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Petitioner	560 11 7070 047	
VS.	Dist. Ct. Case No: Alizabeth 084 Brow Clerk of Supreme	n ·
THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA, IN AND FOR THE COUNTY OF CLARK; and THE HONORABLE TIMOTHY C. WILLIAMS, DISTRICT COURT JUDGE, Respondents,		
and		
LAS VEGAS DEVELOPMENT FUND LLC, a Nevada Limited Liability Company; EB5 IMPACT CAPITAL REGIONAL CENTER LLC, a Nevada Limited Liability Company; EB5 IMPACT ADVISORS LLC, a Nevada Limited Liability Company; ROBERT W. DZIUBLA, individually and as President and CEO of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC; JON FLEMING, individually and as an agent of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC; LINDA STANWOOD, individually and as Senior Vice President of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC, Real Parties in Interest.		
	THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA, IN AND FOR THE COUNTY OF CLARK; and THE HONORABLE TIMOTHY C. WILLIAMS, DISTRICT COURT JUDGE, Respondents, and LAS VEGAS DEVELOPMENT FUND LLC, a Nevada Limited Liability Company; EB5 IMPACT CAPITAL REGIONAL CENTER LLC, a Nevada Limited Liability Company; EB5 IMPACT ADVISORS LLC, a Nevada Limited Liability Company; ROBERT W. DZIUBLA, individually and as President and CEO of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC; JON FLEMING, individually and as an agent of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC; LINDA STANWOOD, individually and as Senior Vice President of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC; LINDA STANWOOD, individually and as Senior Vice President of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC,	THE EIGHTH JUDICIAL DISTRICT COURT OF THE STATE OF NEVADA, IN AND FOR THE COUNTY OF CLARK; and THE HONORABLE TIMOTHY C. WILLIAMS, DISTRICT COURT JUDGE, Respondents, and LAS VEGAS DEVELOPMENT FUND LLC, a Nevada Limited Liability Company; EB5 IMPACT CAPITAL REGIONAL CENTER LLC, a Nevada Limited Liability Company; EB5 IMPACT ADVISORS LLC, a Nevada Limited Liability Company; ROBERT W. DZIUBLA, individually and as President and CEO of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC; JON FLEMING, individually and as an agent of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC; LINDA STANWOOD, individually and as Senior Vice President of LAS VEGAS DEVELOPMENT FUND LLC and EB5 IMPACT ADVISORS LLC, IMPACT ADVISORS LLC,

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PETITION FOR WRIT OF MANDAMUS, OR ALTERNATIVELY,

PROHIBITION

Petitioner FRONT SIGHT MANAGEMENT, LLC ("Petitioner" or "Front Sight"), by and through counsel, John P. Aldrich, Esq., and Jamie S. Hendrickson, Esq., of the Aldrich Law Firm, Ltd., respectfully petitions this Honorable Court for an extraordinary writ of mandamus and/or prohibition, as appropriate, vacating an Order of Respondent Eighth Judicial District Court (the Honorable Timothy C. Williams) entered on June 5, 2020. In the Order, the district court granted in part and denied in part Real Parties in Interest/Defendants' (collectively "Defendants") Motion for Clarification seeking to allow Defendants to publish Front Sight's private tax and financial information in the public domain. More specifically, after ordering that all documents designated "Confidential" or "Highly Confidential" by the parties "shall be filed under seal," the district court ordered "that with regard to redactions, the parties need not redact information in their briefs and pleadings (including, but not limited to, the Amended

¹ Real Parties in Interest/Defendants collectively refers to Entity Defendants Las Vegas Development Fund LLC ("LVDF," the lender), EB5 Impact Advisors LLC ("EB5IA," the purported marketing entity), and EB5 Impact Capital Regional Center LLC ("EB5IC," or the "Regional Center," the USCIS-approved regional center), as well as Individual Defendants Robert Dziubla ("Dziubla"), Jon Fleming ("Fleming"), and Linda Stanwood ("Stanwood").

Counterclaim) related to the EB5 Parties' allegations of fraudulent transfer including, but not limited to, the amounts of money transferred from Front Sight to the VNV Trusts or the dates of said transfers." (PA XVIII, 4263-4268.) This information related to transfers is private financial information of Front Sight, and the district court's ruling is contrary to Supreme Court Rule 3(4). The Court should intervene now; otherwise, Front Sight stands to suffer irreparable harm by Defendants' publishing Front Sight's private financial information in the public domain in future motions and pleadings.

DATED this 11th day of September, 2020.

ALDRICH LAW FIRM, LTD.

/s/ John P. Aldrich
John P. Aldrich, Esq.
Nevada Bar No. 6877
Jamie S. Hendrickson, Esq.
Nevada Bar No. 12770
7866 West Sahara Avenue
Las Vegas, Nevada 89117
702-853-5490
Attorneys for Petitioner

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NRAP 26.1 DISCLOSURE

The undersigned counsel of record certifies that Petitioner Front Sight has no parent corporations and there are no publicly-held companies who own 10% or more of Petitioner's shares.

Law firms whose partners or associates have appeared for the party in the underlying case or are expected to appear for the party in this court include:

John P. Aldrich and Jamie S. Hendrickson of Aldrich Law Firm, Ltd. for Petitioner Front Sight Management, LLC.

Andrea Champion, of Bailey Kennedy, for Real Parties in Interest/Defendants Las Vegas Development Fund LLC, EB5 Impact Advisors LLC, EB5 Impact Capital Regional Center LLC, Robert Dziubla, Jon Fleming, and Linda Stanwood.

C. Keith Greer of Greer & Associates, and Kathryn Holbert of Farmer, Case & Fedor, prior counsel for Real Parties in Interest/Defendants Las Vegas Development Fund LLC, EB5 Impact Advisors LLC, EB5 Impact Capital Regional Center LLC, Robert Dziubla, Jon Fleming, and Linda Stanwood.

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These representations are made in order that the Justices of this Court may evaluate possible disqualification or recusal.

DATED this 11th day of September, 2020.

