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 and Plan Proponent

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

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

Case No. 22-11824-abl
 Chapter 11

Confirmation Hearing Held: November 18,
 2022
Hearing Time: 9:30 a.m.

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 17 **THIRD PLAN SUPPLEMENT SUBMITTING LIQUIDATING TRUST AGREEMENT**
 18 **PURSUANT TO THE STIPULATION RESOLVING THE COMMITTEE’S OBJECTION**
 19 **TO PLAN CONFIRMATION AND MODIFYING DEBTOR’S SECOND AMENDED PLAN**

20 Front Sight Management LLC, the chapter 11 debtor in possession and plan proponent herein
 21 (the “Debtor”), respectfully submits this third supplement (the “Plan Supplement”) to its *Second*
 22 *Amended Chapter 11 Plan of Reorganization* [ECF No. 405] (the “Plan”) and to the *Stipulation*
 23 *Resolving the Committee’s Objection to Plan Confirmation and Modifying Debtor’s Second*
 24 *Amended Plan* [ECF No. 536] (the “Stipulation”).

25 Pursuant to the Stipulation, the Debtor is to form a liquidating trust to administer the general
 26 unsecured creditor reserve, with Amanda Demby of Province, LLC as the liquidating trustee.

27 Pursuant to the Stipulation, the Debtor is to file the liquidating trust agreement with the Court and
 28

1 reference it in the Plan confirmation order. Accordingly, the Debtor hereby submits the liquidating
2 trust agreement attached hereto as **Exhibit A**.

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4 DATED: November 28, 2022

BG Law LLP

5 By: /s/ Susan K. Seflin
6 Susan K. Seflin
7 Jessica S. Wellington
8 Attorneys for Chapter 11 Debtor and
9 Plan Proponent
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LIQUIDATING TRUST AGREEMENT

This Liquidating Trust Agreement (the “Liquidating Trust Agreement”) is entered into as of November 23, 2022, by and between Front Sight Management LLC (the “Debtor”), as debtor and debtor-in-possession in the chapter 11 case pending in the United States Bankruptcy Court for the District of Nevada (the “Bankruptcy Court”), Case No. 22-11824-abl, and Province, LLC (“Province”), solely in its capacity as trustee under this Liquidating Trust Agreement (the “Liquidating Trustee”).

RECITALS

(a) On May 24, 2022, the Debtor filed a voluntary petition under chapter 11 of the Bankruptcy Code.

(b) On June 9, 2022, the United States Trustee for Region 17 appointed the Official Committee of Unsecured Creditors.

(c) On October 3, 2022, the Debtor filed its *Second Amended Chapter 11 Plan of Reorganization* [ECF No. 405] (the “Plan”). Any capitalized term not defined in this Liquidating Trust Agreement has the same meaning ascribed to it in the Plan.

(d) On November 18, 2022, the Debtor and the Committee entered into that certain *Stipulation Resolving the Committee’s Objection to Plan Confirmation and Modifying Debtor’s Second Amended Plan* [ECF No. 536] (the “Modification Stipulation”), which was approved pursuant to Bankruptcy Court order entered on November 21, 2022 [ECF No. 544] (the “Modification Order”).

(e) The Plan was confirmed pursuant to Bankruptcy Court order entered on November 29, 2022 [ECF No. ____] (the “Confirmation Order”). The Plan became effective on December 1, 2022 (the “Effective Date”).

(f) The Plan, as modified by the Modification Order and Confirmation Order, provide for the establishment of the Liquidating Trust on the Effective Date of the Plan and the appointment of the Liquidating Trustee as trustee of the Liquidating Trust.

(g) The Liquidating Trust is established for the benefit of holders of Allowed General Unsecured Claims (the “Beneficiaries”) pursuant to and in accordance with this Liquidating Trust Agreement, the Modification Order and the Confirmation Order.

(h) In accordance with this Liquidating Trust Agreement, the Modification Order, and the Confirmation Order, the “Liquidating Trust Assets” will consist of (i) the \$3 million Cash Contribution payable under the Plan, as modified by the Modification Order, to the Liquidating Trust for the benefit of the Beneficiaries, and (ii) up to \$500,000 from Ignatius Piazza from his share, if any, of the net savings related to the disputed claims of Las Vegas Development Fund, LLC and Michael Meacher (i.e., the Liquidating Trust shall receive 25% of the total net savings arising from the disputed claims).

(i) The transfer of the Liquidating Trust Assets to the Liquidating Trust shall be treated for federal income tax purposes as the transfer of the Liquidating Trust Assets by the Debtor to the Beneficiaries followed by the transfer of such assets by the Beneficiaries to the Liquidating Trust in exchange for their respective beneficial interests therein.

(j) For all purposes, including federal income tax purposes, the Beneficiaries shall be treated as the deemed owners of their respective Liquidating Trust Assets and as the

grantors of the Liquidating Trust.

(k) The Liquidating Trust is intended for federal income tax purposes (i) to be treated as a grantor trust within the meaning of sections 671-677 of the Internal Revenue Code of 1986, as amended (“IRC”), and also (ii) to qualify as a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d).

(l) The Liquidating Trustee shall manage the Liquidating Trust Assets.

(m) The Liquidating Trust Assets or the proceeds thereof shall be distributed to the Beneficiaries as set forth in Section III.C.3 of the Plan, the Modification Order, the Confirmation Order and this Liquidating Trust Agreement.

