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**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEVADA**

In re:  
FRONT SIGHT MANAGEMENT LLC,  
  
Debtor.

Case No. 22-11824-abl  
Chapter 11

**DECLARATION OF ERIC REUBEL IN  
SUPPORT OF OBJECTION OF THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS TO CONFIRMATION OF  
DEBTOR’S SECOND AMENDED CHAPTER 11 PLAN OF REORGANIZATION**

I, Eric Reubel, hereby declare that the following statements are true and correct to the best of my knowledge after due inquiry as described herein:

1. I am over the age of 18 and competent to testify. I am a managing director at Dundon Advisers, LLC (“Dundon”). Dundon was retained as financial advisor to the Official Committee of Unsecured Creditors (the “Committee”) of Front Sight Management LLC (the “Debtor”), effective as of June 9, 2022.

1           2.       Dundon is a financial advisory firm whose professionals’ experience with  
2 distressed assets and the bankruptcy process goes back to the 1990s. Dundon presently acts or  
3 recently acted as financial adviser in complex chapter 11 cases across the country.

4           3.       Dundon routinely conducts investigations of financial statements and  
5 business operations. Dundon professionals include those with CPA certifications and have deep  
6 expertise in valuation and forensic accounting.

7           4.       Prior to joining Dundon, I was an investment banker at Miller  
8 Buckfire/Stifel (2014-2019), where I participated in restructuring and asset sales for distressed  
9 issuers. Before joining Miller Buckfire, I was a high yield and distressed debt analyst from 2002  
10 to 2013, most of that time at Miller Tabak Roberts and GMP Securities.

11           5.       While at Dundon, among other roles, I have served as financial advisor to  
12 the Official Committees of Unsecured Creditors of Agera Energy (SDNY), Celadon (Delaware),  
13 Comcar (Delaware), Cred, Inc. (Delaware), Easterday Farms (ED WA), Impresa Aerospace  
14 (Delaware), Jagged Peak/Trade Global (Nevada), Loot Crate (Delaware), Matheson Flight  
15 Extenders and Matheson Postal Services (ED CA), Marvin Keller Trucking (CD IL), Packable  
16 Holdings, LLC (Delaware), Pipeline Foods (Delaware), Slidebelts (ED CA), Sungard Availability  
17 Services (SD TX), TPC Group (Delaware), Volunteer Energy (SD OH) and Wave Technologies  
18 (ND CA).

19           6.       I am familiar with the matters set forth herein and make this declaration in  
20 support of the *Objection of the Official Committee of Unsecured Creditors to Confirmation of*  
21 *Debtor’s Second Amended Chapter 11 Plan of Reorganization* (the “Objection”).<sup>1</sup>

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28 <sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Objection.

1           7.       In the course of this chapter 11 case and to assess proposed distributions to  
2 unsecured creditors under the various iterations of the Debtor’s proposed plan, the Committee  
3 and its counsel requested that Dundon, at my direction, perform an analysis of distributions and  
4 similar cash payments made by the Debtor to Ignatius Piazza, VNV Dynasty Trust – FS I and  
5 VNV Dynasty Trust – FS II (collectively, the “Shareholder”), the equity owners of the Debtor.  
6 The results of Dundon’s analysis are set forth below and on the exhibits attached to this  
7 Declaration.  
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9           8.       In connection with this analysis, Dundon reviewed the following  
10 documents and information:

11                   (a)       the unaudited financial statements of the Debtor for the calendar  
12 years 2018, 2019 and 2020 (the “Financial Statements”);

13                   (b)       the Debtor’s 2012 – 2020 federal tax returns, Form 1120S (the “Tax  
14 Returns”) including *Schedule M-2, Analysis of Accumulated Adjustments Account, Shareholders’*  
15 *Undistributed Taxable Income Previously Taxed, Accumulated Earnings and Profits, and Other*  
16 *Adjustments Account* (“Schedule M-2”);

17                   (c)       redacted copies of the Shareholder’s federal tax returns for the  
18 years 2017 through 2021;

19                   (d)       an Excel file provided by the Debtor’s advisers to Dundon entitled  
20 “6.20.22 – *Front Sight Insider Transactions*,” and