ALDRICH LAW FIRM, LTD.

/s/ John P. Aldrich John P. Aldrich, Esq. Nevada Bar No. 6877 Jamie S. Hendrickson, Esq. Nevada Bar No. 12770 7866 West Sahara Avenue Las Vegas, Nevada 89117 702-853-5490 Attorneys for Petitioner

I.

ROUTING STATEMENT PURSUANT TO RULE 21(a)(3)(A)

This case is retained by the Supreme Court under NRAP 17(a)(9) because it originated in the Eighth Judicial District Court's business court.

II.

RELIEF REQUESTED

Front Sight seeks a writ of prohibition and/or mandamus that vacates the district court's order granting Defendants' Motion for Clarification and prevents Defendants from disclosing Front Sight's private financial and tax information in future motions and/or pleadings.

ISSUES PRESENTED

III.

1. Taking into consideration the potential for irreparable harm to Petitioner, the magnitude of the potential harm, the lack of adequate remedy at law, and other considerations such as judicial economy, efficiency, urgency, and necessity, do the circumstances of this case justify this Court exercising its discretion to consider this writ petition and grant a writ of mandamus and/or prohibition that vacates an order of the district court that would allow the public disclosure of Front Sight's private tax and financial information?

2. Did the district court abuse its discretion when it granted Defendants' Motion for Clarification and ordered that Defendants were permitted to disclose Front Sight's private bank and tax information in pleadings and motions? *And accordingly*, should this Court grant a writ of mandamus and/or prohibition that precludes disclosure of Front Sight's private financial and/or tax information in Defendants' future motions and pleadings?

IV.

INTRODUCTION

Front Sight is a Nevada limited liability company located in Pahrump,
Nevada that offers firearms instruction to the general public. (PA I, 0108.) Dr.
Ignatius Piazza is the Managing Member of Front Sight. Defendants Dziubla,

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Fleming, and Stanwood are individuals and residents of the State of California, who purportedly performed marketing services on behalf of Front Sight to solicit EB-5 investors. (PA I 0108-0111.) EB5IC is the regional center formed by Dziubla and Fleming with Front Sight's funds for purposes of sourcing EB-5 investors. EB5IA is a now-dissolved limited liability company formed by Dziubla and Fleming to be the marketing arm of the regional center. (PA II, 0320-0322.) LVDF is a limited liability company formed by Dziubla and Fleming to act as the lender to Front Sight for this EB-5 raise. (PA I, 0108.) Originally, Dziubla and Fleming were the principal members of EB5IA, EB5IC, and LVDF. (PA I, 0109.) Fleming left the project in December 2017, leaving Dziubla as the Managing Member of LVDF and EB5IC. Stanwood is the senior vice president of LVDF and EB5IC and assumed her position after the departure of Fleming. (PA I, 0111.)

This matter concerns the expansion of Front Sight's firearms training facility to add a timeshare resort. At issue in this litigation is Front Sight's compliance with the Construction Loan Agreement ("CLA"), whether Front Sight was fraudulently induced into the CLA by Defendants, and whether Defendants may foreclose upon the project for Front Sight's alleged defaults of the CLA.

Defendants duped Front Sight out of hundreds of thousands of dollars in cash and tens of millions of dollars in future revenues by representing that they

had substantial experience raising funds under the United States Customs and Immigration Service's ("USCIS") EB-5 Program ("EB-5 funds") (they had zero experience and had never raised any money for a completed project) and promising to raise many millions of dollars in a short amount of time. (PA I, 0111-0135.) The federal EB-5 program allows an immigrant investor who meets certain criteria to invest in an American company's project, and if the targeted number of jobs is created, the immigrant investor may apply for a green card two years after being admitted to the United States as a conditional permanent resident.

After making many additional fraudulent representations, Defendants fraudulently induced Front Sight into signing a CLA, before providing a mere fraction of the amount of money they promised to raise. Now, Defendants are, without exaggeration, attempting to unlawfully and fraudulently steal Front Sight's real and personal property with the intent, stated on the record, to take over Front Sight's business and operate it themselves. (PA V, 1237.) While discovery disputes are, admittedly, not ordinarily subject to extraordinary writ relief, this Honorable Court has sometimes allowed it. *See, e.g., Venetian Casino Resort, LLC v. Eighth Judicial District Court*, 2020 Nev. App. Unpub. LEXIS 521, 464 P.3d 1052, *Valley Health Sys. LLC v. Eighth Judicial Dist. Court*, 127 Nev. 167, 170-71, 252 P.3d 676, 678-79 (Nev. 2011), citing *Wardleigh v. District Court*, 111 Nev. 345, 350-51, 891 P.2d 1180, 1183 (1995). Petitioner now

believes the stakes and the circumstances involved in the underlying action warrant writ relief from this Court to intervene in the underlying action and correct an abuse of discretion by the district court.

V.

RELEVANT FACTS AND PROCEDURAL HISTORY

A. General Allegations

Front Sight sought to expand its business and needed financing to do so. Defendants Dziubla and Fleming, individually and as representatives of their entities, Defendants EB5IA, EB5IC, and LVDF, misrepresented their knowledge, experience and ability to raise funds on Plaintiff's behalf, particularly with regard to the federal government's EB-5 immigrant investor program. (*See generally* PA I, 0107-0250; PA II, 0251-0322.) Later, Defendant Stanwood apparently joined the fray. (PA I, 0153; PA VII, 1532-1537.) As evidenced by the existence of this litigation, Defendants' many claims were false and they have taken hundreds of thousands of dollars of Front Sight's money and used them for purposes for which they were not intended (PA X, 2252-2282) – and Defendant Dziubla has even admitted he intentionally destroyed financial documents. (PA V, 1137-1141.)

On January 4, 2019, Front Sight filed its Second Amended Complaint ("SAC"), in the underlying action. (PA I, 0107-0151.)