NOW, THEREFORE, pursuant to the Plan, the Modification Order, and the Confirmation Order and in consideration of the mutual agreements of the parties contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, the parties hereby agree as follows:

ARTICLE I DECLARATION OF TRUST

Section 1.1 Purpose of the Liquidating Trust. The Debtor and the Liquidating Trustee, pursuant to the Plan, the Modification Order and the Confirmation Order and in accordance with the Bankruptcy Code, applicable tax statutes, rules and regulations, to the extent incorporated in this Liquidating Trust Agreement, hereby settle the Liquidating Trust on behalf of and for the sole benefit of the Beneficiaries and for the sole purpose of liquidating the Liquidating Trust Assets and distributing the Liquidating Trust Assets or proceeds thereof to the Beneficiaries pursuant to the Plan and in accordance with Treas. Reg. § 301.7701-4(d). The Liquidating Trust has no objective to continue or engage in the conduct of a trade or business except to the extent reasonably necessary to, and consistent with, the sole purpose of the Liquidating Trust. It shall not be the objective or purpose of this Liquidating Trust to, and the Liquidating Trustee shall have no authority to, conduct a trade or business except as reasonable and necessary to, and consistent with, the liquidation of the Liquidating Trust Assets. In particular, the Liquidating Trust, through the Liquidating Trustee, will do the following: (a) accept and place all Liquidating Trust Assets into the Liquidating Trust; (b) prosecute, settle and/or resolve all objections to disputed General Unsecured Claims (including any counterclaims and/or setoff if applicable) in accordance with section 1123(b)(3)(A) or (B) of the Bankruptcy Code; (c) administer the Liquidating Trust Assets; (d) prepare and file post-confirmation reports (“PCR”) until the earlier of the termination of the Liquidating Trust or entry of the final decree closing the Debtor’s bankruptcy case; (e) make all distributions in accordance with the Plan, the Modification Order and the Confirmation Order to the extent such distributions are to be made from the Liquidating Trust Assets including the payment of United States Trustee fees relating only to disbursements by the Liquidating Trust after the Effective Date until the termination of the Liquidating Trust; (f) take all actions and executing all agreements, instruments, and other documents necessary to implement the provisions of this Liquidating Trust Agreement; (g) retain professionals and other agents; and (h) take such steps as are reasonable and necessary to accomplish the Liquidating Trust’s purpose, all as provided in, and subject to the terms and provisions of, the Plan, the Confirmation Order, the Modification Order and this Liquidating Trust Agreement. The Liquidating Trust Assets shall be held for the exclusive and sole benefit of the Beneficiaries and shall only be used to fund distributions to such Beneficiaries in accordance with the Plan and to fund payment of costs, fees, and expenses incurred

in connection with the administration of the Liquidating Trust or the Plan (solely as it relates to General Unsecured Creditors).

Section 1.2 Rights of Debtor. The Debtor and the Reorganized Debtor shall have no claim to or right or interest in, whether direct, residual, contingent or otherwise, in the Liquidating Trust Assets once such assets have vested in the Liquidating Trust.

Section 1.3 Name of the Liquidating Trust. The Liquidating Trust established hereby shall be known as the “Front Sight Creditors Trust.” In connection with the exercise of its powers, the Liquidating Trustee may use the name or such variation thereof as it sees fit, and may transact the affairs of the Liquidating Trust in such name.

Section 1.4 Transfer of Assets to Create Liquidating Trust. Effective as of the Effective Date, the Debtor hereby grants, releases, transfers, conveys and delivers the Liquidating Trust Assets to the Liquidating Trust, to be held in trust and to be applied as specified in the Plan, the Confirmation Order, the Modification Order and this Liquidating Trust Agreement. Through the transfer of the Liquidating Trust Assets, the Liquidating Trustee has the sole and exclusive right, title and interest in and possession of the Liquidating Trust Assets.

Section 1.5 Acceptance by Liquidating Trustee. The Liquidating Trustee hereby accepts and confirms the following: (a) the appointment to serve as Liquidating Trustee; (b) the Transfer of the Liquidating Trust Assets, and all right, title and interest therein, to the Liquidating Trust; and (c) the obligations and duties imposed on it by this Liquidating Trust Agreement. The Liquidating Trustee agrees to receive, hold, administer and distribute the Liquidating Trust Assets and the income derived therefrom, and to reconcile, administer and satisfy General Unsecured Claims pursuant to the terms of the Plan, the Modification Order, the Confirmation Order and this Liquidating Trust Agreement.

ARTICLE II TERMINATION OF TRUST

Section 2.1 Maximum Term. The Liquidating Trust shall terminate its existence upon the occurrence of the complete liquidation, administration and distribution of its assets in accordance with the Plan and the full performance of all other duties and functions set forth in this Liquidating Trust Agreement. Notwithstanding the foregoing, the Liquidating Trust shall terminate no later than the fifth anniversary of the Effective Date (the “Initial Trust Term”); provided, however, that, if necessary to accomplish the liquidating purpose of the Liquidating Trust, the Liquidating Trustee may extend the term of the Liquidating Trust for up to an additional two years (the “Supplemental Trust Term”) by (a) filing a notice of its intent to extend the term of the Liquidating Trust with the Bankruptcy Court, (b) serving such notice on the United States Trustee and the Beneficiaries via email, (c) providing the United States Trustee and the Beneficiaries at least twenty-one days to object to the requested extension prior to the termination of the Initial Trust Term, and (d) receiving approval for the Supplemental Trust Term by an order of the Bankruptcy Court within six months of the beginning of the Supplemental Trust Term. The Liquidating Trustee may, if the Initial Trust Term has expired, seek entry of an order from the Bankruptcy Court providing for a reinstatement and implementation of the Supplemental Trust Term.

Section 2.2 Winding Up and Discharge of the Liquidating Trustee. For purposes of winding up the affairs of the Liquidating Trust at its termination, the Liquidating Trustee shall continue to act as Liquidating Trustee until its duties have been fully discharged. After doing so, the Liquidating Trustee, its agents, professionals and employees, if any, shall have no further duties or obligations hereunder, except as required by this Liquidating Trust Agreement, the Plan, the Confirmation Order or applicable law concerning the termination of a trust.

