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IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

Stacy James, et al.,

NO. C 05-04532 JW

Plaintiffs,

ORDER APPOINTING RECEIVER

v.

Ignatius A. Piazza, et al.,

Defendants.

On October 15, 2007, a First Amended Final Judgment and Order of Dismissal With Prejudice was entered in this action. Under the terms of that Judgment, Defendants were ordered to perform enumerated acts in settlement of a class action and the class was given an interest in the property of Defendant Front Sight Management, Incorporated, also doing business as Front Sight Firearms Training Institute (hereafter referred to as, "Front Sight"). The Court retained jurisdiction over the real property and related rights of Front Sight.

At a hearing of this matter on May 11, 2009, the Court determined that equitable intervention by the Court is necessary to protect the interest of the judgment creditor class in the property of Front Sight. The Court determined that Individual Defendant Ignatius A. Piazza and Defendant Front Sight were failing to comply with the Judgment and post-judgment Orders of the Court. Good cause exists that Front Sight is deliberately failing to comply with the Judgment and will continue to do so. Therefore, in light of these circumstances, pursuant to Federal Rule of Civil Procedure 66, *sua sponte*, the Court appoints George C. Fisher as Interim-Receiver of Front Sight Management, Inc. Pending the appointment of a Receiver, the Interim-Receiver is empowered to take immediate

1 possession, custody and control of any and all business operations, assets, and financial matters of
2 Judgment Debtor Front Sight Management, Incorporated, separately and doing business as Front
3 Sight Firearms Training Institute, whether in the possession of Front Sight Management,
4 Incorporated, or its agents, officers, directors or employees or any other person or entity. This
5 appointment is effective upon the filing of (1) the Oath of Receiver and (2) Receiver's Bond in the
6 penal sum of \$2,500.

7 During the period of receivership, IT IS ORDERED THAT THE RECEIVER SHALL BE
8 AUTHORIZED TO:

- 9 a. Operate the business of Front Sight Management, Incorporated in the executive
10 capacity of Chief Executive Officer and to continue the business operation in its
11 historical ordinary and usual course, including the collection and distribution of
12 accounts and inventory proceeds, and to review and oversee Front Sight
13 Management, Incorporated, doing Front Sight Management, Inc.' accounting and
14 financial reporting. The Receiver shall also have all the powers, duties and authority
15 as are provided by law, and shall operate, manage, control, conduct, care for,
16 preserve, and maintain all of the assets of Front Sight Management, Incorporated,
17 (the "Assets"). The Receiver shall maintain all or some of the existing staff,
18 completing the processing, preparing, reconditioning, or sale of said Assets, and other
19 assets as it is appropriate for the orderly management, control and operation of Front
20 Sight Management, Incorporated, and incur the expenses necessary to preserve,
21 protect and carry out the foregoing;
- 22 b. Exclude as deemed necessary any Front Sight Management, Incorporated, personnel
23 or officers from the business premises and the premises of business operation;
- 24 c. Enter, gain access and take possession of Front Sight Management, Inc.' business
25 premises. In this regard, the Receiver shall be authorized to change the locks on all
26 doors providing access to the Business Premises and to do all things which he deems
27 necessary to protect the Assets;

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- d. The Receiver shall further be authorized to take possession and collect the accounts, chattels, paper and general intangibles of every kind arising out of Front Sight Management, Inc.’ operations and the sale, resale, transfer or distribution of the Assets and take possession of all the books and records relating to the foregoing, wherever located, as the Receiver deems necessary for the proper administration of the Receivership Estate, but the books and records shall be made available to Front Sight Management, Inc. as is reasonably necessary;
- e. Review and approve or deny the incursion of corporate expenses;
- f. Review and approve or deny any and all corporate disbursements;
- g. Sequester or otherwise set aside and segregate funds in sufficient quantity to satisfy Plaintiffs’ outstanding Judgment plus all accrued interest, plus such sums as required to compensate Receiver. Subject to further application by the Receiver, the Receiver shall charge no more than \$300 per hour for his services and shall be paid out of the Assets subject to this receivership, unless otherwise ordered by the Court;
- h. Provide weekly reports to the Court, with copies to counsel, of business financial operations, reflecting the Receiver’s fees and administrative costs and expenses incurred for said period in the operation and administration of the Receivership Estate;
- I. The Receiver is authorized and empowered with the right to execute and prepare all documents and to perform all acts, either in the name of Front Sight Management, Incorporated, also doing business as, Front Sight Firearms Training Institute., as it is applicable, or in the Receiver’s own name, which are necessary or incidental to preserving, protecting, managing, controlling or liquidating the property of the Receivership Estate;
- j. The Receiver is authorized to and empowered with the right to demand, collect and receive all monies, funds and payments arising from the Assets;

