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8	Attorneys for Chapter 11 Debtor			
9	UNITED STATE	S BANKRUPTCY COURT		
10	FOR THE DISTRICT OF NEVADA			
11	In re:	Case No. 22-11824-abl		
12				
13	Front Sight Management LLC,	Chapter 11		
14	Debtor.	Hearing Date: January 9, 2023		
15		Hearing Time: 9:30 a.m.		
16				
17	ΝΕΡΤΟΡΊς ΟΡΙΕΟΤΙΟΝ ΤΟ ΒΡΟΟΓ	OF CLAIM 100 1 FILED DV OTEVEN NECCEN		
18	DEBIOR'S OBJECTION TO PROOF	OF CLAIM 109-1 FILED BY STEVEN NESSEN		
19	Front Sight Management LLC, the ch	apter 11 debtor herein (the "Debtor"), hereby submits		
20	its objection ("Objection") pursuant to Sectio	n ¹ 502 and Bankruptcy Rule 3007, to Proof of Claim		
21	109-1 (the "Claim") filed by claimant Steven Nessen ("Claimant"). The Debtor objects to the Claim			
22	because it incorrectly asserts that the Claim is secured by real property. Accordingly, the Debtor			
23	respectfully requests entry of an order substantially in the form attached hereto as Exhibit 2			
24	sustaining this Objection and reclassifying the Claim as a general unsecured claim.			
25				
26				
27	1 Patarances to "Santian" water to the Darling	ptcy Code (11 U.S.C. §§ 101 et seq.); references to		
	$\begin{array}{c} References to be cutoff ferences to be cutoff ferences and be cutoff for the ball KIU (a) and be cutoff for the ball KIU (b) and be cutoff for the $	$\begin{array}{c} p_{1} \\ p_{2} \\ p_{3} \\ p_{4} \\ p_{5} \\ p_{4} \\ p_{5} \\$		

^{28 &}quot;Bankruptcy Rule" refer to the Federal Rules of Bankruptcy Procedure; and references to "Local Rule" refer to the Local Bankruptcy Rules.

1	This Objection is made and based upon the following Memorandum of Points and		
2	Authorities, the Omnibus Declaration of Ignatius Piazza (the "Piazza Decl.") filed in support of the		
3	Objection, the papers, pleadings, and other documents on file with the clerk of the Court, and		
4	judicial notice of which is respectfully requested pursuant to Federal Rule of Evidence 201, and such		
5	other and further evidence as may be provided at the hearing on the Objection.		
6	MEMORANDUM OF POINTS AND AUTHORITIES		
7	I. JURISDICTION AND VENUE		
8	1.	This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and	
9	1334 and Local Rule 1001(b)(1).		
10	2.	Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.	
11	3.	This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).	
12	4.	The statutory predicates for the relief sought herein are Section 11 U.S.C. §§ 105 and	
13	502, Bankruptcy Rule 3007, and Local Rule 3007.		
14	5.	As required by Local Rule 9014.2, the Debtor consents to the entry of final orders or	
15	judgments by this Court if it is determined that this Court, absent consent of the parties, cannot enter		
16	final orders or judgments consistent with Article III of the United States Constitution.		
17	II. STAT	TEMENT OF FACTS	
18	А.	General Case Background	
19	6.	On May 24, 2022, the Debtor filed a voluntary petition for relief under chapter 11 of	
20	the Bankruptcy Code. The Debtor continues to operate its business and manage its financial affairs		
21	as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee		
22	or examiner has been appointed in this case.		
23	7.	On June 9, 2022, United States Trustee for Region 17 filed its Amended Appointment	
24	of the Official Committee of Unsecured Creditors [ECF No. 116].		
25	В.	General History of the Debtor	
26	8.	The Debtor was founded in 1996 by Ignatius Piazza. Dr. Piazza owns, either directly	
27	or indirectly, 100% of the Debtor. The Debtor was originally formed as a California business and		
28	operated near Bakersfield, California, from its formation in 1996 until 2002. In 1998, the Debtor		

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purchased 550 acres of raw land 45 minutes from Las Vegas, acquired approximately 500 acre feet 1 of water rights and began building what is now the finest and largest private firearms training facility 2 in the world (the "Front Sight Property"). 3

9. In 2012, the Debtor became a Nevada limited liability company. The Debtor's 4 primary place of business is the Front Sight Property located at 1 Front Sight Road, Pahrump, 5 Nevada 89061, Nye County Assessor's Parcel Nos. 045-481-05 and 045-481-06. 6