Section 2.3 Unclaimed Distributions. All unclaimed payments or distributions made to holders of an allowed General Unsecured Claim including, but not limited to, unnegotiated checks or drafts, shall revert, after 90 days, to the Liquidating Trust to be redistributed pursuant to the Plan, and shall be forfeited as to the affected Creditors. Any Creditor whose payment is forfeited under this provision will thereafter be treated as having a Disallowed Claim. At such time as the Liquidating Trustee has declared and made the final distribution to allowed beneficial interests in the Liquidating Trust, and when 90 days from that final distribution is made, any unclaimed funds shall be deemed forfeited by the creditor not claiming such funds. Thereafter the Liquidating Trustee shall be authorized to distribute any such remaining unclaimed funds to any not-for-profit tax-exempt institution of the Liquidating Trustee's choice, so long as it complies with 11 U.S.C. §347.

ARTICLE III OBLIGATIONS OF THE LIQUIDATING TRUSTEE

Section 3.1 Establishment and Maintenance of Accounts and Reserves. On the Effective Date, or as soon thereafter as practicable, the Liquidating Trust shall establish accounts and reserves maintained by Stretto. Changes in the amounts maintained in any account or reserve may be made at any time thereafter in the discretion of the Liquidating Trustee.

Section 3.2 Disputed Claims Reserve.

(a) Prior to making each of the distributions under the Plan, the Liquidating Trustee shall create and fund an account or accounts, to the extent that sufficient assets are available, with an amount of cash equal to the distributions to which holders of Disputed Claims would be entitled under the Plan as of such date if such Disputed Claims were Allowed Claims (the "Disputed Claims Reserves"); provided, however, that the Liquidating Trustee may at any time file a motion(s) pursuant to section 502(c) of the Bankruptcy Code for an order(s) estimating and limiting the amount of cash which shall be deposited in any Disputed Claims Reserves in respect of any Disputed Claims, with notice and an opportunity to be heard to the affected holders of such Disputed Claims. The Disputed Claims Reserve need not be maintained in a segregated bank account and funds in the reserve may be pooled with other reserves or other funds of the Liquidating Trust; provided, however, that the Liquidating Trust shall treat all such reserved funds as being held in a segregated manner in its books and records.

(b) After a Final Order has been entered or other final resolution has been reached with respect to any given Disputed Claim for which cash was reserved in a Disputed Claims Reserve, the balance, if any, of cash remaining in such Disputed Claims Reserve on account of such Disputed Claim, after making any distribution to which the holder of such Claims may have become entitled by virtue of such Final Order or other final resolution, shall be transferred to any other account maintained by the Liquidating Trust.

Section 3.3 Use of Assets. All cash or other property held or collected by the Liquidating Trust shall be used solely for the purposes contemplated by this Liquidating Trust Agreement.

Section 3.4 Distributions. The Liquidating Trustee will make distributions to holders of Allowed General Unsecured Claims in its sole discretion, subject to the terms of the Plan, Modification Order, Confirmation Order and this Liquidating Trust Agreement.

Section 3.5 Communications with Beneficiaries. The Liquidating Trustee may communicate with the Beneficiaries via email where appropriate and may have any notices posted on Stretto's website for the Debtor.

ARTICLE IV POWERS AND DUTIES OF THE LIQUIDATING TRUSTEE

Section 4.1 Duties of Liquidating Trustee. The Liquidating Trustee shall have such duties and responsibilities as are specified in the Plan (as it relates to distributions to Class 6 Creditors), Modification Order, the Confirmation Order and this Liquidating Trust Agreement

Section 4.2 Authority of Liquidating Trustee. The Liquidating Trust and the Liquidating Trustee shall be vested with the property, rights, interests, and powers of the Debtor transferred to the Liquidating Trust. The Liquidating Trustee shall make continuing efforts to dispose of the Liquidating Trust Assets, make timely distributions and not unduly prolong the duration of the Liquidating Trust. The Liquidating Trustee's rights and authority include, without limitation, all of the following:

- (a) to hold legal title to any and all of the Liquidating Trust Assets and to any and all rights of the Debtor and the Beneficiaries in or arising from the Liquidating Trust Assets;
- (b) to perform the duties, exercise the powers, and assert the rights of a trustee under sections 704 and 1106 of the Bankruptcy Code, including, without limitation, (i) commencing, prosecuting or settling objections to claim, (ii) enforcing contracts, (iii) asserting claims, defenses, offsets and privileges, and (iv) asserting rights which otherwise affect the administration of distributions to holders of Allowed General Unsecured Claims;
- (c) receive and hold any and all the right, title and interest in and to any and all papers, documents, maps, records, files, or other communications, whether in paper or electronic format, in the Debtor's possession or in the possession of the Debtor's professionals or custodians relating to administration of Class 6 Claims;
- (d) receive, control, manage and dispose of all Liquidating Trust Assets for the benefit of the Beneficiaries who may receive distributions under the Plan;
- (e) act as custodian of the Liquidating Trust Assets and liquidate and reduce such assets to cash at such time as the Liquidating Trustee deems appropriate to accomplish the purpose of the Liquidating Trust, in accordance with the terms of the Plan, the Modification Order and the Liquidating Trust Agreement;
- (f) calculate and pay all distributions required or permitted to be made from the

Liquidating Trust Assets under the Plan (with respect to Class 6), this Liquidating Trust Agreement and/or orders of the Bankruptcy Court;

(g) subject to the provisions of the Plan and this Liquidating Trust Agreement, establish, fund, and/or administer the Disputed Claims Reserve and such other reserves and accounts as may be authorized by this Liquidating Trust Agreement, the Plan, or order of the Bankruptcy Court;

