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 and Plan Proponent

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

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

Case No. 22-11824-abl
 Chapter 11
Plan Objection Deadline: 5:00 p.m. PST on ____, 2022
Ballot Deadline: 5:00 p.m. PST on ____, 2022

Disclosure Statement Hearing:
Hearing Date: September 1, 2022
Hearing Time: 9:30 a.m.

Plan Confirmation Hearing:
Hearing Date: To Be Set
Hearing Time: To Be Set

23 **DISCLOSURE STATEMENT DESCRIBING DEBTOR’S CHAPTER 11**
 24 **PLAN OF REORGANIZATION DATED JULY 15, 2022**
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1 **Front Sight Management LLC (the “Debtor”) is still in the process of (i) negotiating with
2 various creditors and parties interest as to the terms of the plan and disclosure statement, and (ii)
3 determining membership terms for its business going forward. The bar date for filings claims in this
4 case has also not yet passed which also will affect the terms of the Debtor’s plan. The Debtor will
5 be filing an amended disclosure statement and plan on or before August 4, 2022 that includes more
6 detailed information and financial projections. The Debtor reserves the right to make further
7 amendments and modifications.

8 **THE DEBTOR HAS NOT AUTHORIZED ANY ENTITY TO GIVE ANY**
9 **INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH**
10 **IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR HAS NOT**
11 **AUTHORIZED ANY REPRESENTATION CONCERNING THE DEBTOR, THE VALUE**
12 **OF ITS PROPERTY OR THE TERMS OF ITS ONGOING MEMBERSHIP AGREEMENTS**
13 **OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.**

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I. INTRODUCTION

1
2 Front Sight Management LLC (the “Debtor” or “Front Sight”) is the chapter 11 debtor in
3 possession in the above-captioned chapter 11 bankruptcy case. On May 24, 2022, the Debtor
4 commenced its bankruptcy case by filing a voluntary petition under chapter 11 of the United States
5 Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the “Bankruptcy Code”). This case is pending before
6 the Honorable August B. Landis, Chief United States Bankruptcy Judge for the District of Nevada
7 (the “Court”). This document is the Debtor’s disclosure statement (as may be further amended or
8 modified, the “Disclosure Statement”) which describes the Debtor’s *Plan of Reorganization Dated*
9 *July 15, 2022* (as may be further amended or modified, the “Plan”).

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

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

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

21 The Plan described in this Disclosure Statement is a reorganizing plan. The Plan described in
22 this Disclosure Statement provides for the Debtor’s emergence from its chapter 11 case, which the
23 Debtor anticipates will occur in November 2022. Under the Plan, the Debtor will satisfy its debt and
24 other claims as set forth in Article IV below and implement a recapitalization with approximately
25

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

1 \$[Still Being Negotiated] million to \$__ million of new capital. The Plan described below has been
2 designed to position the Reorganized Debtor to succeed.

3 After confirmation of the Plan, the Reorganized Debtor will continue operating its business
4 as a world class firearms training center located in Nye County, Nevada. Through its chapter 11
5 reorganization and the Plan, the Debtor has modified the terms of its membership agreements, which
6 is set forth more in Article ____ below.

7 There are __ primary groups of creditor claims in this case consisting of: (i) priority tax and
8 employee claims; (ii) the claims of the Debtor's pre-petition secured creditors (i.e., creditors who
9 have a lien against certain of the Debtor's assets as collateral for their claims); (iii) the claim of the
10 Debtor's post-petition lender who holds a first priority lien in substantially all of the Debtor's assets;
11 (iv) the claims of the Debtor's non-priority general unsecured creditors; and (v) general unsecured
12 claims held by certain of the Debtor's members/customers.

13 The following is a summary of the Plan:

14 1. Recapitalization: The Plan provides for a recapitalization as follows: (a) \$5 million of
15 presently available New Secured Debt through a conventional loan and/or credit facility which will
16 have a first priority lien against substantially all of the Reorganized Debtor's assets; and (b) a
17 \$_____ ² contribution from the Debtor's founder, manager and Chief Executive Officer Ignatius
18 Piazza in exchange for retaining the same equity ownership as pre-petition (i.e., Dr. Piazza will own
19 1% voting membership units of the Debtor, VNV Dynasty Trust – FS I will own 49.5% of non-
20 voting membership units of the Debtor and VNV Dynasty Trust – FS II will own 49.% non-voting
21 membership units of the Debtor). The \$__ million will be used to, among other things, fund certain
22 Plan payments on or around the Effective Date and provide the Reorganized Debtor with sufficient
23 working capital.

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27 _____
28 ² The Debtor is awaiting the result of the Committee's investigation of any potential avoidance
actions and at that point the Debtor will attempt to reach a consensual resolution as to the
appropriate contribution from the Debtor's principal.

2. The Plan segregates Claims³ into Classes and treats them as summarized immediately below, which summaries are subject to the provisions specified in Article IV below and in Article III of the Plan. The following is a summary of the Plan:

Class No.	Description	Estimated Amount or Value of Claims as of the Effective Date	Estimated Projected Payment / Treatment for Allowed Claims
N/A	Administrative Claims (Professional Fees)	Approximately \$_____	Full payment, subject to Bankruptcy Court approval as may be required, except as otherwise agreed by such Professionals.
N/A	Administrative Claims (Incurred in the Ordinary Course of Business)	Approximately \$_____	Allowed Administrative Claims representing post-Petition Date liabilities incurred by the Debtor in the ordinary course of business, for which no approval by the Bankruptcy Court is required, shall be paid in full in accordance with the terms and conditions of the particular transaction giving rise to such liabilities and any agreements relating thereto.
N/A	Priority Tax Claims	\$500	If there are any Allowed Priority Tax Claims on the Effective Date, full payment consistent with Bankruptcy Code section 1129(a)(9)(C).
1	The secured claim of post-petition lender FS DIP LLC ("FS DIP") Collateral Description: 1 st Priority Lien on substantially all assets of the Debtor's Estate [except as set forth in ECF No. 288].	Approximately \$5.1 million	The FS DIP Secured Claim will be paid in full on the Effective Date. Unimpaired. This Class 1 Claim is a Secured Claim and will be paid in full on the Effective Date. Presumed to accept the Plan and not entitled to vote.
2	Secured claim of Las Vegas Development Fund, LLC ("LVDF") Collateral Description: Real property located at 1 Front Sight Road, Pahrump, NV 89061 ("Front Sight Property") Interest rate: Non-Default – 6%	\$11,233,878.47 with interest, costs and attorneys' fees accruing. [Pursuant to ECF No. 35, 6:2-3] \$_____ Pursuant to the order estimating the claim motion. Debtor has pending litigation against LVDF, and is filing an objection to claim and claim estimation motion].	LVDF has not yet filed a proof of claim in the Debtor's bankruptcy case but has asserted what it alleges it is owed in multiple Court pleadings, and there is pending litigation between the Debtor and LVDF. The Debtor will shortly file an objection to LVDF's claim and a motion to estimate LVDF's claim for Plan confirmation purposes. <u>Treatment:</u>

³ Any capitalized term not yet defined will be defined in Article II of this Disclosure Statement.

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Class No.	Description	Estimated Amount or Value of Claims as of the Effective Date	Estimated Projected Payment / Treatment for Allowed Claims
	<p>Maturity Date – October 4, 2021</p> <p>*Debtor has a pending action against LVDF and affiliates</p>		<p>The Reorganized Debtor will make quarterly payments of \$_____ to LVDF (calculated at the non-default rate of 6% set forth in the underlying loan documents on an estimated claim amount of \$__ million). These payments are subject to turnover if LVDF’s allowed claim is less than what is paid to LVDF under the terms of this Plan.</p> <p>Payment Start Date: _____</p> <p>Lien: LVDF shall retain its second priority lien against the Front Sight Property (behind only the New Secured Debt in an amount not to exceed \$5.5 million).</p> <p>New Maturity Date: Estimated at 4 years from the Effective Date. To the extent that LVDF has not been paid in full on its allowed secured claim, if any, after 4 years of quarterly payments to LVDF, LVDF shall receive a lump sum payment of the balance of its allowed claim on or before the date that is estimated to be 4 years after the Effective Date.</p> <p>EB5 Related Obligations: The Debtor shall have no further EB5 Related Obligations.</p> <p>Such treatment shall be in full and complete satisfaction of the Class 2 claim. The Debtor shall have no other obligations under the requisite loan agreements.</p> <p>Alternative Treatment / Mutual Settlement of Claims:</p> <p>As an alternative to the treatment of the Class 2 claim set forth above, the Debtor would resolve all claims and disputes by and among the Class 2 claimant and its affiliates as follows:</p> <p>\$__ million allowed secured claim to be paid as follows: (a) ___ paid to LVDF within 10 days of the Effective Date; (b) quarterly payments of \$_____ at 6% interest in ; and (c) lump sum payment of \$_____ [unknown] years from the Effective Date.</p> <p>If accepted by the Class 2 claimant and its affiliates, such treatment shall be in full and complete satisfaction of the</p>

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Class No.	Description	Estimated Amount or Value of Claims as of the Effective Date	Estimated Projected Payment / Treatment for Allowed Claims
			<p>Class 2 claim and shall compromise and fully resolve and settle all claims by and against the Debtor and its officer, members and affiliates, on the one hand, and the Class 2 claimant and its officers, managers and affiliates, on the other hand.</p> <p>The Debtor reserves the right to withdraw the proposed compromise of claims and disputes with the Class 2 claimant at any time prior to acceptance in a writing executed by the Class 2 claimant and all parties to the LVDF Litigation.</p> <p>This proposed compromise with the Class 2 claimant and the alternative treatment under the Plan is subject to approval under Bankruptcy Rule 9019 and confirmation of the Plan.</p> <p>Impaired; Entitled to Vote</p> <p>This Claim is Disputed – Debtor to Object to Claim and file a motion to estimate the claim.</p>
3	<p>Secured claim of Michael Meacher dba Bankgroup Financial Services</p> <p>Collateral Description: Certain of the Debtor's firearms</p> <p>Value of Collateral: Approximately \$214,569 book value of collateral set forth in the Bankgroup UCC financing statement filed March 22, 2021</p>	<p>[To Be Determined]</p> <p>Former insider.</p>	<p>The Debtor disputes the validity of this claim and is filing an objection to claim and a claim estimation motion. The Debtor believes that the Class 3 claimant's security interest is avoidable as a fraudulent transfer.</p> <p>Proposed Treatment:</p> <p>Upon resolution of the objection to claim, if the Class 3 claimant has an allowed secured claim, such claim shall be paid in full over four years, with payments commencing after payment in full of the New Secured Debt and any allowed Class 2 secured claim.</p> <p>Alternative Treatment / Mutual Settlement of Claims:</p> <p>As an alternative to the treatment of the Class 3 claim set forth above, the Debtor would resolve all claims and disputes with the Class 3 claimant and its affiliates as follows:</p> <p>Treatment:</p> <p>Debtor will assume the supplemental agreement amended as follows: Section 3 (a) and 3 (b) are replaced and superseded with the following</p>

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Class No.	Description	Estimated Amount or Value of Claims as of the Effective Date	Estimated Projected Payment / Treatment for Allowed Claims
			language: Claimant will have an allowed secured claim, secured only by its existing collateral, in the amount of \$_____. Claimant will receive_____. This proposed compromise with the Class 3 claimant and the alternative treatment under the Plan is subject to approval under Bankruptcy Rule 9019 and confirmation of the Plan. Impaired; Entitled to Vote This Claim is Disputed – Debtor to Object to Claim and file a motion to estimate the claim.
4	M2 EPC Mechanics Lien	\$110,000 secured claim as of the Petition Date.	The Class 4 claim will be paid in monthly installments of \$10,000 commencing February 1, 2023 until paid in full. Payment start date – February 1, 2023 Payment end date – December 1, 2023 Impaired; Entitled to Vote
5	Top Rank Builders / Morales Construction Mechanics Lien	\$15,000 secured claim as of the Petition Date.	The Class 5 claim will be paid in three quarterly installments of \$5,000. Payment start date – April 1, 2023 Payment end date – June 1, 2023 Impaired; Entitled to Vote
6	Employee Wage Claim	\$8,758.99	Paid in full within 12 months of the Effective Date. Impaired; Entitled to Vote
7	Champions Club Member and Platinum Member General Unsecured Claims	As of the Petition Date, Champions Club Members held \$5,671,709 in unsecured claims, and Platinum Members were owed \$880,000	Class 7 claimants who remain active members of Front Sight have the option of choosing the following treatment: Option 1: Class 7 Claimants can choose to participate in go forward membership program [to be described in amended Plan filed by August 4, 2022] Option 2: Class 7 claimants can choose to be treated as Class 7 general unsecured claimants. Option 3: Class 7 claimants can choose to accept no recovery on their claim. Impaired; Entitled to Vote