21                   (e)       an Excel file provided by the Debtor’s advisers to Dundon entitled  
22 “9.11.22 *Front Site – Illustrative SH Loan Exhibit*” (the “Debtor SH Loan Exhibit”).  
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1 (b) Cash collected from the sale of lifetime memberships, membership  
2 upgrades, firearm training courses or other ancillary products historically did not remain in the  
3 Debtor's accounts. Rather, based on Dundon's review, a significant portion of the cash collected  
4 from the Debtor's sales – principally memberships and training packages recognized over time  
5 as revenue – was transferred to the Shareholder and was recorded in the Debtor's books and  
6 records as an increase to the Shareholder Loan Account. The Debtor only retained sufficient cash  
7 to meet operational expenses and working capital requirements of the Debtor.  
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9 (i) The Shareholder Loan was not evidenced by a loan agreement  
10 and is not a typical loan insofar as there is no stated interest or maturity date.

11 (ii) The Shareholder Loan Account existed solely as a vehicle to  
12 transfer cash collected by the Debtor to the Shareholder on an interest-free basis.  
13

14 (c) Tax distributions did not result in additional cash payments to the  
15 Shareholder, as the Shareholder had already received the cash prior to the declaration of the tax  
16 distributions.

17 (i) The declared tax distributions were recorded as a reduction to  
18 the outstanding balance on the Shareholder Loan Account.

19 (ii) The offset to the reduction in the Shareholder Loan Account  
20 was a corresponding reduction (debit) to the Debtor's retained earnings account as reflected on  
21 the Debtor's historic balance sheets.  
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23 **KEY FINDINGS**

24 13. Exhibit 1 details the interplay of the Shareholder Loan Account and the  
25 Debtor's declared tax distributions over the period from 2012 through 2020.  
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1           14.     Based on an analysis of Exhibit 1, discussions with the Debtor’s financial  
2 advisers and tax advisers, and detailed diligence of the Debtor’s Tax Returns, the Debtor declared  
3 tax distribution totaling \$41.2 million over the years 2012 through 2020. A summary of the  
4 annual distributions to the Shareholder is set forth on Exhibit 2 attached hereto.  
5

6           15.     The Shareholder Loan Account allowed the Shareholder to remove nearly  
7 all of the Debtor’s profits by initially recording the Shareholder’s cash withdrawals as an  
8 undocumented, non-interest bearing “loan” in the Debtor’s books and records.

9           16.     Based on Dundon’s analysis, the sum of the declared tax distributions of  
10 \$41.2 million represents net cash distributed to the Shareholder as recorded in the Shareholder  
11 Loan Account.

12                   (a)     During the period from 2012 through 2020, the outstanding balance  
13 in the Shareholder Loan Account exceeded total declared tax distributions by \$4.1 million. The  
14 Shareholder repaid the \$4.1 million amount that was in excess of declared tax dividends (for the  
15 period 2012 through 2020) in 2019 and 2020, thereby reducing the balance on the Shareholder  
16 Loan Account to zero.  
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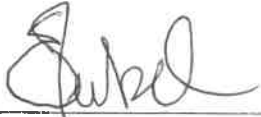
18           17.     Based on an analysis of the Debtor’s tax returns, the Debtor’s tax  
19 distributions to the Shareholder roughly equals all the Debtor’s net income for the years 2012  
20 through 2020.  
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22           18.     Dundon has reviewed redacted tax returns of the Shareholder and has  
23 observed that the Debtor’s declared tax distributions were recorded as income to the Shareholder.  
24 Dundon does not presently have information to assess the taxable amount owing on account of  
25 the \$41.2 million of tax distributions. Based on Dundon’s review of the Shareholder’s tax returns,  
26 a 40% tax rate is assumed. Accordingly, the Shareholder retained approximately \$25 million of  
27 the tax distributions for the years 2012 through 2020.  
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I declare under penalty of perjury that the forgoing is true and correct to the best of my knowledge and belief.

Executed on November 7, 2022

  
Eric Reubel

**EXHIBIT “1”**  
**FILED UNDER SEAL**

**EXHIBIT “1”**  
**FILED UNDER SEAL**



**EXHIBIT “2”**  
**FILED UNDER SEAL**

**EXHIBIT “2”**  
**FILED UNDER SEAL**