction proposed by the Definitive  
3 Agreement may not be conditioned on the outcome of unperformed due diligence and (ii) the  
4 Definitive Agreement must describe the bidder’s intention with respect to Executory Contracts  
5 and/or Unexpired Leases of the Debtor in order for the assumption, assignment and/or rejection of  
6 such Executory Contracts and Unexpired Leases to be timely effectuated under the Plan. Finally, in  
7 order to be deemed a “Qualifying Bid” the Definitive Agreement must be accompanied by a letter  
8 affirmatively: (i) setting forth a full disclosure of the identity of the bidder (and any other person(s)  
9 subject to any agreement, arrangement or understanding with such bidder in connection with the  
10 bid), the contact information for such bidder and full disclosure of any affiliates or insiders of the  
11 Debtor involved in such bid; (ii) stating that the bidder is prepared to purchase the business  
12 operations and New Equity Interests upon the terms and conditions set forth its Definitive  
13 Agreement; (iii) summarizing the consideration proposed under the Definitive Agreement (i.e., cash  
14 and assumed liabilities); (iv) stating the aggregate value of the proposed consideration (which  
15 statement of value shall not be binding on the Debtor or the Bankruptcy Court, but which must be a  
16 minimum of \$25,150,000); and (v) stating the form of Deposit (i.e., cashier’s check or cash) made  
17 by the bidder.

18 Each Definitive Purchase Agreement shall provide for: (i) the allocation of certain expenses  
19 in connection with the purchase of the Debtor’s New Equity Interests, including but not limited to  
20 taxes, recording and title fees, title insurance costs and other similar expenses, and whether such  
21 expenses shall be paid by the bidder or Debtor; and (ii) any specific due diligence period (which, if  
22 any, will be very limited because of the timing in this case). The Debtor shall consider the allocation  
23 of these expenses and the duration of the due diligence period when considering which bid is the  
24 highest and best offer. Each Definitive Purchase Agreement, including the allocation of expenses  
25 associated with the transaction and the duration of any due diligence period, shall be subject to  
26 approval by the Bankruptcy Court.

27 Within 24 hours of the Initial Bid Deadline, the Debtor shall advise the Committee of any  
28 bids received.

1 Within two (2) Business Days of each bidder's timely delivery of all required materials as  
2 detailed in the preceding paragraph, the Debtor shall notify each bidder, in writing, as to whether its  
3 bid has been deemed a Qualified Bid in accordance with bidding requirements listed herein. Each  
4 bidder who submits a Qualified Bid shall be deemed a "Qualified Bidder". As indicated above,  
5 Nevada PF's initial bid consists of the New Value Contribution – which includes the benefits offered  
6 to existing members as set forth in **Exhibit B**.

7 In the event one or more Qualified Bids are received, the Confirmation Hearing shall also  
8 serve as an auction (the "Auction"), whereby Qualified Bidders may submit subsequent bids for the  
9 New Equity Interests, provided (i) that the initial bid at the Auction must exceed Nevada PF's bid by  
10 at least \$375,000.00,<sup>12</sup> - for a minimum initial bid amount of \$25,150,000 (ii) each subsequent bid at  
11 the Auction must exceed the previous bid by at least \$50,000.00 (the "Bidding Increment"), and (iii)  
12 any Qualified Bidder which submits a subsequent bid at the Confirmation Hearing in excess of its  
13 Qualifying Bid must provide evidence that it has the financial capability to purchase the New Equity  
14 Interests at the new, higher purchase price as set forth in its subsequent bid. At the conclusion of  
15 Auction, the Bankruptcy Court (i) shall determine which bid constitutes the highest and best offer  
16 and which bidder constitutes the winning bidder (respectively, the "Winning Bid" and the "Winning  
17 Bidder") and (ii) approve the Winning Bid at the Confirmation Hearing.

18 Promptly after the entry by the Bankruptcy Court of its order approving the Winning Bidder  
19 as the party that will be issued the New Equity Interests on the Effective Date, which may be the  
20 Confirmation Order, the Deposits submitted by all Qualified Bidders (other than the bid of the  
21 Winning Bidder(s)) shall be returned to the respective Qualified Bidders. The Deposit(s) of the  
22 Winning Bidder(s) shall be applied to the Cash portion of the purchase price set forth in the Winning  
23 Bidder's Definitive Agreement, as may be modified by the Winning Bid. If a Winning Bidder fails  
24 to consummate the purchase contemplated under its Definitive Agreement, as may be modified by

25  
26  
27 <sup>12</sup> The \$375,000 initial overbid consists of: (a) a \$100,000 break-up fee to Nevada PF; (b) estimated  
28 expenses of Nevada PF related to the overbid process of approximately \$50,000; and (c) the  
\$125,000 estimated costs of soliciting the Debtor's approximately 80,000 members (which Nevada  
PF agreed to pay in response to various objections to the Disclosure Statement).