10. The Front Sight Property is accessed by a four-mile, two lane paved road, and is 7 currently comprised of 50 outdoor firearms training ranges, live fire tactical training simulators, an 8 8,000 square foot classroom and pro shop, and assorted accessory buildings, bathrooms, three water 9 wells and thousands of square yards of completed grading for future development (the "Front Sight 10 Property Facility"). 11

11. Historically, the Debtor provided firearms training courses which promoted the 12 defensive use of various firearms. Courses were offered to the general public, members of law 13 enforcement and military members. 14

12. Historically, the Debtor operated its business by selling "lifetime" memberships and 15 promotional benefits such as "Front Sight Bucks," TBD memberships, and certificates to use for 16 training courses, plus the Debtor sells ancillary products. Pre-petition, to take its business "to the 17 next level," the Debtor developed a major expansion plan that contemplated the construction of a 18 vacation and resort development to be known as the "Front Sight Vacation Club & Resort," to 19 include vacation residences, an RV park and related facilities, a retail area, and a pavilion. The 20 Debtor envisioned creating a self-fulfilling ecosystem, involving memberships and promotional 21 benefits, that would lead to an incentivized customer base that would take advantage of the club and 22 resort and other offerings to redound to the Debtor's benefit. 23

24

13. Ultimately, due to facts not relevant to this Omnibus Objection, the Debtor was unable to expand its business, was facing a wrongful foreclosure of the Front Sight Property, and 25 sought protection under chapter 11 of the Bankruptcy Code to restructure its business. 26

14. On November 29, 2022, the order confirming the Debtor's second amended chapter 27 11 plan of reorganization was entered [ECF No. 556] (the "Conformation Order") pursuant to which 28

the "Reorganized Debtor" will have new ownership and membership on the "effective date" of the
plan. The Debtor expects the effective date to be December 1, 2022.

15. Pursuant to the Confirmation Order, a liquidating trust ("Trust") will be created to,
among other things, oversee and administer general unsecured claims, objections thereto, and
ultimately distributions on allowed claims. Amanda Demby of Province, LLC will be the liquidating
trustee of the Trust and will take over as the party in interest to all pending claim objections,
including this Objection.

8

C. <u>The Claim</u>

9 16. On June 4, 2022, Claimant filed the Claim in the amount of \$5,000 based on amounts
10 paid by Claimant to Debtor for a membership. As required by Local Rule 3007(a)(4), the first page
11 of the Claim is attached hereto as Exhibit 1.

12 17. The Claim asserts that it is secured by the Debtor's real property. However, the
13 Claim fails to attach any evidence demonstrating that Claimant has a perfected security interest in
14 the Debtor's real property.

15

III. RELIEF REQUESTED

16 18. The Debtor has reviewed the Claim and has determined that the Claim incorrectly
asserts that it is secured by the Debtor's real property. The Claim is based on amounts paid to the
Debtor for Claimant's membership. Claimant is clearly not a secured creditor of the Debtor.
Accordingly, the Debtor requests that the Court sustain this Objection and reclassify the Claim as a
\$5,000 general unsecured claim.

21 **I**

IV. BASIS FOR RELIEF

19. Bankruptcy Rule 3001(f) provides that a "proof of claim executed and filed in
accordance with these rules shall constitute prima facie evidence of the validity and amount of the
claim." It is well established in the Ninth Circuit that the initial burden of persuasion for

establishing the validity and amount of a proof of claim is upon the claimant. *Ashford v.*

26 Consolidated Pioneer Mortgage (In re Consolidated Pioneer Mortgage), 178 B.R. 222 (9th Cir.

27 BAP 1995), aff'd, 91 F.3d 151 (9th Cir. 1996) (a proof of claim must have a writing attached and

include supporting documentation to qualify for presumptive validity). However, the prima facie

validity of a claim does not attach unless the claim sets forth the facts necessary to support the claim.
 Id. at 226.