Class No.	Description	Estimated Amount or Value of Claims as of the Effective Date	Estimated Projected Payment / Treatment for Allowed Claims
8	All Other General Unsecured Claims	<p>Approximately \$4 million to \$20 million plus. (This number is subject to change as follows: (a) the bar date is not until August 8, 2022; (b) the amount of Class 7 claimants who choose to receive treatment under Class 8; (c) the resolution of objections to Disputed Claims; and (d) the amount of rejection damages claims asserted by members who do not choose to remain active or inactive members of Front Sight.)</p> <p>Currently, the total amount of unsecured claims scheduled and filed against the Debtor is over \$25 million. This number is grossly inflated due to several claims including one \$21 million claim asserted by a former member who was terminated prepetition and who was refunded in full for all amounts he paid for his membership.</p>	<p>Holders of Class 8 Allowed General Unsecured Claims shall receive their pro rata share of \$500,000 within 45 days of the Effective Date (or as soon as practicable thereafter).</p> <p>Holders of Class 8 Allowed General Unsecured Claims will also receive a pro rata distribution of the Debtor’s net operating cash flow once the New Secured Debt, Class 2 allowed secured claim (if any), Class 3 allowed secured claim (if any), Class 4 allowed secured claim and Class 5 allowed secured claim have been paid in full (estimated to be paid in year ___ in the amount of at least \$ ___ million).</p> <p>Estimated recovery: At least ___% and up to ___% of their Allowed General Unsecured Claim.</p> <p>The foregoing treatment is in full settlement and satisfaction of all obligations of the Debtor to holders of Claims in Class 8.</p> <p>Impaired; Entitled to Vote</p>
9	Equity Interests of Ignatius Piazza (1% Voting), VNV Dynasty Trust – FS I (49.5% Non-Voting) and VNV Dynasty Trust – FS II (49.5% Non-Voting)	The Debtor’s current equity holders who collectively own 100% of the Debtor.	<p>As set forth more fully in Section IV.D.3 below, the Debtor’s equity holders will keep their respective equity interests.</p> <p>Dr. Piazza will contribute \$ _____ to the Debtor (to be paid to his counsel’s trust account or Debtor’s counsel’s trust account at least five business days prior to the Plan confirmation hearing.) Dr. Piazza also waives any right that he has for unpaid salary prepetition or post-petition (Dr. Piazza has not received a salary from the Debtor since _____). Collectively, all of Dr. Piazza’s contributions are referred to as the “New Value Contribution”).</p> <p>In exchange for the New Value Contribution, any claim the estate may have against its equity holders will be waived as of the Effective Date.</p> <p>Not Impaired. Not Entitled to Vote</p>

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

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

5 **READ THIS DISCLOSURE STATEMENT CAREFULLY IF YOU WANT TO**
6 **KNOW ABOUT:**

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

17 This Disclosure Statement cannot tell you everything about your rights. The Debtor's
18 counsel cannot tell you about your rights or offer any advice. You are strongly encouraged to
19 consult your own lawyer to obtain more specific advice on how the Plan will affect you and what is
20 the best course of action for you. This Disclosure Statement may not be relied on for any purpose
21 other than to determine whether to vote to accept or reject the Plan.

22 Be sure to read the Plan as well as this Disclosure Statement. If there are any inconsistencies
23 between the Plan and this Disclosure Statement, the Plan provisions will govern.

24 The Bankruptcy Code requires a Disclosure Statement to contain "adequate information"
25 concerning the Plan. The Bankruptcy Court has approved this document on a conditional basis as an
26 adequate Disclosure Statement, containing enough information to enable parties affected by the Plan
27 to make an informed judgment about the Plan. Any party can now solicit votes for or against the
28 Plan.

1 **THE DEBTOR HAS NOT AUTHORIZED ANY ENTITY TO GIVE ANY**
2 **INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH**
3 **IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR HAS NOT**
4 **AUTHORIZED ANY REPRESENTATION CONCERNING THE DEBTOR, THE VALUE**
5 **OF ITS PROPERTY OR THE TERMS OF ITS ONGOING MEMBERSHIP AGREEMENTS**
6 **OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.**

7 **B. Purpose and Effect of Plan.**

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

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

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

24 A summary of the Classes of Claims and Equity Interests, as well as their treatment under the
25 Plan, is set forth above. A more detailed description of the Classes of Claims against the Debtor
26 created under the Plan, the treatment of those Classes under the Plan and the property to be
27 distributed under the Plan is described in Section IV below and in Section III of the Plan.
28

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

THE BANKRUPTCY COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN ARE NOT YET BINDING ON ANYONE. HOWEVER, IF THE BANKRUPTCY COURT LATER CONFIRMS THE PLAN, THEN THE PLAN WILL BE BINDING ON ALL CREDITORS, INTEREST HOLDERS AND PARTIES IN INTEREST IN THIS CASE.

1. Time and Place of the Plan Confirmation Hearing

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

2. Deadline for Voting For or Against the Plan

If you are entitled to vote, it is in your best interest to timely vote on the enclosed ballot (“Ballot”) and return the Ballot via U.S. Mail, personal delivery, overnight mail or electronically to:
Front Sight Management LLC Ballot Processing
C/O Stretto
410 Exchange, Suite 100
Irvine, CA 92602
<https://balloting.stretto.com/>

Your Ballot must be received by 10:00 p.m. Pacific time on _____, 2022 or it will not be counted.

3. Deadline for Objecting to the Confirmation of the Plan

Objections to the Confirmation of the Plan must, by **10:00 p.m. Pacific time, on _____, 2022**, be filed with the Bankruptcy Court and served upon the following:

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

Front Sight Management LLC
1 Front Sight Road
Pahrump, NV 89061

Counsel for the Debtor

Susan K. Sefflin
BG Law LLP
300 S. 4th Street, Suite 1550
Las Vegas, NV 89101
Fax: (866) 995-0215
Email: ssefflin@bg.law

Counsel for the Committee

Robert LeHane
Kelley Drye & Warren LLP
3 World Trade Center
175 Greenwich Street
New York, NY 10007
Fax: (212) 808-7897
Email: rlehane@kellydrye.com

Office of the United States Trustee

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

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

Any interested party desiring further contact information about the Plan should contact Susan K. Sefflin, Esq., of BG Law LLP, 300 S. 4th Street, Suite 1550, Las Vegas, Nevada 89101, Phone: (702) 835-0800, Email: ssefflin@bg.law.

E. Disclaimer.

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

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

THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE A CAREFUL AND DETAILED REVIEW OF THE PLAN BY EACH HOLDER OF A CLAIM OR INTEREST. THIS DISCLOSURE STATEMENT IS INTENDED TO AID AND SUPPLEMENT SUCH REVIEW. THIS DISCLOSURE STATEMENT IS QUALIFIED IN

1 **ITS ENTIRETY BY REFERENCE TO THE PLAN. THE PLAN IS THE OPERATIVE**
2 **CONTROLLING LEGAL DOCUMENT. AS SUCH, IF THERE IS ANY INCONSISTENCY**
3 **BETWEEN THE TERMS AND PROVISIONS OF THIS DISCLOSURE STATEMENT AND**
4 **THE PLAN, THEN THE TERMS AND PROVISIONS OF THE PLAN SHALL CONTROL.**
5 **NEITHER THE PLAN, NOR THE DISCLOSURE STATEMENT, SHOULD BE**
6 **CONSTRUED AS LEGAL, BUSINESS OR TAX ADVICE FROM THE DEBTOR OR ITS**
7 **COUNSEL.**

8 **BG LAW LLP COMMENCED REPRESENTATION AS GENERAL**
9 **RESTRUCTURING COUNSEL TO THE DEBTOR IN APRIL OF 2022 AND HAS RELIED**
10 **UPON INFORMATION DEVELOPED SINCE THEN IN CONNECTION WITH THE**
11 **PREPARATION OF THIS DISCLOSURE STATEMENT. PROVINCE, LLC WAS**
12 **RETAINED AS FINANCIAL ADVISOR FOR THE COMPANY IN APRIL OF 2022 AND**
13 **HAS RELIED UPON INFORMATION RECEIVED FROM THE DEBTOR TO PREPARE**
14 **THE LIQUIDATION ANALYSIS AND FINANCIAL PROJECTIONS ATTACHED AS**
15 **EXHIBITS.**

16 **F. Forward-Looking Statements.**

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

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

4 II. DEFINITIONS AND EXHIBITS

5 A. Definitions.

6 For the purposes of this Disclosure Statement, except as expressly provided or unless the
7 context otherwise requires, all capitalized terms not otherwise defined shall have the meanings
8 ascribed to them in this Article II. Any term used in this Disclosure Statement that is not defined
9 herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning
10 ascribed to such terms in the Bankruptcy Code or the Bankruptcy Rules, in that order or priority.
11 Throughout this Disclosure Statement, the use of the masculine, feminine, neuter, plural or singular
12 shall be understood to include each of the others as the context may reasonably dictate. As used in
13 this Disclosure Statement, the following definitions shall apply:

14 1. **Administrative Claim.** A Claim for costs and expenses of administration
15 allowed under Section 503(b) of the Bankruptcy Code and referred to in Section 507(a)(2) of the
16 Bankruptcy Code including, without limitation: (a) the actual and necessary costs and expenses
17 incurred after the Petition Date of preserving the Estate and operating the business of the Debtor
18 (such as wages, salaries or commissions for services); (b) compensation for legal, financial advisory,
19 accounting and other services, and reimbursement of expenses awarded or allowed under Sections
20 330(a) or 331 of the Bankruptcy Code; and (c) all fees and charges assessed against the Estate under
21 28 U.S.C. § 1930.

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

24 3. **Allowed Administrative Claim.** An Administrative Claim which is an
25 Allowed Claim.

26 4. **Allowed Claim.** A Claim against the Debtor and/or the Estate as to which no
27 objection has been filed, or if an objection has been filed, has either been overruled or otherwise
28 resolved by the allowance of such Claim by the Bankruptcy Court, if the Claim was: (1) scheduled in

1 the list of creditors prepared and filed with the Bankruptcy Court by the Debtor and not listed as
2 disputed, contingent or unliquidated as to amount; or (2) the subject of a timely filed proof of claim;
3 or (3) which has been allowed by order of the Bankruptcy Court.

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

5 **6. Allowed Priority Tax Claim.** A Priority Tax Claim which is an Allowed
6 Claim.

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

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

12 **9. Allowed General Unsecured Claim.** A General Unsecured Claim which is
13 an Allowed Claim.

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

16 **11. Avoidance Actions.** Causes of Action arising under Bankruptcy Code
17 sections 510, 541, 542, 544, 545, 547 through 551 and/or 553, or under related state or federal
18 statutes and common law including, without limitation, fraudulent transfer laws, whether or not
19 litigation is commenced to prosecute such Causes of Action.

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

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

26 **14. Bankruptcy Court.** The United States Bankruptcy Court for the District of
27 Nevada, or such other federal court with competent jurisdiction over the Case.
28

1 **15. Bankruptcy Rules.** Federal Rules of Bankruptcy Procedure, as now in effect
2 or hereafter amended.

3 **16. Bar Date.** August 8, 2022, for non-governmental creditors; and October 8,
4 2022, for governmental units.

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

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

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

11 **20. Causes of Action.** Any and all causes of action, Avoidance Actions, suits,
12 rights of action, rights to legal remedies, rights to equitable remedies, rights to payment of any
13 amounts owing to the Debtor or the Estate for any reason whatsoever, whether known, unknown,
14 reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured,
15 unmatured, disputed, undisputed, secured or unsecured, and whether asserted or assertable directly
16 or derivatively, in law, equity or otherwise, that the Debtor and/or Estate may hold against any
17 Person but excluding those Persons who are released or exculpated, or against whom claims were
18 waived, pursuant to the Plan.

19 **21. Claim.** Any right to payment, whether or not such right is reduced to
20 judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed,
21 legal, equitable, secured or unsecured, against the Debtor and/or the Estate, and any right to any
22 legal or equitable remedy for breach of any obligation giving rise to a right to payment, whether or
23 not such right is an equitable remedy or is reduced to judgment, liquidated, unliquidated, fixed,
24
25 contingent, matured, unmatured, disputed, undisputed, secured or unsecured, against the Debtor
26 and/or the Estate.

27 **22. Claimant.** A Person who holds a Claim.

28 **23. Claim Chart.** Exhibit A to the Plan and Disclosure Statement which lists all

1 Claims scheduled by the Debtor and/or filed against the Debtor as of the date reflected therein.

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

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

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

11 **27. Confirmation.** The entry of the Confirmation Order on the docket of the
12 Bankruptcy Court.

13 **28. Confirmation Date.** The date upon which the Confirmation occurs.

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

16 **30. Confirmation Order.** The order entered by the Bankruptcy Court confirming
17 the Plan.

18 **31. Creditor.** A Person asserting a Claim; *aka* a Claimant.

19 **32. Debtor.** Front Sight Management LLC is the chapter 11 debtor in the Case.

20 **33. DIP Financing.** The post-petition credit facility of up to \$5 million extended
21 by FS DIP to the Debtor and approved by the Bankruptcy Court by the Final DIP Order.

22 **34. Disallowed.** With respect to a Claim, or any portion thereof, that (a) has been
23 disallowed by a Final Order, (b) is Scheduled at zero, or as contingent, disputed or unliquidated and
24 as to which no Proof of Claim has been filed by the applicable Bar Date or deemed timely filed
25 pursuant to either the Bankruptcy Code or any Final Order or under applicable law, or (c) is not
26 Scheduled, and as to which (i) no Proof of Claim has been filed by the applicable Bar Date or
27 deemed timely filed pursuant to either the Bankruptcy Code or any Final Order or under applicable
28 law, or (ii) no request for payment of an Administrative Claim has been filed by the Administrative

1 Claims Bar Date, as appropriate, or deemed timely filed pursuant to either the Bankruptcy Code or
2 any Final Order or under applicable law.