1 the Winning Bid, and (i) such failure is the result of the Winning Bidder's breach of its Definitive  
 2 Agreement and (ii) the Debtor has met all closing conditions of the Winning Bidder's Definitive  
 3 Agreement, the Deposit of such Winning Bidder shall be forfeited to the Debtor. Notwithstanding  
 4 this forfeiture, the Debtor specifically reserves the right to seek all available damages from any  
 5 defaulting Winning Bidder.

6 Notwithstanding the foregoing, the Bankruptcy Court may hear any aspect of the proposed  
 7 sale of the New Equity Interests, including, controversies relating to any bidders' due diligence and  
 8 to challenge any determination made in connection therewith. In the event the Winning Bidder does  
 9 not close on the purchase of the New Equity Interests as set forth in such Winning Bidder's  
 10 Definitive Agreement, the Debtor shall seek approval of the Definitive Agreement of the next  
 11 highest Qualified Bidders, until such time as a deal is finalized and the Plan is confirmed.

12 The Effective Date of the Plan shall not occur until the Winning Bidder completes all  
 13 obligations pursuant to the Definitive Purchase Agreement (as approved by the Bankruptcy Court)  
 14 including payment of the purchase price to the Debtor.

#### 15 VIII.IX. EFFECT OF CONFIRMATION OF THE PLAN

##### 16 **A. Discharge.**

17 On the Effective Date, the Debtor will receive a discharge under the Plan pursuant to and in  
 18 accordance with the provisions of § 1141 of the Bankruptcy Code because there has not been a  
 19 liquidation of all or substantially all of the property of the Debtor's Estate. Pursuant to §  
 20 1141(d)(1)(A), Confirmation of the Plan will discharge "the debtor from any debt that arose before  
 21 the date of such confirmation, and any debt of a kind specified in section 502(g), 502(h), or 502(i) of  
 22 this title, whether or not – (i) a proof of claim based on such debt is filed or deemed filed under  
 23 section 501 of this title; (ii) such claim is allowed under section 502 of this title; or (iii) the holder of  
 24 such claim has accepted the plan ...". 11 U.S.C. §§ 1141(d)(1)(A)(i), (ii) and (iii). **In other words,**  
 25 **Confirmation of the Plan will effectuate a discharge as to all debts or liabilities, whether**  
 26 **contingent, unliquidated, disputed, known or unknown, that were incurred or arose before**  
 27 **Confirmation of the Plan.** This includes all types of Claims and obligations arising out of and/or  
 28 including, but not limited to, (i) all causes of action under state and Federal law (e.g., breach of

1 contract, breach of fiduciary duty, etc.), (ii) trade payables, (iii) landlord claims, (iv) tax Claims  
 2 including interest, (v) environmental claims, (vi) employee related claims and (vii) any other known  
 3 or unknown Claim from any debt arising prior to Plan Confirmation.

4 **The Plan shall bind the holders of all Claims whether or not they vote to accept the**  
 5 **Plan. The rights afforded in the Plan and the treatment of all Claims therein shall be in**  
 6 **complete satisfaction, discharge and release of all Claims against the Debtor or its Assets of**  
 7 **any nature whatsoever except as otherwise specifically provided in the Plan. Except as set**  
 8 **forth in the Plan, all Claims shall be forever satisfied, discharged and released in full on the**  
 9 **Effective Date, and all holders of Claims shall be forever precluded and enjoined from**  
 10 **asserting Claims against the Reorganized Debtor. Any litigation pending prepetition and/or**  
 11 **initiated postpetition in any court other than the Bankruptcy Court where relief from stay was**  
 12 **not obtained from the Bankruptcy Court shall be deemed discharged upon Plan Confirmation**  
 13 **and the occurrence of the Effective Date.**

14 ##

15 **B. Continuing Stay/Injunction.**

16 The automatic stay is lifted upon the Effective Date as to property of the Estate. However,  
 17 the stay continues to prohibit collection or enforcement of prepetition Claims against the  
 18 Reorganized Debtor or the Reorganized Debtor's property until the earlier of the date: (1) the  
 19 Debtor's bankruptcy Case is closed, or (2) the Debtor's bankruptcy Case is dismissed. Therefore, all  
 20 parties bound by the Plan shall take no action with respect to, and are enjoined from, collecting or  
 21 enforcing their prepetition Claims against the Reorganized debtor as set forth herein, and as  
 22 otherwise provided by operation of law, until the earlier of the date that (1) the Debtor's bankruptcy  
 23 Case is closed, or (2) the Debtor's bankruptcy Case is dismissed.