Petitioner's SAC makes certain allegations regarding Defendants' conduct over the years. "[A]s early as August of 2012, Defendant Dziubla, on behalf of what eventually became L[V]DF, EB5IC, and EB5IA, made representations to Front Sight that Defendant Dziubla and his associates had the ability, experience and networking breadth" to raise "some, or perhaps all, of the \$150 million you [Front Sight] were seeking to raise." (PA I, 0111-0112 at ¶11).

"These material representations [set forth in ¶¶11-15] were made to induce Front Sight into trusting its project to Defendants," and in Defendant Dziubla's September 13, 2012 letter, he "represented to Front Sight that 'EB-5 funding initiatives typically take 5-8 months before first funds are placed into escrow with the balance of the funds being deposited during the next 6-8 months." (PA I, 0114 at ¶16.) "These material representations were relied upon by Plaintiff but were false." (PA I, 0114 at ¶16.)

"Based on Mr. Dziubla and Mr. Fleming's representations, Dr. Ignatius Piazza, Front Sight's principal, and Plaintiff Front Sight believed that an EB5 Regional Center was the best way to raise the required capital to complete the Front Sight project within the time frames represented by Defendants." (PA I, 0116 at ¶21.) "The estimated timeline...showing that \$75 million in EB-5 financing would be raised between 4 months from the earliest expected approval of the regional center and 6 months from the latest expected approval of the

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regional center wildly misrepresented the normal time necessary to raise \$75 million in EB-5 financing." (PA I, 0117 at ¶23.) Petitioner has since learned, however, that "[m]ost new regional centers either failed to raise any financing at all or would start with very small offerings (\$5 million to \$10 million) and gradually raise larger EB-5 financings as they become known in the EB-5 financing market." (PA I, 0117 at ¶23.) "These material misrepresentations...were intended to induce Plaintiff to enter into and/or continue with the [engagement letter] agreement [dated February 14, 2013] and were false." (PA I, 0117 at ¶23.)

"Defendants Dziubla and Fleming represented to Plaintiff that the approval process for the new regional center could be as short as 3-4 months." (PA I, 0118 at ¶26.) "Unbeknownst to Front Sight, the process for filing a regional center application with the U.S. Citizenship and Immigration Services ('USCIS') and a request for exemplar approval of an actual EB-5 project in 2013 was approximately 12 to 24 months from the date of filing." (PA I, 0118 at ¶27.) "This was a very important disadvantage...that Defendants Dziubla, Fleming, and EB5IA concealed from Front Sight." (PA I, 0118 at ¶27.) "Plaintiff's project could not be marketed for 15 months after the regional center application was filed, thus demonstrating the substantial disadvantage of this method of raising EB-5 financing," something that "Defendants Dziubla, Fleming, Stanwood, and EB5IA did not disclose...to Front Sight." (PA I, 0118 at ¶27.)

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Defendant Dziubla, on behalf of Defendants EB5IA and/or EB5IC, made "more promises and representations...with respect to the rapidity of the EB-5 raise," including his promise to "have the first tranche of \$25m into escrow and ready for disbursement to the [Front Sight] project (at the 75% level, i.e. \$18.75m [pursuant to a 25% holdback clause], as discussed) within 4-5 months [of beginning the international road shows]." (PA I, 0119 at ¶29.)

Shortly after USCIS approved the Regional Center on July 27, 2015, "marketing efforts allegedly began by Defendants Dziubla, Fleming, and EB5IA (and allegedly Stanwood 'informally'), and others engaged by Defendant Dziubla, with Front Sight continuing to pay for all related costs and expenses [pertaining to Defendants' marketing efforts.]" (PA I, 0120 at ¶30.)

The results of those alleged efforts have fallen dramatically short, both of the \$75 million raise that Front Sight had been induced to expect, and of the reduced maximum \$50 million raise that subsequently Defendant Dziubla asked Front Sight to accept, long after Front Sight had been induced into incurring, and had in fact incurred, approximately \$300,000 in costs and expenses in connection with such raise.

(PA I, 0120 at ¶31.)

"A pattern was established of asking Front Sight to advance funds for travel and marketing expenses by Defendant Dziubla and other members of Defendant Dziubla's team, including Jon Fleming, and then not delivering even a modest amount of EB-5 investor funds as promised." (PA I, 0120 at ¶32.) "Defendants

Dziubla, Fleming, and EB5IA repeatedly failed and refused to provide any documentation or receipts to Plaintiff Front Sight that demonstrated how Front Sight's money – which had been provided to Defendants and earmarked for marketing – had been used, if it was used for marketing at all." (PA I, 0120 at ¶32.) "[B]ut in the end, more than three years after the USCIS approval, and after Front Sight had paid at least \$512,500 in fees and expenses, Front Sight has only received \$6,375,000 in Construction Loan disbursements." (PA I, 0124-0125 at ¶40.) "Instead of providing the promised \$75,000,000 in funding, Defendants Dziubla, Fleming, Stanwood, EB5IA, and LVDF have provided just over \$6,000,000 – less than 5% of the originally promised \$150,000,000 and less than 10% of the \$75,000,000 Defendants later promised to raise." (PA I, 0127 at ¶48.)

Over the course of the underlying action, the district court ordered an accounting from Defendant EB5IA, an entity owned and run by Defendants Dziubla and Fleming. The district court ordered that "[s]aid accounting must include all money received from Plaintiff [Front Sight] by EB5 Impact Advisors LLC, how all funds were spent, identification of who received any portion of the funds, and any and all documentation to support payments made or funds spent" (quoting district court's Order on Plaintiff's Petition for Appointment of Receiver and for an Accounting, filed November 26, 2018). (PA I, 0131 at ¶61.) Although some documents were provided, EB5IA's accounting "is grossly deficient," and

"the documents EB5IA provided clearly show that, from 2013 to 2018, Defendants have misappropriated and converted the funds Front Sight provided to Defendants Dziubla and Fleming, as representatives of Defendant EB5IA, for the specific purpose of marketing Front Sight's project around the world." (PA I, 0131-0132 at ¶62.) Defendants did not provide a single invoice or receipt in support of the court-ordered accounting. (PA I, 0132 at ¶63.)