20. Section 502 authorizes a "party in interest," such as the Debtor, to object to claims. 3 11 U.S.C. § 502(a). Once the objector raises "facts tending to defeat the claim by probative force 4 equal to that of the allegations of the proofs of claim themselves," then the burden reverts to the 5 claimant to prove the validity of the claim by a preponderance of evidence. Wright v. Holm (In re 6 Holm), 931 F.2d 620, 623 (9th Cir. 1991); In re Consolidated Pioneer Mortgage, 178 B.R. at 226. 7 Indeed, the ultimate burden of persuasion is always on the claimant. In re Holm, 931 F.2d at 623; 8 see also In re Heath, 331 B.R. 424 (9th Cir. BAP 2005) (explaining that a claim that fails to attach 9 supporting documentation is not entitled to be considered as prima facie evidence of validity and 10 amount of claim). 11

21. "If the creditor does not provide information or is unable to support its claim, then
that in itself may raise an evidentiary basis to object to the unsupported aspects of the claim, or even
a basis for evidentiary sanctions, thereby coming within Section 502(b)'s grounds to disallow the
claim." *In re Heath*, 331 B.R. 424, 437 (B.A.P. 9th Cir. 2005).

Bankruptcy "Rule 3001(d) requires a creditor to accompany a proof of claim with
evidence that the creditor perfected a security interest if it claims a security interest in property of the
debtor." *In re Consol. Pioneer Mortg.*, 178 B.R. 222, 226 (B.A.P. 9th Cir. 1995), *aff'd sub nom. In re Consol. Pioneer Mortg. Entities*, 91 F.3d 151 (9th Cir. 1996) ("Rule 3001(d) provides that '[i]f a
security interest in property of the debtor is claimed, the proof of claim shall be accompanied by
evidence that the security interest has been perfected."") (emphasis added).

23. Here, Claimant asserts that he has a security interest in the Debtor's real property.
However, the Claim does not include evidence that Claimant perfected a security interest in the
Debtor's real property as required by Bankruptcy Rule 3001(d). Thus, the Claim does not constitute *prima facie* evidence of the validity of the secured portion of the Claim. *See id.* at 227 ("Since the
Ashfords have also failed to comply with Rule 3001(d), the claim cannot also constitute *prima facie* evidence of validity.").

28

1 24. Since the Claim lacks *prima facie* evidence of validity, Claimant is required to 2 allege facts sufficient to support the Claim. Claimant is not able to allege sufficient facts to prove 3 the existence of a secured claim. Claimant is clearly not a secured creditor of the Debtor as the 4 Claim is based on amounts paid to the Debtor for Claimant's membership. Claimant is a general 5 unsecured creditor of the Debtor. Accordingly, the Debtor requests that the Court sustain the 6 Objection and reclassify the Claim as a \$5,000 general unsecured claim.

7

V. RESERVATION OF RIGHTS

8 25. The Debtor specifically reserves the right to amend this Objection, file additional 9 papers in support of this Objection or take other appropriate actions, including, *inter alia*, to: (a) 10 respond to any allegation or defense that may be raised in a response filed by or on behalf of the 11 Claimant; (b) object further to the Claim if Claimant provides (or attempts to provide) additional 12 documentation or substantiation; and (c) object further to the Claim based on additional information 13 that may be discovered upon further review by the Debtor or through discovery pursuant to the 14 Bankruptcy Rules.

15 VI. NOTICE

16 26. The Debtor will serve copies of this Objection upon the Claimant at the address listed
17 on the Claim as filed.

18 VII. CONCLUSION

The Debtor respectfully requests that the Court enter an order, substantially in the form
attached hereto as Exhibit 2 sustaining the Objection and reclassifying the Claim as a general
unsecured claim, and granting such other and further relief as the Court may deem proper and just
under the circumstances.

23	DATED: November 29, 2022	BG LAW LLP
24		
25		By: /s/ Jessica S. Wellington
26		Susan K. Seflin Jessica S. Wellington
27		Attorneys for Chapter 11 Debtor
28		

EXHIBIT "1"

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Fill in this information to identify the case:

Debtor 1 FRONT SIGHT MANAGEMENT LLC

Debtor 2

(Spouse, if filing)

United States Bankruptcy Court District of Nevada Case number: 22-11824 FILED

U.S. Bankruptcy Court District of Nevada 6/4/2022

0/ 1/2022

Mary A. Schott, Clerk

Official Form 410 Proof of Claim

04/22

Read the instructions before filling out this form. This form is for making a claim for payment in a bankruptcy case. Do not use this form to make a request for payment of an administrative expense. Make such a request according to 11 U.S.C. § 503.

Filers must leave out or redact information that is entitled to privacy on this form or on any attached documents. Attach redacted copies of any documents that support the claim, such as promissory notes, purchase orders, invoices, itemized statements of running accounts, contracts, judgments, mortgages, and security agreements. Do not send original documents; they may be destroyed after scanning. If the documents are not available, explain in an attachment.