3 **35. Disbursing Agent.** The Reorganized Debtor is the Disbursing Agent.

4 **36. Disclosure Statement.** This Disclosure Statement Dated July 15, 2022 (as
5 may be further amended or modified) prepared by the Debtor as required by § 1125 of the
6 Bankruptcy Code describing the Plan.

7 **37. Disputed Claim.** Disputed Claims include: (i) a Claim which has been
8 scheduled as disputed, contingent or unliquidated where a Proof of Claim has not been timely filed
9 thereafter; (ii) a Claim as to which an objection has been timely filed with the Bankruptcy Court, and
10 which objection has not been withdrawn on or before any date fixed for filing such objections by the
11 Plan or by order of the Bankruptcy Court and has not been overruled or denied by a Final Order; and
12 (iii) any Claim listed as a Disputed Claim on the Claim Chart.

13 **38. Distribution(s).** Any distribution by the Reorganized Debtor to any Class,
14 Claimant or Creditor.

15 **39. Effective Date.** The first Business Day after the Confirmation Date, provided
16 that the Bankruptcy Court has waived the provisions of Bankruptcy Rule 3020(e) and no stay of the
17 Confirmation Order is in effect. If the Bankruptcy Court does not waive the provisions of
18 Bankruptcy Rule 3020(e), then the Effective Date will be the first Business Day which is at least
19 fifteen (15) days following the date of entry of the Confirmation Order, providing there has been no
20 appeal from and order staying the effectiveness of the Confirmation Order. If there has been an
21 order entered staying the effectiveness of the Confirmation Order, the Effective Date shall be the
22 first Business Day after the stay is no longer in effect with respect to the Confirmation Order.

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

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

1 **42. Estate.** The estate of the Debtor created upon commencement of the Case
2 pursuant to § 541 of the Bankruptcy Code.

3 **43. Exit Financing.** Financing in the sum of approximately \$_____ million
4 consisting of the following: (a) New Secured Debt in the amount of at least a \$5 million
5 conventional loan and/or line of credit; and (b) New Value Contribution of \$_____ from the
6 Debtor's principal Dr. Ignatius Piazza.

7 **44. Final Fee Application(s).** The final request for payment of Professional Fee
8 Claims.

9 **45. Final DIP Order.** *The Final Order: (I) Authorizing Debtor to Obtain Post-*
10 *Petition Financing, (II) Granting Liens and Administrative Expense Claims, (III) Authorizing*
11 *Debtor's Use of Cash Collateral, (IV) Modifying the Automatic Stay, and (V) Granting Other*
12 *Related Relief* [ECF No. 228] entered by the Bankruptcy Court on July 1, 2022.

13 **46. Final Order.** An order or judgment of the Bankruptcy Court, as entered on
14 the applicable docket, that has not been reversed, stayed, modified or amended, and as to which the
15 time to appeal, petition for certiorari, or move for re-argument or rehearing has expired, and as to
16 which no appeal, petition for certiorari, or other proceedings for re-argument or rehearing shall then
17 be pending, or as to which any right to appeal, petition for certiorari, reargue, or rehear have been
18 waived in writing in form and substance satisfactory to the Debtor prior to the Effective Date, or to
19 the Reorganized Debtor after the Effective Date, or, in the event that an appeal, writ of certiorari, or
20 re-argument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court
21 shall have been affirmed by the highest court to which such order or judgment was appealed, or
22 certiorari has been denied, or from which re-argument or rehearing was sought and denied, and the
23 time to take any further appeal, petition for certiorari or move for re-argument or rehearing shall
24 have expired.

25 **47. Front Sight Property.** The Debtor's primary place of business located at 1
26 Front Sight Road, Pahrump, Nevada 89061, Nye County Assessor's Parcel Nos. 045-481-05 and
27 045-481-06, consisting of 550 acres of raw land and approximately 500 acre feet of water rights.

28 **48. FS DIP.** The Debtor's senior secured lender FS DIP, LLC.

1 **49. General Unsecured Claim.** A Claim against the Debtor that is not secured
2 by a charge against, or interest in, any of the Debtor’s Assets, that is not an Administrative Claim, a
3 Priority Claim, or a Priority Tax Claim.

4 **50. Holder(s).** A Person holding a Claim or Interest against the Debtor, provided,
5 however, with respect to transfers of Claims governed by Bankruptcy Rule 3001(e), in order for the
6 transferor to be deemed the Holder of the Claim for distribution purposes, the deadline for any
7 objection to the proposed transfer of a Claim must have passed with either (1) no objection to the
8 transfer having been filed, or (2) any objection to such transfer having been resolved in favor of the
9 transferor by no later than the Confirmation Date. In other words, after the Effective Date, without
10 the express consent of the Reorganized Debtor, no transfer of Claims will be recognized by the
11 Reorganized Debtor for Distributions made pursuant to the Plan.

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

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

19 **53. Litigation Claims.** Any and all Causes of Action of the Effective Date,
20 including without limitation all causes of action arising under chapter 5 of the Bankruptcy Code,
21 including without limitation those causes of actions which could be brought by the Debtor under one
22 or more of sections 542, 543, 544, 545, 547, 548, 549, 550, 551, 552, and 553 of the Bankruptcy
23 Code against any Person or other entity, including any governmental entity, who received an
24 avoidable transfer from the Debtor, including but not limited to insiders, employees, officers, and
25 equity holders of the Debtor. Although the Debtor has not concluded its investigation of all the
26 potential Litigation Claims and all the potential parties to such claims, a non-exclusive summary of
27 known potential Litigation Claims is described in the Disclosure Statement.
28

1 **54. New Secured Debt:** The new conventional loan and/or line of credit with at
2 least \$5 million available on or about the Effective Date obtained in connection with the Exit
3 Financing, which will be senior secured debtor with first priority liens on substantially all of the
4 Reorganized Debtor's assets, except as provided in the Plan.

5 **55. OUST.** Office of the United States Trustee for Region 17.

6 **56. Person.** Person shall have the same meaning as in § 101(41) of the
7 Bankruptcy Code.

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

10 **58. Plan.** The *Plan of Reorganization Dated July 15, 2022* (as may be further
11 amended or modified) proposed by the Debtor and including, without limitation, all exhibits,
12 supplements, appendices and schedules thereto, either in its present form or as it may be altered,
13 amended, supplemented, or modified from time to time.

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

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

18 **61. Priority Tax Claim.** A Claim entitled to priority under § 507(a)(8) of the
19 Bankruptcy Code.

20 **62. Professional Fee Applications.** Applications filed pursuant to sections 330,
21 331 or 503(b)(4) of the Bankruptcy Code for allowance of Administrative Claims relating to the
22 compensation and reimbursement of expenses of Professionals employed pursuant to an order of the
23 Bankruptcy Court under sections 327 or 1103 of the Bankruptcy Code for services provided and
24 expenses incurred prior to the Effective Date.

25 **63. Professional Fee Claims.** (A) a claim under sections 327, 328, 330, 331,
26 503(b), 1103 or 1106 of the Bankruptcy Code for compensation for professional services rendered or
27 expenses incurred on and after the Petition Date and prior to the Effective Date on behalf of the
28 Estate by a Professional duly employed and authorized by an Order of the Bankruptcy Court; or (b) a

1 claim under § 503(b)(4) of the Bankruptcy Code for reasonable compensation for professional
2 services rendered by an attorney or accountant of an entity whose expense is allowable under §
3 503(b)(3)(D) of the Bankruptcy Code for making a substantial contribution to the Estate.

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

10 **65. Proponent.** The proponent of the Plan is the Debtor.

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

16 **67. Reorganized Debtor.** The Debtor following the occurrence of the Effective
17 Date.

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

22 **69. Scheduled.** Scheduled means the information set forth in the Schedules.

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

27 **71. Secured Claim.** A Claim that is secured by a lien against any Assets to the
28 extent of the value of the Estate's interest in such Assets, or to the extent of the amount of such

1 Claim subject to setoff in accordance with § 553 of the Bankruptcy Code, in either case determined
2 pursuant to § 506(a) of the Bankruptcy Code.

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

12 **73. Unclassified Claim.** Any Claim which is not part of any Class, including
13 Administrative Claims and Priority Tax Claims.

14 **74. Unimpaired.** A Claim is unimpaired when it is within a class that is not
15 impaired within the meaning of § 1124 of the Bankruptcy Code.

16 **75. Unsecured Claim.** Any Claim, including without limitation any claim arising
17 under § 502(g) of the Bankruptcy Code, that is not secured by a lien on, security interest in, or
18 charge against, any Asset.

19 **B. Exhibits.**

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

22 **C. Computing Time Periods.**

23 In computing any period of time prescribed or contemplated by the Plan, Bankruptcy Rule
24 9006(a) shall apply.

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

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

27 To the Debtor or Reorganized Debtor: Front Sight Management LLC
28 1 Front Sight Road
Pahrump, NV 89061

1 With a Copy to:

Susan K. Sefflin
BG Law LLP
300 S. 4th Street, Suite 1550
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6 **III. BACKGROUND**

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

9 **1. General Background.**

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

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

21 The Debtor provides firearms training courses which promote the defensive use of various
22 firearms. Courses are offered to the general public, members of law enforcement and military
23 members. The Front Sight Firearms Facility is the most successful of its type in the United States.
24 The Debtor provides classes and instruction annually to upward of 40,000 gun and weapons
25 enthusiasts. The Debtor is considered the leader in its field, and provides additional training and
26 instruction for numerous city and state agencies seeking to improve performance of their respective
27 law enforcement departments. Over the last 25 years, the Debtor has trained a million students and
28 currently has over 263,000 members.

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

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

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

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

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

24 On May 18, 2022, LVDF recorded a notice of election to sell against the Front Sight
25 Property. As of the Petition Date, LVDF was owed \$11,027,956.26, which included (i) unpaid
26 principal of \$6,375,000, (ii) late fees of \$955,695, (iii) interest of \$1,817,130, (iv) attorneys' fees of
27 \$1,744,853.19 and (v) past due foreclosure costs of \$131,364. Postpetition, as of June 10, 2022,
28 LVDF asserted that it was owed \$11,233,878.47 [ECF No. 121].

1 While LVDF appears to have perfected the LVDF Deed of Trust against the Front Sight
2 Property by recording it, LVDF appears to not have any interest in the Debtor's cash collateral.
3 Although the LVDF Deed of Trust includes an assignment of rents, the Debtor can only find an
4 initial UCC recorded in Nye County in 2016, and no continuation statement has been filed as of the
5 Petition Date (and the initial UCC filing expired within five years). The Debtor is filing an objection
6 to LVDF's claim and a motion to estimate the claim for plan confirmation purposes.

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

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

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

24 Inclusive of the portion of the BFS/Meacher claim that is unsecured, the Debtor believes that
25 it has approximately \$9 million in general unsecured debt as of the date this Disclosure Statement
26 was filed. Approximately \$6.5 million of general unsecured claims arise out of unsecured
27 obligations owing to the Debtor's Champion Club members and Platinum members.
28

1 **B. Management, Principals, and Affiliates of the Debtor’s Business.**

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

7 The Reorganized Debtor’s post confirmation management is described more fully in Article
8 IV.D.3 below.

9 **C. Events Leading to the Debtor’s Chapter 11 Filing.**

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

15 In 2012, the Debtor was approached by Robert W. Dziubla (“Dziubla”) and John Fleming
16 (“Fleming”), doing business as LVDF, who represented themselves as like-minded, pro-gun patriots
17 who told the Debtor that they would be able to obtain a financing package for the Debtor to raise up
18 to \$150 million (at a low interest rate) to build and bring to market, among other things, the Vacation
19 Club & Resort. Dziubla, Fleming and LVDF stated that all they needed from the Debtor was
20 \$300,000 in fees needed to secure approval from the United States Customs and Immigration
21 Service (“USCIS”) and \$100,000 in marketing costs to solicit foreign investors to participate in an
22 EB-5⁴ immigration investment plan.

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

27 _____
28 ⁴ An “EB-5” investment allows qualified foreign investors who meet specific capital investments
and job creation requirements to potentially obtain permanent residency.

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

6 Four years later, in 2016, Dziubla and Fleming represented that they had secured the first
7 \$2.5 million in investor funding, and had hundreds of investors in a pipeline to invest in the
8 construction project, but needed to execute a construction loan document to start the flow of
9 investment money. In October of 2016, after three months of negotiating a construction loan
10 agreement, the Debtor was induced into signing the CLA with the expectation that \$75 million in
11 funding would follow shortly thereafter. However, Dziubla and Fleming produced only \$6.375
12 million dollars in funding over the next two years, all of which was used by the Debtor under the
13 parameters of the construction loan agreement. During this time period, the Debtor paid the interest
14 payments on the money every month on time and in full until September 2021. By 2018, the Debtor
15 became suspicious that the funds advanced to Dziubla and Fleming (the \$300,000 in fees and
16 \$220,000 for marketing) had not actually been used to secure USCIS approval and for marketing the
17 project to foreign investors, and requested that Dziubla and Fleming produce such evidence.

