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13 **UNITED STATES BANKRUPTCY COURT**
 14 **FOR THE DISTRICT OF NEVADA**

15 In re:
 16 Front Sight Management LLC,
 17
 18 Debtor.

19 Case No. 22-11824-abl

20 Chapter 11

21 **Hearing Date:** January 9, 2023

22 **Hearing Time:** 9:30 a.m.

23 **DEBTOR’S OBJECTION TO PROOF OF CLAIM 844-1 FILED BY STEVEN D. CASTON**

24 Front Sight Management LLC, the chapter 11 debtor herein (the “Debtor”), hereby submits
 25 its objection (“Objection”) pursuant to Section¹ 502 and Bankruptcy Rule 3007, to Proof of Claim
 26 844-1 (the “Claim”) filed by claimant Steven D. Caston (“Claimant”). The Debtor objects to the
 27 Claim because it incorrectly asserts that the Claim is secured by a lien on property. Accordingly, the
 28 Debtor respectfully requests entry of an order substantially in the form attached hereto as **Exhibit 2**
 sustaining this Objection and reclassifying the Claim as a general unsecured claim.

¹ References to “Section” refer to the Bankruptcy Code (11 U.S.C. §§ 101 et seq.); references to
 “Bankruptcy Rule” refer to the Federal Rules of Bankruptcy Procedure; and references to “Local
 Rule” refer to the Local Bankruptcy Rules.

1 This Objection is made and based upon the following Memorandum of Points and
2 Authorities, the Omnibus Declaration of Ignatius Piazza (the “Piazza Decl.”) filed in support of the
3 Objection, the papers, pleadings, and other documents on file with the clerk of the Court, and
4 judicial notice of which is respectfully requested pursuant to Federal Rule of Evidence 201, and such
5 other and further evidence as may be provided at the hearing on the Objection.

6 **MEMORANDUM OF POINTS AND AUTHORITIES**

7 **I. JURISDICTION AND VENUE**

8 1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and
9 1334 and Local Rule 1001(b)(1).

10 2. Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

11 3. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

12 4. The statutory predicates for the relief sought herein are Section 11 U.S.C. §§ 105 and
13 502, Bankruptcy Rule 3007, and Local Rule 3007.

14 5. As required by Local Rule 9014.2, the Debtor consents to the entry of final orders or
15 judgments by this Court if it is determined that this Court, absent consent of the parties, cannot enter
16 final orders or judgments consistent with Article III of the United States Constitution.

17 **II. STATEMENT OF FACTS**

18 **A. General Case Background**

19 6. On May 24, 2022, the Debtor filed a voluntary petition for relief under chapter 11 of
20 the Bankruptcy Code. The Debtor continues to operate its business and manage its financial affairs
21 as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee
22 or examiner has been appointed in this case.

23 7. On June 9, 2022, United States Trustee for Region 17 filed its *Amended Appointment*
24 *of the Official Committee of Unsecured Creditors* [ECF No. 116].

25 **B. General History of the Debtor**

26 8. The Debtor was founded in 1996 by Ignatius Piazza. Dr. Piazza owns, either directly
27 or indirectly, 100% of the Debtor. The Debtor was originally formed as a California business and
28 operated near Bakersfield, California, from its formation in 1996 until 2002. In 1998, the Debtor

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

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

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

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

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

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

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

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

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

8 C. The Claim

9 16. On November 3, 2022, Claimant filed the Claim in the amount of \$4,500 based on
10 amounts paid by Claimant to Debtor for memberships. As required by Local Rule 3007(a)(4), the
11 first page of the Claim is attached hereto as **Exhibit 1**.

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

15 III. RELIEF REQUESTED

16 18. The Debtor has reviewed the Claim and has determined that the Claim incorrectly
17 asserts that it is secured by a lien on property. The Claim is based on amounts paid to the Debtor for
18 Claimant’s memberships. Claimant is clearly not a secured creditor of the Debtor. Accordingly, the
19 Debtor requests that the Court sustain this Objection and reclassify the Claim as a \$4,500 general
20 unsecured claim.

21 IV. BASIS FOR RELIEF

22 19. Bankruptcy Rule 3001(f) provides that a “proof of claim executed and filed in
23 accordance with these rules shall constitute prima facie evidence of the validity and amount of the
24 claim.” It is well established in the Ninth Circuit that the initial burden of persuasion for
25 establishing the validity and amount of a proof of claim is upon the claimant. *Ashford v.*
26 *Consolidated Pioneer Mortgage (In re Consolidated Pioneer Mortgage)*, 178 B.R. 222 (9th Cir.
27 BAP 1995), *aff’d*, 91 F.3d 151 (9th Cir. 1996) (a proof of claim must have a writing attached and
28 include supporting documentation to qualify for presumptive validity). However, the prima facie

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

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

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

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

22 23. Here, Claimant asserts that he has lien on property. However, the Claim does not
23 include evidence that Claimant perfected a security interest in any of the Debtor’s real or personal
24 property as required by Bankruptcy Rule 3001(d). Thus, the Claim does not constitute *prima facie*
25 evidence of the validity of the secured portion of the Claim. *See id.* at 227 (“Since the Ashfords
26 have also failed to comply with Rule 3001(d), the claim cannot also constitute *prima facie* evidence
27 of validity.”).

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1 24. Since the Claim lacks *prima facie* evidence of validity, Claimant is required to
2 allege facts sufficient to support the Claim. Claimant is not able to allege sufficient facts to prove
3 the existence of a secured claim. Claimant is clearly not a secured creditor of the Debtor as the
4 Claim is based on amounts paid to the Debtor for Claimant’s memberships. Claimant is a general
5 unsecured creditor of the Debtor. Accordingly, the Debtor requests that the Court sustain the
6 Objection and reclassify the Claim as a \$4,500 general unsecured claim.

7 **V. RESERVATION OF RIGHTS**

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

15 **VI. NOTICE**

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

18 **VII. CONCLUSION**

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

23 DATED: November 29, 2022

BG LAW LLP

24
25 By: /s/ Jessica S. Wellington
26 Susan K. Sefflin
27 Jessica S. Wellington
28 Attorneys for Chapter 11 Debtor

EXHIBIT “1”

EXHIBIT “2”

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

In re:

Front Sight Management LLC,

Debtor.

Case No. 22-11824-abl

Chapter 11

Hearing Date: January 9, 2023
Hearing Time: 9:30 a.m.

**ORDER SUSTAINING DEBTOR’S OBJECTION TO PROOF OF CLAIM 844-1 FILED BY
STEVEN D. CASTON**

On January 9, 2023 at 9:30 a.m., a hearing was held before the Honorable August Landis, Chief United States Bankruptcy Judge for the District of Nevada, for the Court to consider the *Debtor’s Objection to Proofs of Claim 844-1 Filed by Steven D. Caston* [ECF No. ____] (the

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

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

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

13 **IT IS HEREBY FURTHER ORDERED** that Proof of Claim 844-1 shall be reclassified as
14 a \$4,500 general unsecured claim.

15 **IT IS SO ORDERED.**

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

1 Prepared and Submitted By:

2 BG LAW LLP

3 By: /s/ Jessica S. Wellington

4 Susan K. Seflin
5 Jessica S. Wellington
6 Attorneys for Chapter 11 Debtor

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