(h) employ, supervise and compensate attorneys, accountants, financial advisors and other professionals or other persons retained to represent the interests of and serve on behalf of the Liquidating Trust (the "Trust Professionals") and waive any conflicts of interest as deemed necessary or appropriate in its discretion. The Liquidating Trustee may commit the Liquidating Trust to and shall pay such Trust Professionals reasonable compensation for services rendered and expenses incurred. A law firm or other professional shall not be disqualified from being employed by the Liquidating Trustee solely because of its current or prior retention as counsel or professional to the Debtor or the Committee in the Chapter 11 Case;

(i) preparing and filing the tax returns described in Section 7.4 in the manner described therein including, but not limited to, by preparing and filing any tax and information returns required with respect to the Liquidating Trust, making any tax elections for the Liquidating Trust, managing any tax audits or controversies relating to the Trust, paying taxes on behalf of the Liquidating Trust, and causing the Liquidating Trust to withhold from the amount distributable to any person to the extent required by law to do so;

(j) object to, assert counterclaims to, or seek to recharacterize, reclassify or subordinate General Unsecured Claims or interests (to the extent a General Unsecured Creditor erroneously files a proof of interest against) filed against the Debtor and compromise and settle, abandon or dismiss any and all Disputed General Unsecured Claims or interests in accordance with the terms of the Plan;

(k) seek estimation of contingent or unliquidated General Unsecured Claims under section 502(c) of the Bankruptcy Code;

(l) seek determination of tax liability under section 505 of the Bankruptcy Code;

(m) pay all expenses and make other necessary payments relating to the Liquidating Trust Assets, including United States Trustee fees arising under 28 U.S.C. § 1930(a)(6) of Title 28 of the United States Code;

(n) assert or waive any privilege or defense of the Debtor related to the Liquidating Trust Assets;

(o) seek the examination of any entity under Bankruptcy Rule 2004;

(p) perform any and all acts necessary or appropriate for the conservation and protection of the Liquidating Trust Assets;

(q) exercise all powers and rights, and take all actions contemplated by or provided for under this Liquidating Trust Agreement;

(r) take any and all other actions necessary or appropriate to implement or consummate the Plan and the provisions of this Liquidating Trust Agreement; and

(s) preparing and filing required post-Effective Date operating reports /confirmation reports.

Section 4.3 Limitations on the Liquidating Trustee. Notwithstanding anything in this Liquidating Trust Agreement to the contrary, the Liquidating Trustee, in its capacity as such, shall not do or undertake any of the following: (i) guaranty any debt; (ii) loan Liquidating Trust Assets; (iii) purchase Liquidating Trust Assets from the Liquidating Trust; (iv) transfer Liquidating Trust Assets to another trust with respect to which the Liquidating Trustee serves as trustee; (v) take, or fail to take, any action that would jeopardize treatment of the Liquidating Trust as a “liquidating trust” for federal income tax purposes; or (vi) except as otherwise reasonably necessary to maintain the value of the Liquidating Trust Assets and to further the liquidating purpose of the Liquidating Trust, invest Liquidating Trust Assets other than in short-term, liquid investments, such as bank demand and time deposits, short-term bank or saving institution certificates of deposit or Treasury Bills.

Section 4.4 Liquidating Trustee and Conflicts of Interest. If the Liquidating Trustee determines, in the exercise of its reasonable discretion, that it has a material conflict of interest with respect to the settlement of a Claim, or any other matter, the Liquidating Trustee may select a designee to act on behalf of the Liquidating Trust solely with respect to such matter (the “Designee”), with such Designee’s authority to act on behalf of the Liquidating Trust to terminate upon the matter’s conclusion. If the Designee files a pleading, motion or other filing with a court or tribunal on behalf of the Liquidating Trust, it shall do so in its own name as “Designee of the Front Sight Creditors Trust.”

Section 4.5 Register of Beneficiaries. The Debtor shall provide the Liquidating Trustee with a register of the names, addresses and amounts of Allowed Claims of the Beneficiaries (the “Register”) as of the close of business on the Effective Date. Thereafter, the Register will be maintained by the Liquidating Trustee, and changes thereto will be made upon notification proper under this Liquidating Trust Agreement submitted to the Liquidating Trustee. The Liquidating Trustee shall not be liable for relying on the accuracy of the Register, provided that it has properly maintained the Register in accordance with this Liquidating Trust Agreement.

Section 4.6 Books and Records. The Liquidating Trustee also shall maintain in respect of the Liquidating Trust and the Beneficiaries, books and records relating to the Liquidating Trust Assets and income realized therefrom and the payment of expenses of and claims against or assumed by the Liquidating Trust in such detail and for such period of time as may be necessary to enable it to make full and proper reports in respect thereof. Such books and records shall be maintained in a manner consistent with the Plan and this Liquidating Trust Agreement. Except as expressly provided in this Liquidating Trust Agreement, the Plan or the Confirmation Order, nothing in the Liquidating Trust Agreement is intended to require the Liquidating Trustee to file any accounting or seek approval of any court with respect to the administration of the Liquidating Trust, or as a condition for making any payment or distribution out of the Liquidating Trust Assets.

ARTICLE V
LIABILITY OF LIQUIDATING TRUSTEE

Section 5.1 Appointment. The Liquidating Trustee is Province serving solely in the capacity as Liquidating Trustee of the Front Sight Creditors Trust and not otherwise. The principal individuals from Province with primary responsibility for the Front Sight Creditors Trust shall be Amanda (Demby) Swift.