A person who files a fraudulent claim could be fined up to \$500,000, imprisoned for up to 5 years, or both. 18 U.S.C. §§ 152, 157, and 3571.

Fill in all the information about the claim as of the date the case was filed. That date is on the notice of bankruptcy (Form 309) that you received.

Part 1: Identify the Claim				
1.Who is the current creditor?	Steven F. Nessen Name of the current creditor (the person or entity to be paid for this claim) Other names the creditor used with the debtor			
2.Has this claim been acquired from someone else?	 ☑ No ☑ Yes. From whom? 			
3.Where should notices and payments to the	Where should notices to the creditor be sent?	Where should payments to the creditor be sent? (if different)		
creditor be sent?	Steven F. Nessen	,		
Federal Rule of	Name	Name		
Bankruptcy Procedure (FRBP) 2002(g)	809 East Simpson Ave. Salt Lake City, Utah 84106 809 East Simpson Ave. Salt Lake City, UT 84106			
	Contact phone 7022772211	Contact phone		
	Contact email <u>NESSENSF@AOL.COM</u>	Contact email		
	Uniform claim identifier for electronic payments in chapter 13 (if you use one):			
4.Does this claim amend one already filed?	 ☑ No ☑ Yes. Claim number on court claims registry (if known) 	wn) Filed on		
		MM / DD / YYYY		
5.Do you know if anyone else has filed a proof of claim for this claim?	Yes. Who made the earlier filing?			
Official Form 410	Proof of Claim	page 1		

EXHIBIT "2"

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1			
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3			
4			
5			
6			
7	STEVEN T. GUBNER – NV Bar No. 4624		
8	SUSAN K. SEFLIN – CA Bar No. 213865 – Adn JESSICA S. WELLINGTON – CA Bar No. 3244		
9	BG LAW LLP		
10	300 S. 4 th Street, Suite 1550 Las Vegas, NV 89101 Telephone: (702) 835-0800 Facsimile: (866) 995-0215		
11			
12	Email: sgubner@bg.law sseflin@bg.law		
13			
14	Attorneys for Chapter 11 Debtor		
15	UNITED STATES BA	NKRUPTCY COURT	
16	FOR THE DISTR	ICT OF NEVADA	
17	In re:	Case No. 22-11824-abl	
18		Chapter 11	
19	Tiont Sight Wanagement ELC,	hapter 11	
20	Debtor.	learing Date: January 9, 2023	
21		learing Time: 9:30 a.m.	
22			
23	ODDED SUSTAINING DERTOR'S OBJECT	ION TO PROOF OF CLAIM 109-1 FILED BY	
24 25	STEVEN NESSEN		
23 26	On January 9, 2023 at 9.30 a m, a hearing	was held before the Honorable August Landis,	
20 27	Chief United States Bankruptcy Judge for the District of Nevada, for the Court to consider the		
27	Debtor's Objection to Proofs of Claim 109-1 Filed by Steven Nessen [ECF No] (the		
28		` `	

"Objection")¹ filed by Front Sight Management LLC, the chapter 11 debtor herein (the "Debtor"). Appearances were as duly noted on the record at the hearing. 2

The Court, having read and considered the Objection and all evidence filed in support of the 3 Objection; the Court having considered the argument and representations of counsel at the hearing 4 and other matters which the Court may properly take judicial notice, including, without limitation, 5 the record in this case as reflected on the docket; the Court having set forth its findings and 6 conclusions on the record pursuant to Rule 52 of the Federal Rules of Civil Procedure and Rule 7052 7 of the Federal Rules of Bankruptcy Procedure; the Court having found that notice of the Objection 8 was sufficient under the circumstances and no other or further notice is required; the Court having 9 determined that the legal and factual bases set forth in the Objection establish just cause for the relief 10 sought therein; and after due deliberation and sufficient cause appearing therefor, 11

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IT IS HEREBY ORDERED that the Objection is sustained in its entirety.

IT IS HEREBY FURTHER ORDERED that Proof of Claim 109-1 shall be reclassified as 13 a \$5,000 general unsecured claim. 14

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IT IS SO ORDERED.

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¹ All initial capitalized terms not defined herein shall have the same meaning ascribed to them in the 28 Objection.

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1	Prepared and Submitted B	Sy:		
2	BG LAW LLP			
3	By: <u>/s/Jessica S. Welling</u> Susan K.Seflin	ton		
4	Jessica S. Wellingtor Attorneys for Chapter 11			
5	Attorneys for Chapter 11	Debtor		
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