Moreover, "Plaintiff has recently learned that Defendants Dziubla, Stanwood, and Fleming dissolved Defendant EB5IA without notifying Plaintiff, and upon information and belief, without notifying USCIS." (PA I, 0132 at ¶65.) Upon doing so, they "have not returned any unused marketing funds to Plaintiff, and appear to have drained the bank account." (PA I, 0132-0133 at ¶65.) Defendant EB5IA's accounting documents also show that in the months preceding EB5IA's dissolution, "Defendant EB5IA, by either Dziubla's, Stanwood's, or Fleming's instruction and/or action, transferred nearly all the remaining funds in EB5IA's bank account to the account of an entity controlled by Defendant Dziubla." (PA I, 0133 at ¶66.)

On July 31, 2018, "Defendant LVDF, through Defendant Dziubla, delivered a document to Front Sight entitled 'Notice of Multiple Defaults / Notice of Inspection / Monthly Proof of Project Costs,' ('the Notice') which document was signed by Defendant Dziubla." (PA I, 0127 ¶49.) "Said notice alleges breach by

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Front Sight of that certain Construction Loan Agreement dated October 6, 2016..., that certain First Amendment to Loan Agreement dated July 1, 2017..., and that certain Second Amendment to Loan Agreement dated February 28, 2018." (PA I, 0127 at ¶49.)

On January 14, 2019, Defendants' prior counsel, Kathryn Holbert, Esq., recorded a document entitled Substitution of Trustee, recorded as Document 905318 in the Nye County Official Records. (PA IV, 0804.) On January 18, 2019, Defendants' counsel Ms. Holbert recorded a second Notice of Default and Election to Sell in the Nye County Official Records, as Document 905512 in the Nye County Official Records. (PA IV, 0805-0809.)

B. <u>Claims and Counterclaims</u>

There are claims and counterclaims, and all have been the subject of motions to dismiss. After decisions on those motions to dismiss, Front Sight has asserted the following claims in its Second Amended Complaint: (1) Fraud/Intentional Misrepresentation/Concealment (against LVDF, EB5IC, EB5IA, Dziubla, Fleming, and Stanwood); (2) Conversion (against LVDF, EB5IC, EB5IA, Dziubla, Fleming, and Stanwood); (3) Civil Conspiracy (against LVDF, EB5IC, EB5IA, Dziubla, Fleming, and Stanwood); (4) Breach of Contract (against EB5IA and LVDF); (5) Contractual Breach of Implied Covenant of Good Faith and Fair Dealing (against EB5IA and LVDF); (6) Intentional Interference with Prospective

Economic Advantage (against Dziubla and LVDF); and (7) Negligent Misrepresentation (against EB5IA and Dziubla). (PA IV, 0910-0916.)

Defendant LVDF has assert the following claims in its Amended Counterclaim: (1) Fraud (against Front Sight, Morales, Piazza, Meacher, and the Morales Entities); (2) Fraudulent Transfers – NRS §§ 112.180 and 112.190 (against Front Sight and the VNV Trust Defendants); (3) Intentional Interference with Contractual Relationships (against Dr. Piazza, Jennifer Piazza, and the VNV Trust Defendants); (4) Conversion (against Front Sight, Dr. Piazza, and Jennifer Piazza); (5) Civil Conspiracy (against all Counterdefendants); (6) Judicial Foreclosure (against Front Sight); and (7) Waste (against Front Sight, Dr. Piazza, and the VNV Trust Defendants). (PA XVII, 4073-4250, PA XVIII 4251-4262.)

C. <u>Front Sight's Tax and Financial Information and Defendants' Motion</u> for Clarification

LVDF claims it is just a lender, and that it is not a partner with Defendants EB5IA and EB5IC, even though all three entities are controlled by the same people. Despite having a duty to keep Front Sight's private financial information private because it is a lender, *see Valley Bank of Nevada v. Superior Court*, 542 P.2d 977 (Cal. 1975), on February 6, 2019, LVDF filed a Motion for Appointment of a Receiver. (PA II, 0351-0378.) Exhibits 6 and 7 to Defendant Dziubla's Declaration to that Motion contained Front Sight's tax returns, which had been

provided to Defendant LVDF in its capacity as, *inter alia*, a lender. (PA II, 0379-0500; PA III, 0501-0558.) Front Sight immediately filed a Motion to Seal and/or Redact Pleadings and Exhibits to Protect Confidential Information and Motion to Amend Paragraph 2.3 of Protective Order. (PA III, 0602-0628.) Defendants opposed, and on February 20, 2019, the district court held a hearing. Ultimately, the district court granted in part and denied in part the Motion to Seal. The district court ordered that Exhibits 6 and 7 to the Motion be filed under seal, however, allowed the confidential information in the pleadings to remain in the public domain. (PA IV, 0876-0881.)

Defendant LVDF was entitled to some financial information. More specifically, paragraph 5.4 of the CLA only permitted Defendant LVDF access to books and records "pertaining to the Project." (PA V, 1040.) Defendant LVDF was also entitled to other financial information under paragraph 5.10 of the CLA; purportedly for purposes of reporting to the USCIS. (PA V, 1042-1043.)

Front Sight had provided a significant amount of information to LVDF prelitigation. Nevertheless, on October 22, 2019, Defendants e-served Front Sight with Notices to Issue Subpoenas to Front Sight's bank, Bank of America, N.A. ("Bank of America"), and Front Sight's accountant, Lucas, Horsfall, Murphy & Pindroh, LLP ("Lucas Horsfall"). (PA X, 2298-2378; PA X 2379-2459.) Those subpoenas sought sensitive financial information of Front Sight. Front Sight filed

its Motion to Quash the subpoenas on October 29, 2019. (PA X, 2460-2478.) The matter came on for hearing on November 26, 2019. The district court formally entered an order denying Front Sight's motion to quash subpoenas to Bank of America and Lucas Horsfall on December 3, 2019. (PA XII, 2817-2822.) Thus, Defendants obtained all of Front Sight's bank statements and tax documents.