24 **The Confirmation Order shall enjoin the prosecution, whether directly, derivatively or**  
 25 **otherwise, of any Claim, obligation, suit, judgment, damage, demand, debt, right, cause of**  
 26 **action, liability or interest released, discharged or terminated pursuant to the Plan.**

27 Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all  
 28 entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged

1 or an interest or other right of an equity holder that is impaired pursuant to the terms of the Plan are  
2 permanently enjoined from taking any of the following actions against the Debtor, the Debtor's  
3 Estate, the Reorganized Debtor or its property on account of any such discharged Claims, debts or  
4 liabilities or terminated interests or rights: (i) commencing or continuing, in any manner or in any  
5 place, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any  
6 manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or  
7 encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any  
8 debt, liability or obligation due to the Debtor; and (v) commencing or continuing any action in any  
9 manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

10 **By accepting distribution pursuant to the Plan, each holder of an Allowed Claim**  
11 **receiving a Distribution pursuant to the Plan will be deemed to have specifically consented to**  
12 **the injunctions set forth in this Section.**

13 ##

14 **C. Revesting of Property in the Reorganized Debtor.**

15 Except as provided elsewhere in the Plan, the Confirmation of the Plan revests all property of  
16 the Debtor's Estate in the Reorganized Debtor, including, but not limited to, any Litigation Claims  
17 and the LVDF Litigation- pursuant to the Plan and the Bankruptcy Code. From and after the  
18 Effective Date, the Reorganized Debtor may operate its business and may use, acquire, and dispose  
19 of property, including payment of all business expenses and professional fees and expenses, and  
20 compromise and settle any claims or causes of actions without supervision or consent of the  
21 Bankruptcy Court, and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

22 The Reorganized Debtor shall have, retain, reserve and be entitled to assert all claims, causes  
23 of action, rights of setoff and other legal or equitable defenses that the Debtor had immediately prior  
24 to the Petition Date as fully as if the Debtor's bankruptcy Case had not been commenced; and all of  
25 the Reorganized Debtor's legal and equitable rights respecting any such claims which are not  
26 specifically waived, extinguished, or relinquished by the Plan may be asserted after the Effective  
27 Date by the Reorganized Debtor.

28

1 **D. Modification of the Plan.**

2 The Debtor may modify the Plan at any time before confirmation. However, the Bankruptcy  
3 Court may require a new disclosure statement and/or re-voting on the Plan if the Debtor modifies the  
4 Plan before confirmation. The Debtor or the Reorganized Debtor, as the case may be, may also seek  
5 to modify the Plan at any time after Confirmation of the Plan so long as (1) the Plan has not been  
6 substantially consummated, and (2) the Bankruptcy Court authorizes the proposed modifications  
7 after notice and a hearing.

8 **E. Post-Confirmation Status Reports.**

9 Until a final decree closing the Debtor's Chapter 11 Case is entered, the Reorganized Debtor  
10 shall file regular ~~status~~status reports if so ordered by the Court.

11 **F. Post-Confirmation Conversion/Dismissal.**

12 A Creditor or any other party in interest may bring a motion to convert or dismiss the Case  
13 under § 1112(b) of the Bankruptcy Code after the Plan is confirmed if there is a default in  
14 performing the Plan. If the Bankruptcy Court orders the Case converted to chapter 7 after the Plan is  
15 confirmed, then all property that had been property of the chapter 11 Estate, and that has not been  
16 disbursed pursuant to the Plan, will revert in the chapter 7 estate, and the automatic stay will be re-  
17 imposed upon the reverted property, but only to the extent that relief from stay was not previously  
18 authorized by the Bankruptcy Court during this Case. The Plan Confirmation Order may also be  
19 revoked under very limited circumstances. The Bankruptcy Court may revoke the Plan  
20 Confirmation Order if it was procured by fraud and if a party in interest brings an adversary  
21 proceeding to revoke confirmation within 180 days after the entry of the Plan Confirmation Order.

22 **[Remainder of Page Intentionally Left Blank]**

23  
24  
25  
26  
27  
28

1 **G. Final Decree.**

2 Once the estate has been fully administered as referred to in Bankruptcy Rule 3022, the  
3 Reorganized Debtor shall file a motion with the Bankruptcy Court to obtain a final decree to close  
4 this case. The Reorganized Debtor shall be responsible for the timely payment of all fees incurred  
5 pursuant to 28 U.S.C. § 1930(a)(6).

6 Dated: ~~September 9~~October 3, 2022

Front Sight Management LLC

7  
8  
9 By: /s/ Dr. Ignatius Piazza  
Dr. Ignatius Piazza, Manager

10 Submitted By:

11 BG Law LLP

12  
13  
14 By: /s/ Susan K. Seflin  
15 Steven T. Gubner  
Susan K. Seflin  
16 Jessica S. Wellington  
Attorneys for Chapter 11 Debtor  
and Plan Proponent