Section 5.2 Resignation. The Liquidating Trustee may resign by giving not less than sixty (60) days' prior written notice thereof to the United States Trustee; provided, however, that such resignation shall not become effective until the appointment and Bankruptcy Court approval of a successor Liquidating Trustee in accordance with Section 5.4 hereof. If a Liquidating Trustee resigns from its position hereunder, subject to a final accounting, such Liquidating Trustee shall be entitled to all accrued but unpaid fees, expenses, and other compensation to the extent incurred, arising or relating to events occurring before such resignation, and any out-of-pocket expenses reasonably incurred in connection with the transfer of all powers and duties to the successor Liquidating Trustee.

Section 5.3 Removal. At any time upon the request of a party in interest through a motion filed in the Bankruptcy Court, the Bankruptcy Court may remove the Liquidating Trustee, including any successor Liquidating Trustee or Designee, for cause. For purposes of this Section 5.3, "cause" shall mean: (a) an act of fraud, embezzlement, or theft in connection with the Liquidating Trustee's duties or in the course of its employment in such capacity, (b) the intentional wrongful damage to the Liquidating Trust Assets, (c) the intentional wrongful disclosure of confidential information of the Liquidating Trust resulting in material harm to the Liquidating Trust, or (d) gross negligence by the Liquidating Trustee in connection with the performance of its duties under this Liquidating Trust Agreement. Unless the Bankruptcy Court orders immediate removal, the Liquidating Trustee shall continue to serve until a successor Liquidating Trustee is appointed, and such appointment becomes effective, in accordance with Section 5.4 hereof. If the Liquidating Trustee is removed for cause, such Liquidating Trustee shall not be entitled to any accrued but unpaid fees, expenses or other compensation under this Liquidating Trust Agreement or otherwise. If the Liquidating Trustee is unwilling or unable to serve for any other reason whatsoever other than for "cause," subject to a final accounting, such Liquidating Trustee shall be entitled to all accrued but unpaid fees, expenses, and other compensation, to the extent incurred, arising or relating to events occurring before its removal or resignation, and to any out-of-pocket expenses reasonably incurred in connection with the transfer of all powers and duties and all rights to any successor Liquidating Trustee.

Section 5.4 Appointment of Successor Liquidating Trustee. In the event of a vacancy by reason of the closure or immediate removal of the Liquidating Trustee or prospective vacancy by reason of resignation or removal, the Oversight Committee (defined below) shall have the right to nominate the successor Liquidating Trustee, but the Bankruptcy Court shall be vested with final authority to appoint the successor Liquidating Trustee consistent with the best interests of the Beneficiaries of the Liquidating Trust. Every successor Liquidating Trustee appointed hereunder shall execute, acknowledge and deliver to the Bankruptcy Court and the retiring Liquidating Trustee, if any, an instrument accepting such appointment subject to the terms and provisions hereof. The successor Liquidating Trustee, without any further act, shall become vested with all the rights, powers and duties of the Liquidating Trustee; provided, however, that no

Liquidating Trustee shall be liable for the acts or omissions of any prior or later Liquidating Trustee.

Section 5.5 Continuity. The resignation or removal of the Liquidating Trustee shall not terminate the Liquidating Trust or revoke any existing agency (other than any agency of such Liquidating Trustee as a Liquidating Trustee) created pursuant to the Liquidating Trust Agreement or invalidate any action theretofore taken by the Liquidating Trustee, and the successor Liquidating Trustee agrees that the provisions of the Liquidating Trust Agreement shall be binding on and inure to the benefit of each successor Liquidating Trustee and all its heirs and legal and personal representatives, successors or assigns. In the event of the resignation or removal of the Liquidating Trustee, such Liquidating Trustee shall (a) execute and deliver by the effective date of its resignation or removal such documents, instruments and other writings as may be reasonably required to effect the termination of such Liquidating Trustee's capacity under this Liquidating Trust Agreement and (b) assist and cooperate in effecting the assumption of such Liquidating Trustee's obligations and functions by the successor Liquidating Trustee. If, for any reason, the Liquidating Trustee fails to execute the documents described in clause (a) of the preceding sentence, the Bankruptcy Court may enter such orders as are necessary to effect termination of such Liquidating Trustee's capacity under this Liquidating Trust Agreement.

Section 5.6 Compensation. The Liquidating Trustee shall be compensated at a rate of \$5,000 a month, and the Liquidating Trustee shall provide financial advisory services (if any) at its normal hourly rates. The Liquidating Trustee may request changes to this compensation structure by filing a notice with the Bankruptcy Court and providing an objection deadline of not less than 14 days to parties in interest. Any professionals or agents retained or utilized by the Liquidating Trustee shall be entitled to reasonable compensation for services rendered and reimbursement of expenses incurred. After the Effective Date, the payment of the fees and expenses of the Liquidating Trustee and its agents, financial advisors, attorneys, consultants, independent contractors, representatives and other professionals shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court. Any successor Liquidating Trustee shall receive such reasonable compensation and reimbursement of expenses in the same manner as the initial Liquidating Trustee.

Section 5.7 Indemnification; Limitation of Liability etc.

(a) The Liquidating Trust shall indemnify and hold harmless each of (i) the Liquidating Trustee (ii) the Oversight Committee (defined below), and (iii) the professionals retained by the Liquidating Trust, and its/their heirs, legal representatives and permitted assigns (collectively, the "Indemnified Parties"), from and against and with respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to, attorneys' fees, arising out of or due to their actions or omissions, or consequences of such actions or omissions, with respect to the Liquidating Trust Agreement, the Estate or the implementation or administration of the Plan, except to the extent it is finally determined by a final and non-appealable order from a federal court with competent jurisdiction within the District of Nevada that such Indemnified Party was grossly negligent or acted in bad faith or in a manner whereby such Indemnified Party knew or should have known to be not in, or opposed to, the best interests of the Beneficiaries, or, with respect to any criminal action or proceeding, had reasonable cause to believe its conduct was unlawful. To the extent the Liquidating Trust indemnifies and holds harmless the Indemnified Parties as provided above, the legal fees and related costs incurred by

counsel to the Liquidating Trustee in monitoring and participating in the defense of the claims giving rise to the right of indemnification shall be paid from the Liquidating Trust Assets.