Defendants used that financial information in several motions and pleadings. First, on February 3, 2020, Defendants filed Oppositions to Jennifer Piazza's and the VNV Trusts' Motions for Summary Judgment, wherein Defendants listed information from Front Sight's tax returns and bank statements in support of allegations that Front Sight transferred funds to family trusts owned by Dr. Ignatius Piazza, Front Sight's principal.² (PA XIII, 3223-3239; PA XIII, 3240-3250; PA XIV 3251-3256.) In support of their Oppositions, Defendants attached portions of Front Sight's 2017 and 2018 federal tax returns. On February 11, 2020, Front Sight brought a Motion to Seal and/or Redact, seeking redaction of the portions of Defendants' Oppositions which referenced Front Sight's financial

² The district court ordered this document to be redacted after it was filed and version in Petitioner's Appendix replaced the previously-filed document. Front Sight has not included the Replies in support of the Motions for Summary Judgment in Petitioner's Appendix as they were filed under seal with the district court and because they are not essential to this writ petition.

information. (PA XIV, 3331-3348.) The district court granted Front Sight's Motion to Seal and/or Redact on March 2, 2020. (PA XIV, 3412-3416.)

Later, on April 3, 2020, Defendants brought a Motion for Leave to Amend the Countercomplaint, seeking to add a claim for Fraudulent Transfers under NRS 112. (PA XIV, 3442-3500; PA XV, 3501-3640.) Despite the district court's recent order, Defendants' Proposed Amended Countercomplaint again listed information taken directly from Front Sight's tax returns and bank statements. The parties resolved the dispute via a stipulation and order to redact portions of Defendants' Proposed Amended Countercomplaint; however, Defendants reserved the right to address the issue again with the district court. (PA XV, 3693-3750; PA XVI 3751-3891.)

On May 1, 2020, Defendants brought a Motion for Clarification seeking the district court's permission to disclose Front Sight's private financial information in the public domain in future motions and pleadings. (PA XVII, 4007-4016.) Front Sight filed its Opposition to Motion for Clarification on May 11, 2020. (PA XVII, 4017-4045.) On May 13, 2020, the district court granted Defendants' Motion for Clarification, mirroring its March 2019 Order allowing Defendants to publish Front Sight's private financial and tax information in motions or pleadings, but protecting from filing in the public domain the actual tax returns or bank

statements from whence that information came. The Order Granting Defendants' Motion for Clarification was entered on June 5, 2020. (PA XVIII, 4263-4268.)

The district court granted an oral motion to stay implementation of the order allowing disclosure of Front Sight's (and Dr. Piazza's) private financial information pending resolution of this writ petition by this Court. (PA XVIII, 4387-4389.)

Plaintiff respectfully asserts that the district court abused its discretion by permitting Defendants to disclose Front Sight's private tax and financial information in the public domain information for three reasons: (1) the text of S.C.R. 3(4) protects tax information and requires either redaction of pleadings or motions containing such information or filing of the same under seal; (2) Front Sight has a privacy interest in its tax and private financial information that outweighs the public's right to access to judicial documents; and (3) protecting the tax returns or bank statements from disclosure while allowing the information taken directly from the tax returns and bank statements to be disclosed publicly is arbitrary and a manifest abuse of discretion.

Accordingly, Front Sight now seeks a Writ of Prohibition preventing enforcement of that Order and a Writ of Mandamus directing the district court and Defendants to redact or seal all documents listing or containing Front Sight's

private financial and tax information pursuant to S.C.R. 3, including what has been disclosed in the past and in all pleadings moving forward.

D. Fraud Discovered During the Course of Litigation

Defendant Dziubla, who is the CEO of each entity Defendant, has admitted to numerous fraudulent misrepresentations, as well as destruction of evidence. Front Sight has compiled a chart of undisputed falsehoods and misrepresentations made by Defendants – and Defendant Dziubla in particular – in furtherance of their criminal scheme. (PA XII, 2875-3000; PA XIII, 3001-3080.)

E. Brief Procedural History

The motion practice in this case has been extensive and nearly every motion has been hotly contested. The district court has considered and decided numerous motions, many of which are not relevant to the substance of this writ petition. Those motions have included motions to dismiss, motions to compel, motions for sanctions, motions for protective orders, and many others. However, Front Sight will not provide a complete summary of the motion practice; but rather, a few of the most significant motions for purposes of this writ petition are mentioned here:

• On March 19, 2019, the district court granted in part and denied in part Plaintiff's Motion to Seal and or Redact Pleadings and Exhibits to Protect Confidential Information and Motion to Amend Paragraph 2.3 of Protective Order. (PA IV, 0876-0881.)

- On April 10, 2019, the district court denied Defendant Las Vegas Development Fund LLC's Motion for Appointment of a Receiver. (PA IV, 0893-0897.)
- On April 10, 2019, the district court granted in part and denied in part Plaintiff's Second Motion for Temporary Restraining Order and Setting Preliminary Injunction Hearing. (PA IV, 0898-0903.)
- On July 10, 2019, the district court denied Defendant Las Vegas Development Fund LLC's Motion for Appointment of a Special Master to Report to The Court Regarding Default Under the Construction Loan Agreement and Deed of Trust.
- On December 19, 2019, the district court denied Plaintiff's Motion to Quash Subpoenas to Third Parties Top Rank Builders, Morales Construction, and All American Concrete and Masonry. (PA XII, 2847-2853.)
- On December 6, 2019, the district court granted in part and denied in part Defendants' Motions to Quash Plaintiff's Subpoenas to Non-Parties Empyrean West, Jay Carter and David Keller. (PA XII, 2786-2793.)
- On December 6, 2019, the district court granted Defendants' Motions to Quash Plaintiff's Subpoenas to Wells Fargo Bank, Open Bank, Bank of

Hope, and Signature Bank (seeking financial information of Defendants). (PA XII, 2794-2800.)