18 Dziubla and Fleming refused to show proof of where the funds the Debtor paid had been
19 spent and apparently in retaliation for its demands, Dziubla and Fleming fraudulently claimed that
20 the Debtor was in default on a number of terms of the CLA (which the Debtor was not in default).

21 To sum up a very complex history, Dziubla, Fleming and LVDF defaulted on their
22 obligations, failed to raise the funds necessary to complete the Vacation Club & Resort, and
23 litigation was commenced by the Debtor against Dziubla, Fleming, LVDF and related affiliates
24 (collectively, the "LVDF Parties") in August of 2018, styled *Front Sight Management, LLC v. Las*
25 *Vegas Development Fund LLC et al.*, Case No. A-18-781084-B, which, on the Petition Date, was
26 pending in the Eighth Judicial District Court in Clark County, Nevada (the "LVDF Litigation"). In
27 the LVDF Litigation, the Debtor asserts claims for, among other things, fraud in the inducement,
28 intentional misrepresentation, breach of fiduciary duty and conversion against the LVDF Parties.

1 Dziubla, Fleming, and LVDF then filed a fraudulent foreclosure action against the Debtor. The
2 judge in the LVDF Litigation initially placed a temporary restraining order on the foreclosure action
3 but was lifted shortly before the Petition Date due to the Debtor's inability to obtain a bond.

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

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

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

15 **The Dziubla Action.** Pre-petition, Dziubla, among others, filed a complaint against
16 the Debtor, among others, for trespass, privacy claims, defamation, and harassment in the Superior
17 Court of the State of California for the County of San Diego, commencing the case styled *Robert*
18 *Dziubla et al., v. Ignatius A. Piazza II et al.*, Case No. 37-2018-00057391-CU-DF-NV (the "Dziubla
19 Action"). During the pendency of the Dziubla Action, the state court granted in part and denied in
20 part the Debtor's and Dr. Piazza's special motion to strike the complaint pursuant to Cal. Code. Civ.
21 Proc. § 425.16, and awarded the Debtor and Dr. Piazza attorneys fees as the prevailing party.
22 Dziubla, among others, appealed the trial court's ruling on the special motion to strike to the Court
23 of Appeal, Fourth District, Division 1, California. The appellate court affirmed in part and reversed
24 in part, and remanded the trial court's ruling on the special motion to strike. *Dziubla v. Piazza*, 59
25 Cal. App. 5th 140, 273 Cal. Rptr. 3d 297 (2020). Subsequently, on May 10, 2022, a jury found in
26 favor of Dr. Piazza and the Debtor on the intentional infliction of emotional distress and the threat of
27 violence claims. As of the Petition Date, the Dziubla Action was on appeal.

28

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

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

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

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

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

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

21 **1. First Day Motions.**

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

27 **Maintain Prepetition Accounts.** On the Petition Date, the Debtor filed its *Emergency*
28 *Motion for Order Authorizing Maintenance of Certain Prepetition Bank Accounts and Merchant*

1 *Accounts and Cash Management System* [ECF No. 7] (the “Maintain Prepetition Accounts Motion”).
2 On May 26, 2022, the OUST filed an opposition to the Maintain Prepetition Accounts Motion [ECF
3 No. 31]. The Court entered its interim order granting the Maintain Prepetition Accounts Motion on
4 June 2, 2022 [ECF No. 81]. A continued hearing on the Maintain Prepetition Accounts Motion is
5 scheduled for July 25, 2022.

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

11 **Wage Motion.** On the Petition Date, the Debtor filed its *Emergency Motion for Entry of an*
12 *Order: (1) Authorizing, But Not Requiring, Debtor to Pay or Honor (A) Prepetition Wages, Salaries,*
13 *and Other Compensation Including Reimbursement of Expenses and (B) Prepetition Medical,*
14 *Workers’ Compensation, Paid Time Off, and Similar Benefits; and (2) Authorizing and Directing*
15 *Applicable Banks and Other Financial Institutions to Receive, Process, Honor, and Pay Checks*
16 *Presented for Payment and to Honor Fund Transfer Requests* [ECF No. 9] (the “Wage Motion”).
17 On May 26, 2022, the OUST filed an opposition to the Wage Motion [ECF No. 31]. On May 31,
18 2022, the Court entered a final order granting the Wage Motion [ECF No. 50].

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

20 Pre-petition, the Debtor did not have sufficient available sources of working capital and
21 financing to carry out the operation of its business and fund a chapter 11 reorganization, thus, the
22 Debtor determined that it was necessary to enter into a postpetition financing agreement with lender
23 FS DIP. On May 24, 2022, the Debtor filed its *Emergency Motion For Entry Of Interim And Final*
24 *Orders: (1) Authorizing The Debtor To Obtain Postpetition Financing, (II) Granting Priming Liens*
25 *And Administrative Expense Claims, (III) Authorizing The Debtor’s Use of Cash Collateral, (IV)*
26 *Modifying the Automatic Stay, And (V) Granting Related Relief* [ECF No. 4] (the “DIP Motion”)
27 pursuant to which it sought to obtain postpetition financing (“DIP Financing”) from FS DIP. The
28 OUST objected to the DIP Motion [ECF Nos. 31, 117]. LVDF objected to the DIP Motion [ECF

1 Nos. 35, 121]. BFS objected to the DIP Motion [ECF No. 125]. The Committee filed a limited
2 objection to the DIP Motion [ECF No. 147]. The DIP Motion was granted on an interim basis
3 pursuant to Court order entered on May 31, 2022 [ECF No. 59], and on a final basis pursuant to
4 Court order entered on July 1, 2022 [ECF No. 228] (the “DIP Final Order”). The DIP Final Order
5 authorizes the Debtor to borrow up to \$5 million from FS DIP, and authorized the Debtor to operate
6 within a budget approved by FS DIP for a 13-week period beginning in the week commencing June
7 27, 2022, subject to extension by agreement between the Debtor and FS DIP. The DIP Final Order
8 also granted FS DIP a valid, enforceable, non-avoidable and fully perfected first priority security
9 interest on substantially all of the Debtor’s assets pursuant to Section 364 of the Bankruptcy Code
10 (the “FS DIP Liens”).

11 **3. Appointment of Committee.**

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

14 **4. Employment of Professionals.**

15 On May 24, 2022, the Debtor filed its *Emergency Application for the Entry of an Order*
16 *Authorizing the Debtor to Employ and Retain Stretto as Claims, Noticing and Solicitation Agent*
17 [ECF Nos. 10, 18] (the “Stretto Application”). The OUST objected to the Stretto Application [ECF
18 No. 31]. The Stretto Application was approved pursuant to Court order entered on June 1, 2022
19 [ECF No. 64] (the “Stretto Order”).

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

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

1 On June 27, 2022, the Debtor filed its *Application to Employ Lucas Horsfall, LLC as*
2 *Accountant Pursuant to 11 U.S.C. §§ 327(a), 328(a) and 330 Effective as of the Petition Date* [ECF
3 No. 200] (the “Lucas Application”). The Lucas Application is set for hearing on July 25, 2022.

4 On July 1, 2022, the Committee filed its application to employ Carlyon Cica CHTD. as its
5 Nevada counsel [ECF No. 230] (the “Carlyon Application”). The Carlyon Application is set for
6 hearing on July 25, 2022.

7 On July 1, 2022, the Committee filed its application to employ Kelley Drye & Warren LLP
8 as its lead counsel [ECF No. 233] (the “Kelley Application”). The Kelley Application is set for
9 hearing on July 25, 2022.

10 On July 1, 2022, the Committee filed its application to employ Dundon Advisers LLC as its
11 financial advisor [ECF No. 236] (the “Dundon Application”). The Dundon Application is set for
12 hearing on July 25, 2022.

13 On June 27, 2022, the Debtor filed its *Motion to Entry of Order Establishing Procedure for*
14 *Interim Compensation and Reimbursement of Expenses for Professionals* [ECF No. 202] (the
15 *Interim Compensation Motion*). Through the Interim Compensation Motion, the Debtor requests
16 that the Court establish certain procedures for interim compensation of the Debtor’s and the
17 Committee’s professionals. The hearing on the Knudsen Motion is set for July 25, 2022.

18 **5. Motion to Appoint Examiner.**

19 On June 27, 2022, LVDF filed a motion to appoint an examiner [ECF No. 211] (the
20 “Examiner Motion”). On July 11, 2022, the Debtor filed an opposition [ECF No. 254] to the
21 Examiner Motion and the Committee filed an opposition [ECF No. 255]. The hearing on the
22 Examiner Motion is set for July 25, 2022.

23 **6. Legal Proceedings.**

24 **The LVDF Litigation and Subsequent Removal.**

25 As referenced in Section III.C above, the LVDF Litigation was commenced by the Debtor in
26 August 2018. In the LVDF Litigation, the Debtor asserts claims for, among other things, fraud in
27 the inducement, intentional misrepresentation, breach of fiduciary duty and conversion against the
28 LVDF Parties. As referenced above, in 2019, LVDF filed a fraudulent foreclosure action against the

1 Debtor through its *Defendants' Answer to Plaintiff's Second Amended Complaint; and Counterclaim*
2 (the "Initial Counterclaim"). In the Initial Counterclaim, LVDF alleged that the Debtor breached the
3 CLA in a multitude of ways, including improper use of loan proceeds and transferring assets to
4 related parties. As to the fraudulent nature of LVDF's foreclosure action and its Initial
5 Counterclaim, on January 23, 2020, the state court entered its *Findings of Fact, Conclusions of Law,*
6 *and Order Denying Defendant Las Vegas Development Fund LLC's Motion to Dissolve Temporary*
7 *Restraining Order and to Appoint a Receiver* (the "January 23, 2020 Order"). \

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

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

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

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

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

25 Thus, at late as January 2020, the state court found that the Debtor was not in default under
26 the CLA and had not improperly used the CLA loan proceeds. Notwithstanding the state court's
27 conclusions of law, on June 4, 2020, LVDF amended the Initial Counterclaim by filing its operative
28 *Defendants' Answer to Plaintiff's Second Amended Complaint; and First Amended Counterclaim*
(the "Operative Counterclaim") against, among others, the Debtor and non-debtor affiliates and
related entities (the "Non-Debtor Entities") for fraud, fraudulent transfers, intentional interference
with contractual relationships, conversion, civil conspiracy, judicial foreclosure, and waste. The

1 Debtor contends that the counterclaims are property of the Estate as they are premised on either: (i)
2 the Debtor's principal being the alter ego of the Debtor; or (ii) allegations that the Debtor made
3 fraudulent transfers to the Non-Debtor Entities.

4 On May 12, 2022, LVDF filed a motion for terminating sanctions (the "Terminating
5 Sanctions Motion") in the LVDF Litigation, which was set for hearing on May 25, 2022, i.e., after
6 the Petition Date. The Terminating Sanctions Motion was based on the Debtor's and the Non-
7 Debtor Entities' failure to appear for their depositions. Through the Terminating Sanctions Motion,
8 LVDF requested that the state court strike the Debtor's operative complaint and enter judgment in
9 favor of LVDF on the Debtor's claims, and strike the Non-Debtor Entities answers and affirmative
10 defenses to the Operative Counterclaim and enter default judgment in LVDF's favor, including on
11 the fraudulent transfer claims.

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

18 Accordingly, on June 23, 2022, the Debtor removed the LVDF Litigation to the Bankruptcy
19 Court, commencing adversary proceeding no. 22-01116-abl (the "Adversary Proceeding"). On June
20 27, 2022, LVDF filed a motion to remand the LVDF Litigation to the state court [Adv. ECF No. 4]
21 and a motion to terminate the automatic stay to continue prosecution of the counterclaims, including
22 the fraudulent transfer claims [ECF No. 206]. The hearings on these motions are set for July 25,
23 2022.

24 On July 5, 2022, the Debtor filed its motion for entry of an order confirming that the
25 Terminating Sanctions Order is void as a violation of the automatic stay or, in the alternative, for
26 relief from the Terminating Sanctions Order pursuant to Rule 60(b) of the Federal Rules of Civil
27 Procedure [Adv. ECF Nos. 43 and amended motion Adv. ECF No. 51]. The hearing on this motion
28 is set for September 1, 2022.

1 agreements relating thereto. The Bankruptcy Code requires that all Administrative Claims be paid
 2 on the Effective Date unless a particular Claimant agrees to a different treatment. After the Effective
 3 Date, while the Debtor’s Chapter 11 Case remains open, the Reorganized Debtor will (i) file with the
 4 United States Trustee quarterly operating reports; and (ii) timely pay fees incurred pursuant to 28
 5 U.S.C. Section 1930(a)(6).

6 The following chart lists all of the Debtor’s Section 507(a)(1) administrative claims and their
 7 treatment under the Plan.

NAME	AMOUNT OWED ⁵	TREATMENT
Clerk’s Office Fees	\$0 (Estimate)	Paid in full on the Effective Date
Office of the U.S. Trustee Fees	\$0 (Estimate)	Paid in full on the Effective Date
BG Law LLP, bankruptcy counsel to the Debtor	Approximately \$_____ in addition to the post-petition payments to BG pursuant to the order approving the Interim Compensation Motion [ECF No. __] (the “Interim Compensation Order”)	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
Province, LLC, financial advisor to the Debtor	Approximately _____ in addition to the post-petition payments made by the Debtor in connection with the Interim Compensation Order.	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
Lucas Horsfall, accountant to the Debtor	\$_____ [in addition to the \$_____ that Lucas Horsfall has been paid pursuant to its ordinary course work done as approved the Lucas Horsfall Order].	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
Stretto, claims, noticing and solicitation agent for the Debtor	\$0	Paid in the ordinary course of business pursuant to the order approving Stretto’s employment [ECF No. 64]

27 _____
 28 ⁵ The amounts set forth in this chart are estimates of the administrative claim amount that the Debtor believes each administrative claimant will be entitled to on the Effective Date. The amounts set forth in this chart are subject to change.