(b) Each of the Indemnified Parties, whether or not acting upon the advice of counsel, shall incur no liability because of any error of law or fact, mistake of judgment or any matter or thing done or omitted under this Liquidating Trust Agreement except to the extent it is finally determined by a final and non-appealable order from a federal court with competent jurisdiction within the District of Nevada that such Indemnified Party was grossly negligent or acted in bad faith or in a manner whereby such Indemnified Party knew or should have known to be not in, or opposed to, the best interests of the Beneficiaries, or, with respect to any criminal action or proceeding, such Indemnified Party had reasonable cause to believe its conduct was unlawful.

(c) Any Person acting on behalf of the Liquidating Trustee, the Liquidating Trust or a professional retained by the Liquidating Trust shall not be liable for acts or defaults of any other person acting at any other time in any such capacity. Each Indemnified Party shall be protected and free from liability in acting upon any notice, request, consent, certificate, declaration, guarantee, affidavit or other paper or document or signature reasonably believed by it to be genuine and to have been signed by the proper party or parties or by the party or parties purporting to have signed the same.

(d) No provision of this Liquidating Trust Agreement shall require any Indemnified Party to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if they shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to him.

(e) Notwithstanding anything to the contrary in this Liquidating Trust Agreement, each of the Indemnified Parties shall be entitled to deduct and withhold from the Liquidating Trust Assets and any amounts otherwise payable to any Beneficiary pursuant to this Liquidating Trust Agreement such amounts as may be owed by the Liquidating Trust or the Beneficiaries to the Indemnified Parties as expenses or other liabilities under Section 5.6 or this Section 5.7.

Section 5.8 Insurance. The Liquidating Trustee shall be authorized to obtain all reasonably necessary insurance coverage for itself and the professionals retained by the Liquidating Trustee, including, but not limited to, coverage with respect to (i) any property that is or may in the future become the property of the Liquidating Trust, and (ii) the liabilities, duties and obligations of the Liquidating Trustee and its professionals (in the form of an errors and omissions policy or otherwise), the latter of which insurance coverage may, at the sole option of the Liquidating Trustee, remain in effect for a reasonable period after the conclusion of the Liquidating Trustee's service, and the costs and expenses of such insurance coverage shall be an expense payable from the Liquidating Trust.

Section 5.9 Reliance by Liquidating Trustee. The Liquidating Trustee may rely, and shall be fully protected in acting or refraining from acting, if it relies upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, or other instrument or document that the Liquidating Trustee reasonably believes to be genuine and to have been signed or presented by the proper party or parties or, in the case of cables, telecopies, e-mails

and telexes, to have been sent by the proper party or parties, and the Liquidating Trustee may conclusively rely as to the truth of the statements and correctness of the opinions expressed therein. The Liquidating Trustee may consult with counsel and other professionals with respect to matters in their area of expertise (and the reasonable fees and expenses of such counsel shall be an expense for which the Liquidating Trustee is entitled to reimbursement hereunder), and any advice of counsel reasonably relied upon shall be full and complete authorization and protection in respect of any action taken or not taken by the Liquidating Trustee. The Liquidating Trustee shall be entitled to rely upon the advice of such professionals in acting or failing to act, and shall not be liable for any act taken or not taken in reliance thereon. The Liquidating Trustee shall have the right at any time to seek and rely upon instructions from the Bankruptcy Court concerning this Liquidating Trust Agreement, the Plan, the Confirmation Order or any other document executed in connection therewith, and the Liquidating Trustee shall be entitled to rely upon such instructions in acting or failing to act and shall not be liable for any act taken or not taken in reliance thereon. The Liquidating Trustee may rely upon the Debtor's filed schedules and statements of financial affairs and all other information provided by the Debtor or its representatives to the Liquidating Trustee concerning Claims filed against the Debtor, and their reconciliation and documents supporting such reconciliation.

Section 5.10 Reliance by Persons Dealing with the Liquidating Trustee. In the absence of actual knowledge to the contrary, any person dealing with the Liquidating Trustee shall be entitled to rely on the authority of the Liquidating Trustee to act on behalf of the Liquidating Trust and shall have no obligation to inquire into the existence of such authority.

ARTICLE VI BENEFICIARIES

Section 6.1 Beneficial Interest Only. The ownership of a beneficial interest in the Liquidating Trust shall not entitle any Beneficiary under the Liquidating Trust to any title in or to the Liquidating Trust Assets or to any right to call for a partition or division of the Liquidating Trust Assets or to require an accounting, except as specifically provided by this Liquidating Trust Agreement.

Section 6.2 Evidence of Beneficial Interest. Ownership of a beneficial interest in the Liquidating Trust Assets shall not be evidenced by any certificate, security or receipt or in any other form or manner whatsoever, except as maintained on the books and records of the Liquidating Trust by the Liquidating Trustee.

Section 6.3 Registration of Beneficial Interest. The Liquidating Trustee shall cause the Register to be kept at its office or at such other place or places as may be designated by the Liquidating Trustee from time to time. The Register shall reflect the ownership of the beneficial interests of the Beneficiaries.

Section 6.4 Absolute Owners. The Liquidating Trustee may deem and treat the Beneficiaries reflected as the owner of a beneficial interest on the Register as the absolute owner thereof for the purposes of receiving distributions and payments on account thereof for federal and state income tax purposes and for all other purposes whatsoever.