- On December 6, 2019, the district court denied Plaintiff's Motion to Quash Subpoenas to Plaintiff's Motion to Quash Subpoenas to Bank of America, NA and Lucas Horsfall, Murphy Pindroh, LLP (allowing discovery by Defendants of essentially all of Front Sight's financial information). (PA XII, 2817-2822.)
- On January 23, 2020, the district court denied Defendant Las Vegas Development Fund LLC's Motion to Dissolve Temporary Restraining Order and to Appoint a Receiver. (PA XIII, 3081-3091.)

VI.

REASONS WHY WRITS SHOULD ISSUE

A. Writ Relief Is Warranted

Front Sight acknowledges that, "[g]enerally, extraordinary writs are not available to review discovery orders." Clark County Liquor & Gambling Lic. Bd. v. Clark, 102 Nev. 654, 730 P.2d 443 (1986) (citing Franklin v. District Court, 85 Nev. 401, 455 P.2d 919 (1969), abrogated on other grounds as stated in State v. Loyle, 101 Nev. 65, 692 P.2d 516 (1985); Mears v. State, 83 Nev. 3, 422 P.2d 230 (1967); Pinana v. District Court, 75 Nev. 74, 334 P.2d 843 (1959)). But see Valley Health Sys. LLC v. Eighth Judicial Dist. Court, 127 Nev. 167, 170-71, 252

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P.3d 676, 678-79 (Nev. 2011) (citing Wardleigh v. District Court, 111 Nev. 345, 350-51, 891 P.2d 1180, 1183 (1995) (acknowledging that some circumstances warrant an exception to this general rule). However, this Court has previously issued writs of mandamus compelling a district court to vacate a discovery order under certain circumstances. See Clark v. District Court, 101 Nev. 58, 64-65, 692 P.2d 512, 516 (1985) (writ of mandamus issued upon finding that district court had exceeded its jurisdiction in ordering production and disclosure of privileged information); see also Schlatter v. District Court, 93 Nev. 189, 192, 561 P.2d 1342, 1343-44 (1977) (writ issued upon finding that district court had exceeded its jurisdiction in ordering discovery of irrelevant matter); see also Venetian Casino Resort, LLC v. Dist. Ct. (Sekera), 136 Nev. Adv. Op. No. 26, May 14, 2020 (writ of mandamus issued upon a finding that the district court erred in denying the Venetian's motion for a protective order regarding incident reports of prior similar injuries without conducting an analysis of proportionality of the discovery sought). Indeed, "there are occasions where, in the absence of writ relief, the resulting prejudice would not only be irreparable, but of a magnitude that could require the imposition of such drastic remedies as dismissal with prejudice or other similar sanctions." Wardleigh v. Second Judicial Court, 111 Nev. 345, 351,

law is available, this Court nevertheless exercises its discretion to entertain a

891 P.2d 1180, 1184 (1995). And sometimes, even when an adequate remedy at

petition for extraordinary relief in the interest of judicial economy and efficiency, see, e.g., In re Citycenter Constr. Litig., 2011 Nev. Unpub. LEXIS 1307, 2011 WL 5847207 (Nev. 2011), or where urgency or necessity warrant the granting of extraordinary relief, see Ashokan v. State, Dep't of Ins., 109 Nev. 662, 856 P.2d 244 (1993) (citing Nev. Const. Art. 6, §4; Jeep Corp v. District Court, 98 Nev. 440, 443, 652 P.2s 1183, 1185 (1982)) (showing that despite the availability of an adequate legal remedy, the Supreme Court may "exercise its constitutional prerogative to entertain" a writ petition where circumstances reveal urgency and necessity).

Mandamus will lie to control discretionary action where the district court manifestly abuses its discretion. *See Round Hill Gen. Imp. Dist. v. Newman*, 97 Nev. 601, 603-04, 637 P.2d 534, 536 (1981). When the relief sought is the prevention of improper discovery, the appropriate remedy is a writ of prohibition, rather than a writ of mandamus. *Wardleigh*, 111 Nev. at 350.

Front Sight acknowledges that whether to entertain a petition for extraordinary writ relief lies within this Court's discretion. *See Clark County Liquor and Gambling Lic. Bd.*, 102 Nev. 654, 730 P.2d 443 (1986); *supra*.

This case requires the issuance of two extraordinary writs – mandamus and prohibition. Regarding the writ of <u>prohibition</u> to stop the disclosure of Front Sight's bank and tax records, a writ of prohibition should issue because the district

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court manifestly abused its discretion and exceeded its jurisdiction in ordering disclosure of privileged tax information (tax returns) and irrelevant financial materials. See Clark v. District Court, 101 Nev. 58, 692 P.2d 512 (1985); Schlatter v. District Court, 93 Nev. 189, 561 P.2d 1342 (1977). Moreover, Defendants already have a significant amount of financial information, which they obtained by fraudulently inducing Front Sight into entering into the Construction Loan Agreement and through sweeping, scorched-earth discovery requests. Defendants have filed portions of Front Sight's tax returns - which contain ostensibly private information – in publicly available pleadings. (PA IV, 0876-0881.) Defendants have stated publicly that their intended purpose is to take over Front Sight's property and its project. (PA V, 1237.) The information the district court is allowing Defendants to disclose is not relevant to any issue in the case – the district court has already found that Front Sight proved it spent the money it borrowed appropriately, and that Front Sight spent more on the project than it borrowed from Defendants. (PA XIII, 3081-3091.) Moreover, neither Defendants nor the district court have offered a valid reason why Front Sight's private financial information cannot be redacted, or how redactions would prejudice Defendants. Defendants must be stopped from publishing even more of Front Sight's financial information.

Additionally, as for the writ of <u>mandamus</u>, several of the elements listed above apply – judicial economy, efficiency, urgency, and the potential for irreparable harm. There are three reasons why the district court erred in granting Defendants' Motion for Clarification: (1) the text of S.C.R. 3 protects tax information and requires either redaction of pleadings or motions containing such information or filing of the same under seal; (2) Front Sight has a privacy interest in its tax and private financial information that outweighs the public's right to access to judicial documents; and (3) protecting the tax returns or bank statements from disclosure while allowing the information taken directly from the tax returns and bank statements to be disclosed publicly is arbitrary and a manifest abuse of discretion.