NAME	AMOUNT OWED ⁵	TREATMENT
Carlyon Cica CHTD., proposed counsel to the Committee	Approximately _____ in addition to the post-petition payments made by the Debtor in connection with the Interim Compensation Order.	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
Kelley Drye & Warren LLP, proposed counsel to the Committee	Approximately _____ in addition to the post-petition payments made by the Debtor in connection with the Interim Compensation Order.	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
Dundon Advisers LLC, proposed financial advisor to the Committee	Approximately _____ in addition to the post-petition payments made by the Debtor in connection with the Interim Compensation Order.	Paid in full on the later of the Effective Date and the date the Court enters an order allowing such fees and expenses.
TOTAL	[_____] est.	Paid in the manner described above

Court Approval of Fees Required:

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

1 excess of the post-petition professional fee monthly payments received by such Professionals,
 2 pursuant to prior orders of the Bankruptcy Court. To the extent any such interim fees and expenses
 3 are allowed by the Bankruptcy Court and paid by the Debtor prior to the Effective Date, that will
 4 reduce the amount of professional fees and expenses to be paid by the Reorganized Debtor.

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

7 Administrative expenses will be paid on the later of the Effective Date or 10 days after the entry of a
 8 Final Order allowing the administrative expense, unless the administrative claimant has consented
 9 otherwise in writing.

10 **2. Priority Tax Claims.**

11 Priority tax claims include certain unsecured income, employment and other taxes described
 12 by Section 507(a)(8) of the Bankruptcy Code. The Bankruptcy Code requires that each holder of
 13 such a Section 507(a)(8) priority tax claim receive the present value of such claim in deferred cash
 14 payments, over a period not exceeding five years from the Petition Date. The Debtor believes that it
 15 owes \$500 to the Internal Revenue Service. The Reorganized Debtor will pay this Priority Tax
 16 Claim on the Effective Date. If there are any other Priority Tax Claims as of the Effective Date, the
 17 Reorganized Debtor will pay those Allowed Priority Tax Claims in full by the Reorganized Debtor
 18 over a period not exceeding five years from the Petition Date.

19 **C. Classified Claims and Interests.**

20 **1. Class of Secured Claims.**

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

CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
1	Secured Claim of FS DIP Collateral Description: 1 st Priority Lien on substantially all assets of the Debtor’s Estate [except as set forth in ECF No. 288].	No.	The FS DIP Secured Claim will be paid in full on the Effective Date. Upon the occurrence of the Effective Date and payment in full of the FS DIP Secured Claim, the commitments and obligations under the FS DIP loan

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CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
	Amount of Claim: Approximately \$5,115,000		<p>agreements and the Final DIP Order are terminated, and FS DIP's security interest in the Debtor's Assets is terminated.</p> <p>Unimpaired. This Class 1 Claim is a Secured Claim and will be paid in full on the Effective Date. Presumed to accept the Plan and not entitled to vote.</p>
2	<p>Secured claim of LVDF</p> <p>Collateral Description: Real property located at 1 Front Sight Road, Pahrump, NV 89061 ("Front Sight Property")</p> <p>Interest rate: Non-Default – 6%</p> <p>Maturity Date – October 4, 2021</p> <p>*Debtor has a pending action against LVDF and believes that it has significant affirmative claims against LVDF and significant offsets.</p>	Yes.	<p>LVDF has not yet filed a proof of claim in the Debtor's bankruptcy case but has asserted what it alleges it is owed in multiple Court pleadings, and there is pending litigation between the Debtor and LVDF. The Debtor will shortly file an objection to LVDF's claim and a motion to estimate LVDF's claim for Plan confirmation purposes.</p> <p>Treatment:</p> <p>The Reorganized Debtor will make quarterly payments of \$_____ to LVDF (calculated at the non-default rate of 6% set forth in the underlying loan documents on an estimated claim amount of \$__ million). These payments are subject to turnover if LVDF's allowed claim is less than what is paid to LVDF under the terms of this Plan.</p> <p>Payment Start Date: _____</p> <p>Lien: LVDF shall retain its second priority lien against the Front Sight Property (behind only the New Secured Debt in an amount not to exceed \$5.5 million).</p> <p>New Maturity Date: Estimated 4 years from the Effective Date. To the extent that LVDF has not been paid in full on its allowed secured claim, if any, after 4 years of quarterly payments to LVDF, LVDF shall receive a lump sum payment of the balance of its allowed claim on or before the date that is estimated to be 4 years after the Effective Date.</p> <p>EB5 Related Obligations: The Debtor shall have no further EB5 Related Obligations.</p> <p>Such treatment shall be in full and complete satisfaction of the Class 2 claim. The Debtor shall have no other obligations under the requisite loan</p>

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CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
			<p>agreements.</p> <p><u>Alternative Treatment / Mutual Settlement of Claims:</u></p> <p>As an alternative to the treatment of the Class 2 claim set forth above, the Debtor would resolve all claims and disputes by and among the Class 2 claimant and its affiliates as follows:</p> <p><u>Treatment:</u></p> <p>\$__ million allowed secured claim to be paid as follows: (a) __ paid to LVDF within 10 days of the Effective Date; (b) quarterly payments of \$___ at 6% interest in ; and (c) lump sum payment of \$___ [unknown] years from the Effective Date.</p> <p>If accepted by the Class 2 claimant and its affiliates, such treatment shall be in full and complete satisfaction of the Class 2 claim and shall compromise and fully resolve and settle all claims by and against the Debtor and its officer, members and affiliates, on the one hand, and the Class 2 claimant and its officers, managers and affiliates, on the other hand.</p> <p>The Debtor reserves the right to withdraw the proposed compromise of claims and disputes with the Class 2 claimant at any time prior to acceptance in a writing executed by the Class 2 claimant and all parties to the LVDF Litigation.</p> <p>This proposed compromise with the Class 2 claimant and the alternative treatment under the Plan is subject to approval under Bankruptcy Rule 9019 and confirmation of the Plan.</p> <p>Impaired; Entitled to Vote</p> <p>This Claim is Disputed – Debtor to Object to Claim and file a motion to estimate the claim.</p>
3	<p>Secured claim of Michael Meacher dba Bankgroup Financial Services</p> <p>Collateral Description: Certain of the Debtor's firearms</p>	Yes	<p>The Debtor disputes the validity of this claim and is filing an objection to claim and a claim estimation motion. The Debtor believes that the Class 3 claimant's security interest is avoidable</p>

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CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
	<p>Value of Collateral: Approximately \$214,569 book value of collateral set forth in the Bankgroup UCC financing statement filed March 22, 2021</p> <p>Former insider.</p>		<p>as a fraudulent transfer.</p> <p><u>Proposed Treatment:</u></p> <p>Upon resolution of the objection to claim, if the Class 3 claimant has an allowed secured claim, such claim shall be paid in full over four years, with payments commencing after payment in full of the New Secured Debt and any allowed Class 2 secured claim.</p> <p><u>Alternative Treatment / Mutual Settlement of Claims:</u></p> <p>As an alternative to the treatment of the Class 3 claim set forth above, the Debtor would resolve all claims and disputes with the Class 3 claimant and its affiliates as follows:</p> <p><u>Treatment:</u></p> <p>Debtor will assume the supplemental agreement amended as follows: Section 3 (a) and 3 (b) are replaced and superseded with the following language:</p> <p>Claimant will have an allowed secured claim, secured only by its existing collateral, in the amount of \$_____. Claimant will receive_____.</p> <p>This proposed compromise with the Class 3 claimant and the alternative treatment under the Plan is subject to approval under Bankruptcy Rule 9019 and confirmation of the Plan.</p> <p>Impaired; Entitled to Vote</p> <p>This Claim is Disputed – Debtor to Object to Claim and file a motion to estimate the claim.</p>
4	<p>M2 EPC</p> <p>Collateral Description: the Front Sight Property.</p> <p>Amount of Claim: \$110,000</p>	Yes	<p>The Class 4 claim will be paid in monthly installments of \$10,000 commencing February 1, 2023 until paid in full.</p> <p>Payment start date – February 1, 2023</p> <p>Payment end date – December 1, 2023</p> <p>Impaired; Entitled to Vote</p>
5	<p>Top Rank Builders Inc.</p> <p>Collateral Description: the Front Sight</p>	Yes	<p>The Class 5 claim will be paid in three quarterly installments of \$5,000.</p> <p>Payment start date – April 1, 2023</p>

CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
	Property. Amount of Claim: \$15,000		Payment end date – June 1, 2023 Impaired; Entitled to Vote

2. Classes of Priority Unsecured Claims.

Certain Priority Claims that are referred to in Bankruptcy Code Sections 507(a)(3), (4), (5), (6), and (7) are required to be placed in Classes. These types of Claims are entitled to priority treatment as follows: the Bankruptcy Code requires that each holder of such a Claim receive cash on the Effective Date equal to the allowed amount of such claim. However, a class of unsecured priority claim holders may vote to accept deferred cash payments of a value, as of the Effective Date, equal to the allowed amount of such claim. The Debtor does not believe that there are any valid outstanding Section 507(a)(3), (4), (5), (6), or (7) priority unsecured claims. If there are any allowed priority unsecured claims as of the Effective Date, these claims will be paid in full by the Reorganized Debtor on the Effective Date (or as soon as practicable thereafter). All allowed Section 507(a)(3), (4), (5), (6), or (7) priority unsecured claims, if any, will be characterized as Priority Claims.

<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED</u> (Yes/No)	<u>TREATMENT</u>
6	Employee Wage Claim of \$8,758.99	Yes.	Paid in full within 12 months of the Effective Date. Impaired; Entitled to Vote

1 **3. Classes of General Unsecured Claims.**

2 General Unsecured Claims are classified and treated as follows:

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<u>CLASS #</u>	<u>DESCRIPTION</u>	<u>IMPAIRED (Yes/No)</u>	<u>TREATMENT</u>
7	<p>Champions Club Member and Platinum Member General Unsecured Claims</p> <p>As of the Petition Date, Champions Club Members held \$5,671,709 in unsecured claims, and Platinum Members were owed \$880,000</p>	Yes.	<p>Class 7 claimants who remain active members of Front Sight have the option of choosing the following treatment:</p> <p>Option 1: Class 7 Claimants can choose to participate in go forward membership program [to be described in amended Plan filed by August 4, 2022]</p> <p>Option 2: Class 7 claimants can choose to be treated as Class 7 general unsecured claimants.</p> <p>Option 3: Class 7 claimants can choose to accept no recovery on their claim.</p> <p>Impaired; Entitled to Vote</p>
8	<p>All Other General Unsecured Claims</p> <p>Approximately \$4 million to \$20 million plus. (This number is subject to change as follows: (a) the bar date is not until August 8, 2022; (b) the amount of Class 7 claimants who choose to receive treatment under Class 8; (c) the resolution of objections to Disputed Claims; and (d) the amount of rejection damages claims asserted by members who do not choose to remain active or inactive members of Front Sight.)</p> <p>Currently, the total amount of unsecured claims scheduled and filed against the Debtor is over \$25 million. This number is grossly inflated due to several claims including one \$21 million claim asserted by a former member who was terminated prepetition and who was refunded in full for all amounts he paid for his membership.</p>	Yes	<p>Holders of Class 8 Allowed General Unsecured Claims shall receive their pro rata share of \$500,000 within 45 days of the Effective Date (or as soon as practicable thereafter).</p> <p>Holders of Class 8 Allowed General Unsecured Claims will also receive a pro rata distribution of the Debtor's net operating cash flow once the New Secured Debt, Class 2 allowed secured claim (if any), Class 3 allowed secured claim (if any), Class 4 allowed secured claim and Class 5 allowed secured claim have been paid in full (estimated to be paid in year ___ in the amount of at least \$ ___ million).</p> <p>Estimated recovery: At least ___% and up to ___% of their Allowed General Unsecured Claim.</p> <p>The foregoing treatment is in full settlement and satisfaction of all obligations of the Debtor to holders of Claims in Class 8.</p> <p>Impaired; Entitled to Vote</p>

4. Classes of Interest Holders.

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

CLASS #	DESCRIPTION	IMPAIRED (Yes/No)	TREATMENT
9	Equity Interests of Dr. Ignatius Piazza (1% Voting), VNV Dynasty Trust – FS I (49.5% Non-Voting) and VNV Dynasty Trust – FS II (49.5% Non-Voting)	Yes.	<p>As set forth more fully in Section IV.D.3 below, the Debtor’s equity holders will keep their respective equity interests.</p> <p>Dr. Piazza will contribute his New Value Contribution of \$_____ to the Debtor (to be paid to his counsel’s trust account or Debtor’s counsel’s trust account at least five business days prior to the Plan confirmation hearing.) Dr. Piazza also waives any right that he has for unpaid salary prepetition or post-petition (Dr. Piazza has not received a salary from the Debtor since _____).</p> <p>In exchange for the New Value Contribution, any claim the estate may have against its equity holders will be waived as of the Effective Date.</p> <p>Not Impaired. Not Entitled to Vote Contribution”).</p>

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

1. Plan Funding.

The Plan will be funded by the Exit Financing in the aggregate amount of approximately \$_____, plus the Debtor’s Cash on hand of approximately \$_____. After deducting fees and costs relating to obtaining the New Secured Debt (in the amount of approximately \$_____) and assuming \$_____ in Exit Financing and estimated annual membership fees of \$_____ that will be owed for January 2023, the Debtor will net approximately \$_____ as the Effective Date. Of this amount, the Reorganized Debtor anticipates that it will require at least \$_____ for working capital to meet the Debtor’s operating needs, thereby reducing available funds to implement the Plan to \$_____ to \$_____. Such proceeds will be utilized as follows:

1	Administrative (Professional)	\$
	Administrative (Accounts Payable)	\$
2	FS DIP Secured Claim	\$
	LVDF Secured Claim	\$
3	Lease/Contract Cures	\$
	Unsecured Claims	<u>\$</u>
4	Total	\$

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6 Based on the foregoing, the Debtor is confident that sufficient funds will exist to make all required
7 Effective Date payments. The balance of Allowed Claims will be satisfied over time by the
8 Reorganized Debtor pursuant to the terms of the Plan.