Section 6.5 Standing of Beneficiary. Except as expressly provided in the Liquidating Trust Agreement, the Plan or the Confirmation Order, a Beneficiary does not have

standing to direct the Liquidating Trustee to do or not to do any act or to institute any action or proceeding at law or in equity against any party (other than the Liquidating Trustee) upon or with respect to the Liquidating Trust Assets.

ARTICLE VII TAXES

Section 7.1 Income Tax Treatment. The Debtor, the Liquidating Trustee and the Beneficiaries shall treat the Liquidating Trust as a “liquidating trust” within the meaning of Treasury Regulation § 301.7701-4(d) and any comparable provision of state or local law. For income tax purposes, the Debtor, the Trustee and the Beneficiaries shall treat the transfer of the Liquidating Trust Assets by the Debtor to the respective Beneficiaries, followed by the transfer of such assets by the Beneficiaries to the Liquidating Trust in exchange for their beneficial interests therein. The Beneficiaries shall be treated for tax purposes as the grantors and deemed owners of their respective shares of the Liquidating Trust Assets, and shall include in their taxable incomes their allocable share of each item of the Liquidating Trust’s income, gain, deduction, loss and credit. All items shall be allocated by the Liquidating Trustee to the Beneficiaries using any reasonable allocation method.

Section 7.2 Valuation of Liquidating Trust Assets. As soon as reasonably possible after the Effective Date, the Liquidating Trustee shall determine the fair market value of each Liquidating Trust Asset other than Cash based on a good faith determination and the advice of any professional retained by the Liquidating Trustee for such purpose.

Section 7.3 Disputed Claims Reserve. The Liquidating Trustee may elect to treat the Disputed Claims Reserve as a discrete trust taxed as a “disputed ownership fund” described in Treasury Regulation § 1.468B-9, in which event no item of income, gain, deduction, loss or credit attributable to the Liquidating Trust Assets held in the Disputed Claims Reserve shall be taxed to a Beneficiary unless and until such Beneficiary receives a distribution from the Disputed Claims Reserve.

Section 7.4 Tax Returns. The Liquidating Trustee shall timely file all tax returns required to be filed by the Liquidating Trust on the basis that the Liquidating Trust is a grantor trust pursuant to Treasury Regulation § 1.671-4(a). If the Liquidating Trustee elects to treat the Disputed Claims Reserve as a disputed ownership fund, it shall timely file all tax returns required to be filed by a disputed ownership fund. As soon as reasonably possible after the close of each calendar year, the Liquidating Trustee shall send each Beneficiary a statement setting forth such Beneficiary’s share of the Liquidating Trust’s income, gain, deduction, loss and credit for the year and shall instruct the holder to report all such items on his, her or its tax return for such year and pay any tax due with respect thereto.

Section 7.5 Tax Withholding. The Liquidating Trustee shall withhold and pay over to the appropriate taxing authority any amount required to be withheld from any payment made pursuant to this Liquidating Trust Agreement or the Plan. Any tax withheld shall be treated as distributed to the Beneficiary for purposes of this Agreement. The Liquidating Trustee may require that each Beneficiary certify such Beneficiary’s taxpayer identification number, and that payments to such Beneficiary are exempt from backup withholding. The Liquidating Trustee may condition payment to a Beneficiary on prior receipt of such information.

ARTICLE VIII THE OVERSIGHT COMMITTEE

Section 8.1 Oversight Committee. As of the Effective Date of the Plan, there will be an “Oversight Committee” consisting of the following three members of the Committee: (i) ALM Investments LLC; (ii) David Streck; and (iii) Steven Heun. The Oversight Committee shall have the duties set forth this Liquidating Trust Agreement, including:

(a) terminate the Liquidating Trustee for cause and upon such termination, or upon the resignation, death, dissolution, incapacity, liquidation or removal of the Liquidating Trustee, to appoint a successor Liquidating Trustee;

(b) to approve any indemnity in favor of any third party granted or agreed to by the Liquidating Trustee;

(c) to approve the allowance of any Disputed Claim if the proposed final Allowed amount of such Claim exceeds \$250,000; and

(d) to approve the making of Distributions by the Liquidating Trustee.

Section 8.2 Approval and Authorization on Negative Notice. The Liquidating Trustee may obtain any approval or authorization required under the Plan or this Liquidating Trust Agreement from the Oversight Committee on two (2) business days negative notice or less if the circumstances require as determined by the Liquidating Trustee in its sole discretion. The Liquidating Trustee may make requests on behalf of the Liquidating Trust for approval or authorization by the Oversight Committee in writing, which may be made in the form of an e-mail. In the event any Oversight Committee member objects to the Liquidating Trustee’s request, the Liquidating Trustee shall consult with the members of the Oversight Committee about how to proceed. The Bankruptcy Court shall hear and finally determine any dispute arising out of this section or this Article.

Section 8.3 Compensation of Professionals. The Trust Oversight Committee shall approve any professional’s monthly bill that is for more than \$50,000. Either the Liquidating Trustee or the professional submitting the bill may seek such approval set forth in the preceding section 8.2 of this Liquidating Trust Agreement. The Bankruptcy Court shall hear and finally determine any dispute arising out of this section.

Section 8.4 Periodic Reporting. The Liquidating Trustee shall periodically report to the Oversight Committee on a basis agreed to between the Oversight Committee and the Liquidating Trustee, as to the status of all claim objections and all other material matters affecting the Liquidating Trust.