Consequently, Front Sight seeks the issuance of a writ of <u>mandamus</u> and/or <u>prohibition</u> that vacates the Order Granting Defendants' Motion for Clarification and prevents Defendants from further disclosing any of Front Sight private tax and financial information in the public domain in the future.

B. Petitioner Seeks a Writ of Mandamus and/or Prohibition that Vacates the District Court's Order Granting Defendants' Motion for Clarification and Preventing Defendants from Publishing Front Sight's Tax and Financial Information in the Future

This Court should issue a writ of mandamus and/or prohibition preventing enforcement of and vacating the district court's Order Granting Defendants'

Motion for Clarification because (1) Supreme Court Rule 3(4) requires redaction or sealing of papers that contain tax records; (2) the public has no interest in discovering Front Sight's private tax and financial information because it is a private limited liability company; (3) the district court's ruling defeats the policy behind S.C.R 3(4); (4) Defendants' only seek to publish Front Sight's financial information to harass Front Sight; and (5) Front Sight's financial information is not relevant in light of the district court's prior findings.

1. <u>S.C.R. 3 Requires Redaction or Sealing of Pleadings or Motions</u> <u>Containing Tax Records as a Matter of Law</u>

Nevada Supreme Court Rules, Part VII, pertain to the sealing and redacting Court records. Pursuant to Rule 3(4):

The court may order the court files and records, or any part thereof, in a civil action to be sealed or redacted, provided the court makes and enters written findings that the specific sealing or redaction is justified by identified compelling privacy or safety interests that outweigh the public interest in access to the court record. The parties' agreement alone does not constitute a sufficient basis for the court to seal or redact court records....

Rule 3(4) also sets forth eight specific instances that warrant the sealing of records; four are listed here:

- (b) The sealing or redaction furthers an order entered under NRCP 12(f) or JCRCP 12(f) or a protective order entered under NRCP 26(c) or JCRCP 12(c);
- (f) The sealing or redaction includes medical, mental health, or tax records;

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- The sealing or redaction is necessary to protect intellectual (g) proprietary or property interests such as trade secrets as defined in NRS 600A.030(5);
- The sealing or redaction is justified or required by another identified compelling circumstance.

By the very letter of Supreme Court Rule 3, Front Sight's tax and financial information must be sealed or redacted as a matter of law. The information that Defendants seek to publish in motions and pleadings comes from either Front Sight's tax returns or Front Sight's bank statements. Pursuant to S.C.R. 3.4(f), Defendants must seal any information derived from Front Sight's tax returns. Pursuant to S.C.R. 3.4(b), Defendants must seal any information obtained within discovery because it is covered by the Protective Order in this matter.

2. The Public Has No Interest in Front Sight's Financial Information

Nevada Courts have recognized a presumption favoring public access to judicial documents and records. Howard v. State, 128 Nev. 736, 747, 291 P.3d 137, 144 (2012). However, the public right to access to judicial documents is not without limit where the countervailing private interests outweigh the public's right to access judicial records. Minter v. Wells Fargo Bank, N.A., 258 F.R.D. 118, 120-21 (D. Md. 2009). Curiosity or idle speculation does not support the public right to access to judicial documents. Holcombe v. State, 240 Ala. 590, 200 So. 739, 746 (Ala. 1941). "The judicial records of the state should always be

accessible to the people for all proper purposes....but they should not be used to gratify private spite or promote public scandal." *In re Caswell*, 18 R.I. 835, 836, 29 A. 259 (1893). "No person has the right to demand inspection of public records to satisfy idle curiosity or for the purpose of creating a public scandal." *City of St. Matthews v. Voice of St. Matthews, Inc.*, 519 S.W.2d 811, 815 (Ky. 1974). Defendants' only purpose in publishing Front Sight's private tax and financial information is to "gratify [Defendants'] spite."

Here, the general public has no interest in Front Sight's private tax and financial information. The claims of this lawsuit have no bearing on any legitimate public interest. The dispute at hand is a business dispute between four individuals (Dziubla, Fleming, Stanwood and Dr. Piazza) and the entities owned by those individuals. Moreover, Front Sight's financial and tax information is essentially Dr. Piazza's financial and tax information, as Front Sight is whollyowned by Dr. Piazza. Publishing Dr. Piazza's personal financial information serves no other purpose but to "gratify [Defendants'] spite and promote public scandal." This dispute between private parties does not warrant dissemination of Front Sight's private financial information to the general public where Front Sight is not a public company, does not sell securities to the public at large, and only operates in the very limited niche market of firearms training.

3. The District Court Abused Its Discretion by Allowing Defendants to Publish Front Sight's Financial Information Without Redaction

On May 13, 2020, the district court held that Defendants must file Front Sight's tax returns or bank statements under seal, but may use information therefrom in pleadings and/or motions without redaction. (PA XVIII, 4263-4268.) This is a manifest abuse of discretion pursuant to S.C.R. 3.4(f). The district court seems to take an overly literal reading of S.C.R. 3.4(f), holding that tax records themselves must be sealed, but the information contained in the records is fair game for publication. Yet, this interpretation ignores the spirit of the rule. There is no reason to redact tax records if the information therein can be quoted without redaction verbatim in any motion or pleading. The district court's ruling defeats the spirit of SCR 3(4) and renders it meaningless.