9 **2. Release of Liens.**

10 Within 30 days of satisfaction of Secured Claims as set forth in the Plan, holders of such
11 Claims shall file releases of their liens with the appropriate government agencies (the “Release
12 Procedures”). In the event that the foregoing Claimants do not complete the Release Procedures, the
13 Reorganized Debtor shall be granted, pursuant to the Confirmation Order, power of authority for the
14 limited purpose of implementing and consummating the Release Procedures.

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

16 On the Effective Date, the Reorganized Debtor will remain a Nevada limited liability
17 company and the Reorganized Debtor will retain the same equity structure (i.e., Dr. Piazza will hold
18 1% voting shares, and VNV Dynasty Trust – FS I and VNV Dynasty Trust – FS II shall each hold
19 49.5% non-voting shares). The Reorganized Debtor’s Chief Executive Officer and manager shall be
20 Dr. Piazza.

21 The Debtor currently anticipates that the management of the Reorganized Debtor
22 immediately following the Effective Date will remain the same. It is contemplated that within one
23 month of the Effective Date, the Debtor will hire a controller or Chief Financial Officer. The Debtor
24 plans on beginning to interview potential candidates prior to exiting bankruptcy, but recognizes that
25 it will be very difficult to secure a CFO until after the Effective Date.

26 The Debtor’s current operations manager, Brad Ackman, is not an officer but he does oversee
27 the Debtor’s day-to-day business operations and will continue to do after the Effective Date.

28 On the Effective Date, the Reorganized Debtor reserves the right and shall be authorized to

1 pay Dr. Piazza his salary of \$_____ in the ordinary course of business. Dr. Piazza agrees
2 not to cause an increase in his salary until after all Plan payments have been made.

3 **4. Disbursing Agent.**

4 The Reorganized Debtor will act as the Disbursing Agent for purposes of making all
5 Distributions under the Plan. The Disbursing Agent will serve without bond and will receive no
6 compensation for distribution services and expenses incurred pursuant to the Plan. The Disbursing
7 Agent may employ others to assist it in making Distributions under the Plan.

8 **5. Objections to Claims.**

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

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

1 of any defense, the Debtor or the Reorganized Debtor may have with respect to any claim, or of any
2 basis that the Reorganized Debtor Trustee may have to object to any such claim.

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

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

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

11 Except as provided for with respect to the Class 2 claimant, the Reorganized Debtor will not
12 make any payment to the holder of a Disputed Claim until such Disputed Claim becomes an
13 Allowed Claim. Pending a resolution of the Disputed Claim, the Reorganized Debtor will create a
14 reserve account (the "Reserve Account") which will contain proposed distributions based on the
15 Disputed Claims. Within sixty (60) days after a Disputed Claim becomes an Allowed Claim, the
16 Reorganized Debtor will make a payment on such Allowed Claim from the Reserve Account in an
17 amount equal to what the holder of such Allowed Claim would have received if the Claim had been
18 allowed in such amount as of the Effective Date. In the event that the Disputed Claim is disallowed,
19 the portion of the Reserve Account which was designated for payment of the Disputed Claim will be
20 transferred to Allowed Claims in accordance with the treatment set forth in Class 8 above.

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

22 Under the Plan, the Debtor's current General Unsecured Creditors holding Allowed Claims
23 will receive their pro rata share of \$500,000 shortly after the Effective Date, and approximately
24 \$_____ to \$_____ commencing by the end of the fourth year following the Effective
25 Date. Based on the foregoing, any recoveries from preference litigation would be retained by the
26 Reorganized Debtor and only indirectly benefit the Debtor's current General Unsecured Creditors.
27 The Debtor believes that such preference litigation would cause substantial ill-will against the
28 Reorganized Debtor with its vendors, which the Debtor believes would negatively interfere with the

1 Reorganized Debtor's business operations and reorganization efforts. Furthermore, the Debtor does
2 not believe that any significant preferences were paid. As a result, the Debtor has determined that
3 neither the Debtor nor the Reorganized Debtor will pursue any preference litigation based on
4 monetary transfers. Notwithstanding the foregoing, the Reorganized Debtor, as the representative of
5 the Debtor's Estate and for the benefit of the Estate, shall have the right to pursue any preference
6 actions.

7 The Debtor specifically reserves the right to continue to prosecute the LVDF Litigation, the
8 objections to the LVDF claim and the Meacher/BFS claim(s) and potential other litigation against
9 Meacher/BFS. An order confirming the Plan shall not be *res judicata*, collateral estoppel, or any
10 other bar to the Reorganized Debtor's right to prosecute the LVDF Litigation, the LVDF objection to
11 claim, the Meacher/BFS objection to claim or any litigation against Meacher/BFS. To the extent the
12 LVDF claim objection results in a reduced secured claim against LVDF or the LVDF Litigation
13 results in an affirmative recovery for the Debtor, such reduction below a \$_____ secured claim
14 shall be divided equally between the Reorganized Debtor and Holders of Allowed General
15 Unsecured Claims.

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

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

20 **9. Distributions to Be Made Pursuant to the Plan.**

21 Except as otherwise agreed to by the Reorganized Debtor in writing, Distributions to be
22 made to holders of Allowed Claims pursuant to the Plan may be delivered by regular mail, postage
23 prepaid, to the address shown in the Debtor's Schedules, as they may from time to time be amended
24 in accordance with Bankruptcy Rule 1000, or, if a different address is stated in a proof of claim duly
25 filed with the Bankruptcy Court, to such address. Checks issued to pay Allowed Claims shall be null
26 and void if not negotiated within ninety (90) days after the date such check was mailed to the
27 intended recipient. Those funds represented by voided checks that were not timely negotiated shall
28 become the property of the Reorganized Debtor.

1 **10. Corporate Matters.**

2 Upon Entry of the Plan Confirmation Order, Dr. Ignatius Piazza shall be the Reorganized
3 Debtor's 1% voting member and VNV Dynasty Trust – FS I shall be the Reorganized Debtor's
4 49.5% non-voting member and VNV Dynasty Trust – FS II shall be the Reorganized Debtor's
5 49.5% non-voting member. Therefore, entry of the Plan Confirmation Order shall constitute all
6 approvals, consents and actions required by any member of the Debtor under applicable law, and
7 shall enable the Debtor or the Reorganized Debtor to execute any documents, instruments or
8 agreements, and to take all corporate and other actions that are specified in the Plan or the Plan
9 Confirmation Order that are necessary or appropriate to perform, implement and effectuate the Plan.

10 **11. Exemption from Transfer Taxes.**

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

19 **12. Exculpations and Releases.**

20 To the maximum extent permitted by law, neither the Debtor, the Reorganized Debtor, the
21 Committee members nor any of their successors and assigns, advisors, attorneys, employees,
22 officers, directors, shareholders, agents, members, representatives, or Professionals employed or
23 retained by any of them whether or not by Bankruptcy Court order, each in their capacity as such,
24 shall have or incur liability to any Person for an act taken or omitted to be taken in connection with,
25 or related to formulating, negotiating, soliciting, preparing, confirming, implementing, or
26 consummating the Plan or the transactions contemplated therein, or a contract, instrument, release or
27 other agreement or document created or entered into in connection with the Plan; provided, however,
28 that each of the above Persons shall be entitled to rely upon the advice of counsel concerning his or

her duties pursuant to, or in connection with, the Plan or any related document, instrument or agreement; provided further that the foregoing exculpation shall have no effect on liability of any Person that results from any act or omission that is determined in a Final Order to have constituted fraud, gross negligence, or willful misconduct.

[Additional exculpation language to be added pursuant to terms of Final DIP Order.]

E. Other Provisions of the Plan.

1. Treatment of Prepetition Lifetime Memberships.

[Debtor is in the process of retaining counsel to assist with the terms and conditions of ongoing membership agreements. This section will be filled out in the amended Plan filed on or before August 4, 2022]

2. Executory Contracts and Unexpired Leases.

a. Assumptions.

The following is a list of the Debtor’s executory contracts and unexpired leases which the Debtor intends to assume on the Effective Date with the obligations of the Debtor to the other parties to such executory contracts and unexpired leases to become obligations of the Reorganized Debtor. Also set forth below is an itemization of the defaults which the Debtor contends exist and must be cured in connection with the Debtor’s assumption of such executory contracts and unexpired leases (the “Cure Amounts”), unless the other parties to such executory contracts and unexpired leases agree to the contrary. The Debtor estimates that the total Cure Amounts that the Reorganized Debtor will be required to pay on the Effective Date will be approximately \$_____. The Confirmation Order will constitute a Bankruptcy Court order approving the Debtor’s assumption of all such executory contracts and unexpired leases and fixing the Cure Amounts for each such executory contract and unexpired lease in the amounts asserted by the Debtor as set forth below.

Executory Contracts/Unexpired Leases To Be Assumed:

Vendor/Lessor	Description	Vendor/Lessor Address	Cure Amount	Cure Terms
Evolution Insurance Brokers, LLC	Certificate of Insurance – Commercial Liability	8722 S. Harrison St. Sandy, UT 84070	\$	TBD

Vendor/Lessor	Description	Vendor/Lessor Address	Cure Amount	Cure Terms
Nevada Retail Network Self Insured Group	Workers' Compensation and Employers Liability Coverage	575 S. Saliman Road Carson City, NV 89701	\$	TBD
Risk Placement Services	Evidence of Property Insurance	1231E Basin Road, #6 Pahrump, NV 89060	\$	TBD
Scottsdale Insurance Company	Common Policy Agreement	One Nationwide Plaza Columbus, OH 43215	\$	TBD
State Farm	Auto Insurance Renewal	3250 S Highway 160, Ste 1 Pahrump, NV 89048-4876	\$	TBD
Williams Scottsman, Inc.	Amendment to Lease Agreement	PO Box 91975 Chicago, IL 60693-1975	\$	TBD
	Merchant Agreement(s)			
Members Choosing to Be Active	Lifetime membership agreements subject to new terms and conditions set forth in Section _____. Members to retain all course certificates and tbd memberships. Other memberships terms to be set forth in amended Plan.		\$	
Members Choosing to Be Inactive	Lifetime membership agreements where members will not be active going forward but will retain their existing (a) course certificates, and (b) tbd memberships. Members who choose to be inactive can choose at any time to become active with an activation fee and subject to the new terms and conditions. Other membership terms to be set forth in amended Plan.		N/A	

b. Rejections.

To the extent that any of the Debtor's members do not opt in to become an active member or inactive member by _____, 2022, their membership agreement will be deemed rejected and the Court order confirming the Plan will constitute a Court order approving the Debtor's rejection of such membership agreements. To the extent that any member whose membership was terminated prior to the Petition Date asserts that somehow he/she/they assert that they have an interest in a lifetime membership, such membership agreement is also deemed rejected and terminated effective as of entry of the Confirmation Order.

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

5 c. Cures.

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

15 THE BAR DATE FOR FILING A PROOF OF CLAIM BASED ON A CLAIM ARISING
16 FROM THE REJECTION OF ANY EXECUTORY CONTRACT OR UNEXPIRED LEASE
17 WHICH IS REJECTED ON THE EFFECTIVE DATE SHALL BE THIRTY (30) DAYS AFTER
18 THE EFFECTIVE DATE. Any claim based on the rejection of an unexpired lease or executory
19 contract will be barred if the proof of claim is not timely filed, unless the Bankruptcy Court orders
20 otherwise. Any Allowed Claim resulting from the rejection of an unexpired lease or executory
21 contract will be classified and treated as a Class 8 Allowed Claim.

22 **3. Risk Factors.**

23 The primary risk of implementing the Plan would be the Debtor's inability to obtain an
24 entered Confirmation Order prior to November 29, 2022, the current deadline for the Debtor to
25 confirm its plan pursuant to the DIP Financing Order. Additionally, there is a risk that not enough of
26 the Debtor's members will opt-in to the new membership program, such that the Debtor will not
27 have sufficient funds available to maintain its ongoing operations. However, the Debtor is confident
28 that it will have at least 10,000 members that will opt-in to the new membership program, such that

1 the Debtor believes that it will have sufficient cash flow to fund the Plan as set forth in **Exhibit** ____.