Section 8.5 Oversight Committee Dispute with Liquidating Trustee. In the event of a dispute or conflict with the Liquidating Trustee, with the unanimous consent of the Oversight Committee, the Oversight Committee shall have the right to retain counsel of its choice, and the reasonable fees and expenses of such counsel shall be paid by the Liquidating Trust according to the following procedures: (i) upon the submission of a fee statement to the Oversight Committee

and to the Liquidating Trustee and its counsel, the Liquidating Trustee shall have ten (10) business days from the receipt of such fee statement to give notice of an objection to the professional seeking compensation or reimbursement; (ii) for an objection to be valid, it shall be in writing and shall set forth in detail the fees objected to and the basis for the objection; (iii) any objection that remains unresolved within ten (10) business days after it is made shall be submitted to the Bankruptcy Court for resolution, and the Bankruptcy Court shall hear and finally determine any dispute arising out of this section; and (iv) the uncontested portion of such fee statement shall be paid within thirty (30) days after its delivery to the Oversight Committee and the Liquidating Trustee.

Section 8.6 Resignation of Oversight Committee Member. A member of the Oversight Committee may resign at any time on notice (including e-mailed notice) to the other Oversight Committee members and the Liquidating Trustee. The resignation shall be effective on (i) the date specified in the notice delivered to the other Oversight Committee members and the Liquidating Trustee or (ii) the date that is thirty days (30) after the date such notice is delivered if no date is specified.

Section 8.7 Appointment of Replacement Oversight Committee Members. In the event of the resignation, death, incapacity, or removal of a member of the Oversight Committee, the Liquidating Trustee may nominate and the remaining members of Oversight Committee, if any, shall approve, an additional member of the Oversight Committee.

Section 8.8 Absence of Oversight Committee. In the event there shall have been no Oversight Committee members for a period of thirty (30) consecutive days, then the Liquidating Trustee may, during such vacancy and thereafter, ignore any reference in this Liquidating Trust Agreement, the Plan, the Modification Order or the Confirmation Order to an Oversight Committee, and all references to the Oversight Committee's rights and responsibilities in this Liquidating Trust Agreement will be null and void.

ARTICLE IX MISCELLANEOUS PROVISIONS

Section 9.1 Definitions. Unless the context otherwise requires, a capitalized term used but not defined herein shall have the meaning given to such term in the Plan.

Section 9.2 Descriptive Headings. The headings contained in this Liquidating Trust Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Liquidating Trust Agreement.

Section 9.3 Amendment. After the Effective Date, this Liquidating Trust Agreement may not be amended except by an instrument executed by the Liquidating Trustee with the approval of (a) the Oversight Committee, and (b) the Bankruptcy Court.

Section 9.4 Governing Law. This Liquidating Trust Agreement shall be governed by and construed in accordance with the laws of the State of Nevada without regard to the rules of conflict of laws of the State of Nevada or any other jurisdiction.

Section 9.5 Counterparts; Effectiveness. This Liquidating Trust Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement. This Liquidating Trust Agreement shall

become effective when each party hereto shall have received counterparts thereof signed by all the other parties hereto.

Section 9.6 Severability; Validity. If any provision of this Liquidating Trust Agreement or the application thereof to any person or circumstance is held invalid or unenforceable, the remainder of this Liquidating Trust Agreement, and the application of such provision to other persons or circumstances, shall not be affected thereby, and to such end, the provisions of this Liquidating Trust Agreement are agreed to be severable.

Section 9.7 No Waiver by Liquidating Trustee. No failure by the Liquidating Trustee to exercise or delay in exercising any right, power or privilege hereunder shall operate as a waiver, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any further exercise thereof, or of any other right, power or privilege.

Section 9.8 Preservation of Privilege and Defenses. In connection with the Liquidating Trust Assets and any objections to Disputed Claims prosecuted or resolved by the Liquidating Trustee in accordance with the Plan (including, without limitation, all defenses, counterclaims, setoffs and recoupments belonging to the Debtor), any applicable privilege or immunity of the Debtor, including, without limitation, any attorney-client privilege or work-product privilege attaching to any documents or communications (whether written or oral) shall vest in the Liquidating Trust.

Section 9.9 Notices. Any notice or other communication hereunder shall be in writing and shall be deemed given upon (a) confirmation of receipt of a facsimile transmission, (b) confirmed delivery by a standard overnight carrier or when delivered by hand, or (c) the expiration of five (5) Business Days after the day when mailed by registered or certified mail (postage prepaid, return receipt requested), addressed to the respective parties at the following addresses (or such other address for a party as shall be specified by like notice:

If to the Liquidating Trustee, to:

Province, LLC, Liquidating Trustee of Front Sight Creditors Trust
c/o Amanda (Demby) Swift
2360 Corporate Circle, Suite 330
Henderson, Nevada 89074
ademby@provincefirm.com

With a copy to:

BG Law LLP
Attn: Steven T. Gubner and Susan K. Seflin
21650 Oxnard St., Suite 500
Woodland Hills, CA 91367
Telephone: (818) 827-9000
sgubner@bg.law
sseflin@bg.law

Section 9.10 Irrevocability. The Liquidating Trust is irrevocable.

Section 9.11 Relationship to Plan. The Liquidating Trustee shall have full power and authority to take any action consistent with the purposes and provisions of the Plan, the

Confirmation Order, the Modification Order and this Liquidating Trust Agreement.

Section 9.12 Retention of Jurisdiction. As provided in the Confirmation Order, the Bankruptcy Court shall retain jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan, including, but not limited to, interpreting and implementing the provisions of this Liquidating Trust Agreement.

Section 8.14 Successors or Assigns. The terms of the Liquidating Trust Agreement shall be binding upon, and shall inure to the benefit of the parties hereto and their respective successors and assigns.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Liquidating Trust Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized representatives all as of the date first above written.

Front Sight Management LLC

By: _____
Ignatius Piazza, Manager

and

Province, LLC, solely in its capacity as
Liquidating Trustee of the Front Sight Creditors
Trust

By: _____
Amanda (Demby) Swift, Principal