4. <u>Defendants Only Seek to Publish Front Sight's Private Financial</u> <u>Information to Harass Front Sight</u>

Defendants cited the public's right to transparency as their primary rationale for publishing Front Sight's tax and financial information without redaction. (PA XVII, 4007-4016.) They state that the general public should know that the Piazzas allegedly diverted investor funds to the VNV Trusts for personal use. (PA XVII, 4007-4016.) Not only is this statement false, openly controverted by the district court's explicit findings, and made without one shred of actual evidence, Defendants do not have a right to publish Front Sight's financial information to

paint it in a false light. Defendants only selectively present Front Sight's financial information to support their narrative that Front Sight is allegedly insolvent and has transferred funds to the VNV Trusts. Moreover, as a lender, LVDF and its agents must protect Front Sight's financial information. In Valley Bank of Nevada v. Superior Court, 542 P.2d 977 (Cal. 1975), the California Supreme Court noted that "a bank customer's reasonable expectation is that, absent compulsion by legal process, the matters he reveals to the bank will be utilized by the bank only for internal banking purposes." Id. at 979. (Underline emphasis added, italics in Valley Bank.) "Similarly, it is the general rule in other jurisdictions that a bank impliedly agrees not to divulge confidential information without the customer's consent unless compelled by court order." Id. (Internal citations omitted.) That court went on to state: "the bank must take reasonable steps to notify its customer of the pendency and nature of the proceedings and to afford the customer a fair opportunity to assert his interests by objecting to disclosure, by seeking an appropriate protective order, or by instituting other legal proceedings to limit the scope or nature of the matters sought to be discovered." Id. at 980. As a lender, LVDF and its agents, have an inherent duty to protect Front Sight's information not to disclose it to the world.

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5. <u>Defendants' Fraudulent Transfer and Fraud Claims Are Meritless</u>
<u>Because the District Court Made a Finding that Front Sight Spent</u>
More on Construction Than It Received in Loan Proceeds

On January 23, 2020, this Court made a finding that Front Sight spent far more on the project than LVDF loaned in EB-5 proceeds. (PA XIII, 3081-3091.) Therein the Court stated:

Based upon this *uncontroverted evidence*, the Court finds Front Sight's expenses on the Project *far exceed* the amount of the loan from Defendant LVDF.

. . . .

Regarding alleged Breach #1, the Court concludes that Front Sight's expenses on the Project far exceed the amount of the loan from Defendant LVDF has *Defendant LVDF's assertion that Front Sight improperly used loan proceeds is without merit*, and consequently, LVDF has failed to establish an alleged breach.

(PA XIII, 3089-3090 (emphasis added).) The Court has already made this finding, and although the district court later stated that the finding was preliminary, Defendants still have not – and cannot – refute the evidence that has already been admitted during the evidentiary hearing in the case. There is no evidence that Front Sight transferred EB-5 loan proceeds to the Dynasty Trusts – indeed, despite producing tens of thousands of pages of documents, Defendants cannot and have not pointed to a single one that shows any sort of impropriety on the part of Front Sight. No expert has supported that contention, and the Court specifically found that Defendants' very assertion that Front Sight misused loan proceeds is without merit. Therefore, Defendants have no reason to reference specific transfers from

Front Sight to the Dynasty Trusts. Front Sight's private tax and financial information is not relevant in this matter.

The writ of mandamus and/or prohibition sought by Front Sight should be granted, vacating the district court's Order Granting Defendants' Motion for Clarification, requiring all information sourced from Front Sight's tax returns and bank records to be redacted and/or sealed, and preventing Defendants from further publication of Front Sight's financial and tax information in the future.

VII.

TIMING OF WRIT PETITION

Extraordinary writ relief must be timely sought. *Moseley v. Eighth Jud. Dist. Ct.*, 124 Nev. 654, 188 P.3d. 1136 (2008). Notice of entry of the order at issue in this matter was filed on June 5, 2020. This petition is timely.

DATED this 11th day of September, 2020.

ALDRICH LAW FIRM, LTD.

/s/ John P. Aldrich
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VERIFICATION

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STATE OF NEVADA) ss.
COUNTY OF CLARK)

John P. Aldrich, being first duly sworn, deposes and says:

- 1. I am over the age of 18 years and am personally familiar with the facts stated in this Verification. Pursuant to NRAP 21(a)(5), NRS 15.010 and NRS 34.170, I am counsel of record for Petitioner Front Sight Management, LLC. I know the contents of this writ petition.
- 2. The facts stated in this writ petition are true and correct to the best of my knowledge or based on information and belief. The relevant facts are drawn from the proceedings before the district court and therefore are within my knowledge as counsel for Petitioner Front Sight Management, LLC.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge.

DATED this 11th day of September, 2020.

/s/ John P. Aldrich John P. Aldrich, Esq.

CERTIFICATE OF COMPLIANCE

I hereby certify that this brief complies with the formatting requirements of NRAP 32(a)(4), the typeface requirements of NRAP 32(a)(5) and the type of style requirements of NRAP 32(a)(6) because: This brief has been prepared in a proportionately spaced typeface using Microsoft Word in 14-point double-spaced Times New Roman font. I further certify that this brief complies with the page-or type-volume limitations of NRAP 32(a)(7) because, excluding the parts of the brief exempted by NRAP 32(a)(7)(C), it is proportionately spaced, has a typeface of 14 points and contains 6,943 words.

Finally, I hereby certify that I have read this appellate brief, and to the best of my knowledge, information, and belief, it is not frivolous or interposed for any improper purpose. I further certify that this brief complies with all applicable Nevada Rules of Appellate Procedure, in particular NRAP 28(e)(1), which requires every assertion in the brief regarding matters in the record to be supported by a reference to the page and volume number, if any, of the transcript or appendix where the matter relied on is to be found. I understand that I may be

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subject to sanction in the event that the accompanying brief is not in conformity with the requirements of the Nevada Rules of Appellate Procedure.

DATED this 11th day of September, 2020.

ALDRICH LAW FIRM, LTD.

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 11th day of September, 2020, I served a copy of **PETITION FOR WRIT OF MANDAMUS, OR ALTERNATIVELY**,

PROHIBITION by electronic case filing and service through the Nevada

Supreme Court's e-filing service, to the following persons:

Andrea Champion, Esq. 8984 Spanish Ridge Avenue Las Vegas, Nevada 89148 Attorney for Real Parties in Interest/Defendants

In addition, in compliance with NRAP 21(a)(1), a copy of this Petition for Extraordinary Writ Relief will be emailed to the chambers of the Honorable Timothy Williams, District Judge on September 12, 2020.

/s/ T. Bixenmann
An employee of Aldrich Law Firm, Ltd.