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

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

4 **F. Retention of Jurisdiction.**

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

- 8 1. To resolve any and all disputes regarding the operation and interpretation of the Plan
9 and the Confirmation Order;
- 10 2. To determine the allowability, classification, or priority of Claims and to consider any
11 objection to claim or interest whether such objection is filed before or after the Effective Date;
- 12 3. To determine the extent, validity and priority of any lien asserted against any Asset or
13 property of the Debtor or the Debtor's Estate;
- 14 4. To construe and take any action to enforce the Plan, the Confirmation Order, and any
15 other order of the Bankruptcy Court, issue such orders as may be necessary or appropriate for the
16 implementation, execution, performance, and consummation of the Plan, the Confirmation Order,
17 and all matters referred to in the Plan and the Confirmation Order, and to determine all matters that
18 may be pending before the Bankruptcy Court in this Case on or before the Effective Date;
- 19 5. To determine (to the extent necessary) any and all applications for allowance of
20 compensation and reimbursement of expenses of Professionals for the period on or before the
21 Effective Date;
- 22 6. To determine any request for payment of administrative expenses;
- 23 7. To determine motions for the rejection, assumption, or assignment of executory
24 contracts or unexpired leases filed before the Effective Date and the allowance of any Claims
25 resulting therefrom;
- 26 8. To determine all applications, motions, adversary proceedings, contested matters, and
27 any other litigated matters instituted during the pendency of this Case whether before, on, or after the
28 Effective Date, including Claims, Causes of Action, and Avoidance Actions, and the Reorganized

1 Debtor shall have the right to commence in the Bankruptcy Court any Causes of Action, including
2 any Avoidance Actions, after the Effective Date, and to continue with the prosecution in the
3 Bankruptcy Court of any such claims, Causes of Action and Avoidance Actions which were
4 commenced but not completed by the Debtor prior to the Effective Date;

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

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

10 11. Except as otherwise provided in the Plan or the Confirmation Order, to issue
11 injunctions, to take such other actions, or make such other orders, as may be necessary or
12 appropriate to restrain interference with the Plan or the Confirmation Order, or the execution or
13 implementation by any Person or other entity of the Plan or the Confirmation Order;

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

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

19 **G. Amendments to Operating Agreement.**

20 On the Effective Date, the members of the Reorganized Debtor shall be authorized to amend
21 the operating agreement to take all actions necessary and appropriate to carry out the terms of the
22 Plan.

23 **H. Dissolution of the Committee.**

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

27
28

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

2 **1. No Fractional Distributions.**

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

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

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

13 **3. Unclaimed Distribution.**

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

24 **4. De Minimis Cash Distributions.**

25 Notwithstanding anything to the contrary in the Plan, no Cash Distributions shall be made on
26 account of any Allowed Claim if the Cash Distribution amount is less than \$25.00. Holders of
27 Allowed Claims who would otherwise be entitled to a Distribution in the amount of less than \$25.00
28 shall receive no Distribution on account of such Allowed Claim because the value of such Allowed

1 Claim would be de minimus and the administrative costs associated with processing and mailing the
2 Distributions to the holder of such Allowed Claim would likely exceed the amount of the
3 Distribution.

4 **V. IRS CIRCULAR 230 NOTICE**

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

12 **VI. TAX CONSEQUENCES OF THE PLAN**

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

21 The Debtor does not anticipate that confirmation of the Plan will have a significant or
22 material effect on its tax liability. The Debtor makes no representations regarding the potential tax
23 consequences to creditors or equity holders.

24 **VII. CONFIRMATION REQUIREMENTS AND PROCEDURES**

25 PERSONS OR ENTITIES CONCERNED WITH CONFIRMATION OF THE PLAN
26 SHOULD CONSULT WITH THEIR OWN ATTORNEYS BECAUSE THE LAW ON
27 CONFIRMING A PLAN OF REORGANIZATION IS VERY COMPLEX. The following
28 discussion is intended solely for the purpose of alerting readers about basic confirmation issues,

1 which they may wish to consider, as well as certain deadlines for filing claims. The Debtor
2 CANNOT and DOES NOT represent that the discussion contained below is a complete summary of
3 the law on this topic.

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

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

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

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

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

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

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

22 THE BAR DATE FOR FILING A PROOF OF CLAIM IN THIS CASE ON ACCOUNT OF
23 PRE-PETITION CLAIM IS AUGUST 8, 2022. A creditor or interest holder may have an allowed
24 claim or interest even if a proof of claim or interest is not timely filed. A claim is deemed allowed if
25 (1) it is scheduled on the Debtor's Schedules and such claim is not scheduled as disputed,
26 contingent, or unliquidated, and (2) no party in interest has objected to the claim. An interest is
27 deemed allowed if it is scheduled and no party in interest has objected to the interest.
28

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

2 As noted above, an allowed claim or interest has the right to vote only if it is in a class that is
 3 impaired under the Plan. *See, e.g., In re Barakat*, 99 F.3d 1520 (9th Cir. 1996), *cert. denied*, 520
 4 U.S. 1143 (1997) (a class that is not impaired is conclusively presumed to have accepted a chapter
 5 11 plan). A class is impaired if the Plan alters the legal, equitable, or contractual rights of the
 6 members of that class. For example, a class comprised of General Unsecured Claims is impaired if
 7 the Plan fails to pay the members of that class 100% of what they are owed on the Effective Date.

8 In this case, the Debtor believes that members of Classes _____ are impaired. Members
 9 of Classes _____ are not impaired because _____. Parties who dispute the
 10 Debtor's characterization of their claim or interest as being impaired or unimpaired may file an
 11 objection to the Plan contending that the Debtor has incorrectly characterized the Class.

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

13 The following four types of claims are not entitled to vote: (1) claims that have been
 14 disallowed; (2) claims in unimpaired classes; (3) claims entitled to priority pursuant to sections
 15 507(a)(1), (a)(2), and (a)(8) of the Bankruptcy Code; and (4) claims in classes that do not receive or
 16 retain any value under the Plan. Claims in unimpaired classes are not entitled to vote because such
 17 classes are deemed to have accepted the Plan. Claims entitled to priority pursuant to sections
 18 507(a)(1), (a)(2), and (a)(8) of the Bankruptcy Code are not entitled to vote because such claims are
 19 not placed in classes and they are required to receive certain treatment specified by the Bankruptcy
 20 Code. Claims in classes that do not receive or retain any value under the Plan do not vote because
 21 such classes are deemed to have rejected the Plan. Accordingly, Classes _____ are not
 22 entitled to vote. **EVEN IF YOUR CLAIM IS OF THE TYPE DESCRIBED ABOVE, YOU MAY
 23 STILL HAVE A RIGHT TO OBJECT TO THE CONFIRMATION OF THE PLAN.**

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

25 A Creditor whose Claim has been allowed in part as a secured claim and in part as an
 26 unsecured claim is entitled to accept or reject the Plan in both capacities by casting one ballot for the
 27 secured part of the claim and another ballot for the unsecured claim. The Debtor believes that BFS
 28

1 is partially secured and partially unsecured. The Debtor does not believe that there are any other
2 Creditors who have a claim that is partially secured and partially unsecured.

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

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

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

9 A class of claims is considered to have accepted the Plan when more than one-half (1/2) in
10 number and at least two-thirds (2/3) in dollar amount of the claims which actually voted on the plan,
11 voted in favor of the plan. A class of interests is considered to have "accepted" a plan when at least
12 two-thirds (2/3) in amount of the interest-holders of such class which actually voted on the plan,
13 voted to accept the plan.

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

15 As noted above, even if all impaired classes do not accept the Plan, the Bankruptcy Court
16 may nonetheless confirm the Plan if the non-accepting classes are treated in the manner required by
17 the Bankruptcy Code. The process by which non-accepting classes are forced to be bound by the
18 terms of a plan is commonly referred to as "cramdown." The Bankruptcy Code allows the Plan to be
19 "cramped down" on non-accepting classes of claims or interests if it meets all consensual
20 requirements except the voting requirements of § 1129(a)(8) and if the Plan does not "discriminate
21 unfairly" and is "fair and equitable" toward each impaired class that has not voted to accept the Plan
22 as referred to in § 1129(b) of the Bankruptcy Code and applicable case law.

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

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

26 **K. Liquidation Analysis.**

27 Another confirmation requirement is the "Best Interest Test," which requires a liquidation
28 analysis. Under the Best Interest Test, if a claimant or interest holder is in an impaired class and that

1 claimant or interest holder does not vote to accept the Plan, then that claimant or interest holder must
2 receive or retain under the Plan property of a value that is not less than the amount that such holder
3 would receive or retain if the Debtor was liquidated under Chapter 7 of the Bankruptcy Code.

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

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

15 The Debtor's liabilities, including disputed liabilities, include in excess of \$_____ million in
16 alleged Secured Claims, approximately \$_____10,000 in alleged Priority Unsecured Claims, and in
17 excess of \$_____ million in alleged General Unsecured Claims.

18 The Debtor has therefore clearly satisfied the Best Interest Test for Class __ Claim holders
19 (general unsecured creditors) because under the Plan, holders of Class __ Allowed Claims will
20 receive a pro rata distribution of at least \$___ million (or at least ___% of their Allowed Claim),
21 compared to receiving nothing potentially nothing in a Chapter 7 liquidation of the Debtor.

22 Moreover, in a Chapter 7 case, the Chapter 7 trustee would be required to replace the
23 professionals currently employed by the Debtor's Estate with new professionals, which would
24 burden the Estate with additional substantial fees as the trustee and his professionals would need to
25 familiarize themselves with this case, and the Estate would bear the significant financial burden of
26 their learning curve. These additional expenses are avoided through the confirmation of the Plan.
27 Moreover, the Reorganized Debtor will make all Effective Date Distributions under the Plan at no
28

1 charge to the Estate and thereby avoid the substantial fees that would otherwise be payable to a
2 Chapter 7 trustee for making such disbursements pursuant to Section 326 of the Bankruptcy Code.

3 Attached hereto as **Exhibit** __ is a liquidation analysis prepared by the Debtor and its
4 advisors (the "Liquidation Analysis"). The Liquidation Analysis depends on several estimates and
5 assumptions. Although developed and considered reasonable by the Debtor and the advisors of the
6 Debtor, the assumptions are inherently subject to significant economic, business, regulatory, and
7 competitive uncertainties and contingencies beyond the Debtor's control or its management. The
8 Liquidation Analysis is also based on the Debtor's best judgment of how numerous decisions in the
9 liquidation process would be resolved. Accordingly, there can be no assurance that the values
10 reflected in the Liquidation Analysis would be realized if the Debtor was, in fact, to undergo such
11 liquidation, and actual results could vary materially and adversely from those contained in the
12 Liquidation Analysis. Further, the Liquidation Analysis contains numerous estimates regarding the
13 Debtor's financial and operational performance between now and the conversion date, which is still
14 under review and subject to material change.

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

27 The Liquidation Analysis demonstrates that in a piecemeal Chapter 7 liquidation, the worst-
28 case scenario would be that the liquidation proceeds would be less than the outstanding amount of

1 administrative claims. The best-case scenario is that General Unsecured Claims would receive a pro
 2 rata distribution of _____% of their claims.

3 **% OF THEIR CLAIMS WHICH GENERAL UNSECURED CREDITORS WOULD**
 4 **RECEIVE OR RETAIN IN A CHAPTER 7 LIQUIDATION: = ___% to ___%**

5 **% OF THEIR CLAIMS WHICH GENERAL UNSECURED CREDITORS ARE**
 6 **ESTIMATED TO RECEIVE OR RETAIN UNDER THE PLAN: = At Least ___% Cash**

7 **L. Feasibility.**

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

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

15 The Plan will be funded by the Exit Financing in the aggregate amount of approximately
 16 \$ _____, plus the Debtor’s Cash on hand of approximately \$ _____. After deducting
 17 fees and costs relating to obtaining the New Secured Debt (in the amount of approximately
 18 \$ _____) and assuming \$ _____ in Exit Financing and estimated annual membership fees of
 19 \$ _____ that will be owed for January 2023, the Debtor will net approximately \$ _____ as
 20 the Effective Date. Of this amount, the Reorganized Debtor anticipates that it will require at least
 21 \$ _____ for working capital to meet the Debtor’s operating needs, thereby reducing available
 22 funds to implement the Plan to \$ _____ to \$ _____. Such proceeds will be utilized as follows:

23	Administrative (Professional)	\$
24	Administrative (Accounts Payable)	\$
25	FS DIP Secured Claim	\$
26	LVDF Secured Claim	\$
27	Lease/Contract Cures	\$
28	Unsecured Claims	\$
	Total	\$

Based on the foregoing, the Debtor is confident that sufficient funds will exist to make all required
 Effective Date payments. The balance of Allowed Claims will be satisfied over time by the

1 Reorganized Debtor pursuant to the terms of the Plan.

2 The second aspect considers whether the Reorganized Debtor will have enough cash over the
3 life of the Plan to make the required Plan payments. Attached hereto as **Exhibit** _ to this Disclosure
4 Statement are cash flow projections prepared for the five year period following the Effective Date,
5 which demonstrate the ability of the Reorganized Debtor to make the \$__ in million payments for.

6 The Financial Projections reflect the Debtor's estimate for results of operations after
7 confirmation of the Plan, based upon the Debtor's assumptions and judgments as to future market
8 and business conditions and expected future operating performance, all of which are subject to
9 change. Actual operating results and values may vary.

10 The Financial Projections are based on numerous assumptions, including Confirmation of the
11 Plan in accordance with its terms, the occurrence of the Effective Date such that the Plan will have
12 become fully consummated shortly after the Effective Date, realization of the Debtor's new business
13 plan, no material adverse changes in applicable legislation or regulations or the administration
14 thereof, no material adverse changes in general business and economic conditions, no material
15 adverse changes in competition, the Reorganized Debtor's retention of certain key employees, the
16 absence of material contingent or unliquidated litigation, and other matters, many of which will be
17 beyond the control of the Reorganized Debtor and some or all of which may not materialize.

18 To the extent that the assumptions inherent in the Financial Projections are based upon future
19 business decisions and objectives, they are subject to change. In addition, although they are
20 presented with numerical specificity and are based on assumptions considered reasonable by the
21 Debtor, the assumptions and estimates underlying the Financial Projections are subject to significant
22 business and economic uncertainties and contingencies, many of which will be beyond the control of
23 the Reorganized Debtor. Accordingly, the Financial Projections are only estimates and are
24 necessarily speculative in nature. It can be expected that some or all of the assumptions in the
25 Financial Projections will not be realized and that actual results will vary from the Financial
26 Projections, which variations may be material and are likely to increase over time. In light of the
27 foregoing, readers are cautioned not to place undue reliance on the Financial Projections. The
28 Financial Projections were not prepared in accordance with standards for projections promulgated by

1 the American Institute of Certified Public Accountants or with a view to compliance with published
2 guidelines of the SEC regarding projections or forecasts. The Financial Projections have not been
3 audited, reviewed or compiled by the Debtor's independent public accountants. The projected
4 financial information contained in this Disclosure Statement should not be regarded as a
5 representation or warranty by the Debtor, the Debtor's advisors or any other Person that the
6 Financial Projections can or will be achieved.

7 As a condition to confirmation of a plan, the Bankruptcy Code requires, among other things,
8 that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation
9 or the need for further financial reorganization of the Debtor. In connection with the development of
10 the Plan, and for purposes of determining whether the Plan satisfies this feasibility standard, the
11 Debtor's management has, through the development of the Financial Projections, analyzed its ability
12 to meet its obligations under the Plan and to maintain sufficient liquidity and capital resources to
13 conduct its business subsequent to its emergence from this Chapter 11 Case. The Financial
14 Projections were prepared to assist holders of Claims entitled to vote on the Plan in determining
15 whether to accept or reject the Plan.

16 The Debtor believes that the Financial Projections represent the most probable range of
17 operating and financial results and that the estimates and assumptions underlying the projections are
18 reasonable. The estimates and assumptions may not be realized, however, and are inherently subject
19 to significant business, economic and competitive uncertainties and contingencies, many of which
20 are beyond the Debtor's control. No representations can be or are made as to whether the actual
21 results will be within the range set forth in the Financial Projections. Some assumptions inevitably
22 will not materialize, and events and circumstances occurring subsequent to the date on which the
23 Financial Projections were prepared may be different from those assumed or may be unanticipated,
24 and therefore may affect financial results in a material and possibly adverse manner.

25 **1. Scope of the Financial Projections.**

26 The Financial Projections are based on the assumption that the Effective Date will occur on
27 or before November 28, 2022. If the Effective Date is significantly delayed, additional expenses,
28 including professional fees, may be incurred and operating results may be negatively impacted. It is

1 also assumed that the Reorganized Debtor will conduct operations substantially similar to its current
2 business.

3 The Financial Projections do not reflect the application of fresh start accounting. Any formal
4 fresh start reporting adjustments that may be required in accordance with Statement of Position 90-7
5 Financial Reporting by Entities in Reorganization under the Bankruptcy Code, including any
6 allocation of the Debtor's reorganization value to the Debtor's assets in accordance with the
7 procedures specified in Accounting Standards Codification 805, will be made after the Debtor
8 emerges from bankruptcy. The Financial Projections include projected profit and loss of the
9 reorganized Debtor.

10 Factors that could cause actual results to differ materially include, but are not limited to: the
11 ability of the reorganized Debtor to operate its business consistent with its projections generally,
12 including the ability to maintain or increase revenue and cash flow to satisfy its liquidity needs,
13 service its indebtedness and finance the ongoing obligations of its business, and to manage its future
14 operating expenses and make necessary capital expenditures; the ability of the reorganized Debtor to
15 comply with the covenants and conditions under its credit facilities; the loss or material downtime of
16 major suppliers; increases in production and payroll expenses; the reorganized Debtor's ability to
17 attract and maintain key executives, managers and employees; and changes in general domestic and
18 international political conditions.

19 **2. Key Assumptions to the Financial Projections.**

20 **Methodology.** The Debtor's current business plan incorporates assumptions related to
21 certain economic and business conditions for the projected for the seven years beyond the Effective
22 Date. These assumptions are based upon historic seasonality, management observations about
23 existing trends, management's industry experience, and the Debtor's business strategy going
24 forward. The Financial Projections incorporate the Debtor's view on the general business and
25 market conditions as well as industry and competitive trends.

26 **Sales.** The Debtor has historically sold multiple tiers of membership options, which now
27 include an annual membership fee for current members and a one-time initiation or transfer fee
28 going forward for new members. In Year 1, the Debtor anticipates to maintain a reduced portion of

1 existing members, with modest growth through the end of Year 1. In the remaining projected years,
2 the Debtor anticipates an improvement in member growth, and thus, membership fees. In addition to
3 membership revenue, the Debtor also generates revenue from daily student visit fees and ancillary
4 sales. In Year 1, the Debtor assumes similar monthly student visits and ancillary sales consistent
5 with historical averages. In the remaining projected years, the Debtor anticipates modest growth in
6 line with increased marketing and advertising spend.

7 Members who are heads of households will be required to pay a \$_____ annual fee, and all
8 children under 25 and spouses will be required to pay a \$100 annual fee under the head of
9 households membership. In Year 1, the Debtor anticipates maintaining a reduced portion of existing
10 members, who are assumed to pay their first annual membership fee in the first quarter of Year 1,
11 with modest growth thereafter. In the remaining projected years, the Debtor anticipates a steady
12 improvement in member growth, and thus, membership fees. In addition to membership revenue, the
13 Debtor also generates revenue from daily student visit fees and ancillary sales. In Year 1, the Debtor
14 assumes similar monthly student visits and ancillary sales consistent with historical averages. In the
15 remaining projected years, the Debtor anticipates modest growth in line with increased marketing
16 and advertising spend.

17 **Operating Costs.** Operating Costs for the Debtor consist of expenses such as utilities, range
18 maintenance and expenses, marketing, information technology, insurance, employee payroll and
19 benefits, and other expenses. The Financial Projections for SG&A are estimated based on historical
20 spend, adjustments for known cost increases or decreases and management's view of operations
21 going forward. Over the projected period, the margin improvement is driven by the Debtor's
22 anticipated growth in all revenue channels that outpaces the increases in SG&A expenses.

23 **Taxes:** The Financial Projections assume the Debtor will pay a federal effective tax rate of
24 21%.

25 VIII. EFFECT OF CONFIRMATION OF THE PLAN

26 A. Discharge.

27 On the Effective Date, the Debtor will receive a discharge under the Plan pursuant to and in
28 accordance with the provisions of § 1141 of the Bankruptcy Code because there has not been a

1 liquidation of all or substantially all of the property of the Debtor's Estate. Pursuant to §
2 1141(d)(1)(A), Confirmation of the Plan will discharge "the debtor from any debt that arose before
3 the date of such confirmation, and any debt of a kind specified in section 502(g), 502(h), or 502(i) of
4 this title, whether or not – (i) a proof of claim based on such debt is filed or deemed filed under
5 section 501 of this title; (ii) such claim is allowed under section 502 of this title; or (iii) the holder of
6 such claim has accepted the plan ...". 11 U.S.C. §§ 1141(d)(1)(A)(i), (ii) and (iii). **In other words,**
7 **Confirmation of the Plan will effectuate a discharge as to all debts or liabilities, whether**
8 **contingent, unliquidated, disputed, known or unknown, that were incurred or arose before**
9 **Confirmation of the Plan.** This includes all types of Claims and obligations arising out of and/or
10 including, but not limited to, (i) all causes of action under state and Federal law (e.g., breach of
11 contract, breach of fiduciary duty, etc.), (ii) trade payables, (iii) landlord claims, (iv) tax Claims
12 including interest, (v) environmental claims, and (vi) any other known or unknown Claim from any
13 debt arising prior to Plan Confirmation.

14 The Plan shall bind the holders of all Claims whether or not they vote to accept the Plan. The
15 rights afforded in the Plan and the treatment of all Claims therein shall be in complete satisfaction,
16 discharge and release of all Claims against the Debtor or its Assets of any nature whatsoever except
17 as otherwise specifically provided in the Plan. Except as set forth in the Plan, all Claims shall be
18 forever satisfied, discharged and released in full on the Effective Date, and all holders of Claims
19 shall be forever precluded and enjoined from asserting Claims against the Reorganized Debtor. Any
20 litigation pending prepetition and/or initiated postpetition in any court other than the Bankruptcy
21 Court where relief from stay was not obtained from the Bankruptcy Court shall be deemed
22 discharged upon Plan Confirmation and the occurrence of the Effective Date.

23 **B. Continuing Stay/Injunction.**

24 The automatic stay is lifted upon the Effective Date as to property of the Estate. However,
25 the stay continues to prohibit collection or enforcement of prepetition Claims against the
26 Reorganized Debtor or the Reorganized Debtor's property until the earlier of the date: (1) the
27 Debtor's bankruptcy Case is closed, or (2) the Debtor's bankruptcy Case is dismissed. Therefore, all
28 parties bound by the Plan shall take no action with respect to, and are enjoined from, collecting or

1 enforcing their prepetition Claims against the Reorganized debtor as set forth herein, and as
2 otherwise provided by operation of law, until the earlier of the date that (1) the Debtor's bankruptcy
3 Case is closed, or (2) the Debtor's bankruptcy Case is dismissed.

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

7 Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all
8 entities that have held, currently hold or may hold a Claim or other debt or liability that is discharged
9 or an interest or other right of an equity holder that is impaired pursuant to the terms of the Plan are
10 permanently enjoined from taking any of the following actions against the Debtor, the Debtor's
11 Estate, the Reorganized Debtor or its property on account of any such discharged Claims, debts or
12 liabilities or terminated interests or rights: (i) commencing or continuing, in any manner or in any
13 place, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any
14 manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or
15 encumbrance; (iv) asserting a setoff, right of subrogation or recoupment of any kind against any
16 debt, liability or obligation due to the Debtor; and (v) commencing or continuing any action in any
17 manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

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

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

22 Except as provided elsewhere in the Plan, the Confirmation of the Plan revests all of the
23 property of the Debtor's Estate in the Reorganized Debtor, including, but not limited to, any
24 Litigation Claims and the LVDF Litigation. From and after the Effective Date, the Reorganized
25 Debtor may operate its business and may use, acquire, and dispose of property, including payment of
26 all business expenses and professional fees and expenses, and compromise and settle any claims or
27 causes of actions without supervision or consent of the Bankruptcy Court, and free of any
28 restrictions of the Bankruptcy Code or Bankruptcy Rules.

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

7 **D. Modification of the Plan.**

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

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

15 Until a final decree closing the Debtor's Chapter 11 Case is entered, the Reorganized Debtor
16 shall file a -----.

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

18 A Creditor or any other party in interest may bring a motion to convert or dismiss the Case
19 under § 1112(b) of the Bankruptcy Code after the Plan is confirmed if there is a default in
20 performing the Plan. If the Bankruptcy Court orders the Case converted to chapter 7 after the Plan is

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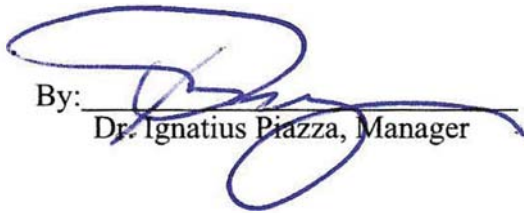
1 confirmed, then all property that had been property of the chapter 11 Estate, and that has not been
2 disbursed pursuant to the Plan, will revert in the chapter 7 estate, and the automatic stay will be re-
3 imposed upon the revested property, but only to the extent that relief from stay was not previously
4 authorized by the Bankruptcy Court during this Case. The Plan Confirmation Order may also be
5 revoked under very limited circumstances. The Bankruptcy Court may revoke the Plan
6 Confirmation Order if it was procured by fraud and if a party in interest brings an adversary
7 proceeding to revoke confirmation within 180 days after the entry of the Plan Confirmation Order.

8 **G. Final Decree.**

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

13 Dated: July 15, 2022

Front Sight Management LLC

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15
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Dr. Ignatius Piazza, Manager

17 Submitted By:

18
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20
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