- 1 k. The Receiver may in his sole discretion contact each of the accounts receivable
2 debtors of Front Sight Management, Inc. (“Accounts Receivable Debtors”) in order to
3 advise them to send any and all payments directly to the Receiver;
- 4 l. The Receiver may take any and all steps necessary to receive, collect and review all
5 mail addressed to Front Sight Management, Inc. The Receiver is also authorized to
6 instruct the U.S. Postmaster to reroute, hold, and or release said mail to said Receiver.
7 Mail reviewed by the Receiver in the performance of his duties will promptly be
8 made available for inspection to Front Sight Management, Inc. after review by the
9 Receiver;
- 10 m. The Receiver shall take possession of all bank accounts of Front Sight Management,
11 Inc. and all accounts and chattel paper wherever located, and shall receive possession
12 of any money on deposit in said bank accounts;
- 13 n. The Receiver is authorized to employ agents, employees, appraisers, guards, clerks,
14 accountants, attorneys, and management consultants to administer the Receivership
15 Estate and to protect the Assets as he shall deem it necessary. No risk or obligation
16 incurred by said Receiver shall be at personal risk or obligation of the Receiver, but
17 shall be the risk or obligation of the Receivership Estate;
- 18 o. If there is insufficient insurance coverage on the Assets, it is hereby ordered that the
19 Receiver shall have thirty (30) working days to procure said insurance on the Assets,
20 and during said period, the Receiver shall not be personally liable for claims arising
21 or for the procurement of insurance;
- 22 p. The Receiver is empowered to establish bank accounts at any bank for the deposit of
23 monies and funds collected and received in connection with his administration of the
24 Receivership Estate, provided that all funds on deposit are insured by an agency of
25 the United States government;
- 26 q. The Receiver is authorized to institute ancillary proceedings in this State or other
27 States as is necessary to obtain possession and control of any property or asset of
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1 Front Sight Management, Inc., and the Receiver may engage the services of counsel
2 if necessary. The Receiver may pay for such services from the funds of the
3 Receivership Estate; and

4 r. The terms and conditions of receivership shall be subject to further court order,
5 amendment or modification, upon the Court's own initiative or at the
6 recommendation of the Receiver, and shall terminate only upon further order of the
7 Court.

8 s. The fees of the receiver shall be paid out of the Assets.

9 IT IS FURTHER ORDERED THAT DEFENDANTS, each of them, and their respective officers,
10 directors, shareholders, general partners, limited partners, members, agents, property managers,
11 employees, assignees, successors, representatives, and all persons acting under, in concert with, or
12 for them, and all other persons with actual or constructive knowledge of this Order, and each of
13 them shall do as follows:

14 a. Turnover to the Receiver the possession and management of the Assets and other
15 items of the Receivership Estate;

16 b. Turnover to the Receiver all keys, leases, books, records, books of account, ledgers,
17 operating statements, budgets, real estate tax bills, and all other business records
18 relating to the Assets or Business Premises of Front Sight Management, Inc.,
19 wherever located, and in whatever mode maintained;

20 c. Turnover to the Receiver all documents pertaining to licenses, permits and Taxpayer
21 ID Numbers, as well as government approvals relating to the Assets, and shall
22 immediately advise the Receiver of their Federal Taxpayer Identification Number
23 used in connection with the operation of Front Sight Management, Inc.;

24 d. Shall immediately advise the Receiver as to the nature and extent of insurance
25 coverage for Front Sight Management, Inc. or its operations and shall immediately
26 name the Receiver as an additional insured on the insurance policies for the period
27 that the Receiver shall be in possession of Front Sight Management, Inc.. Defendants
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- 1 are prohibited from canceling, reducing or modifying any and all insurance coverage
2 currently in existence with respect to Front Sight Management, Inc. and its
3 operations;
- 4 e. Shall turnover to the Receiver all leases, licenses, or other agreements of any kind
5 whatsoever;
- 6 f. Shall turnover to the Receiver all monies or funds of any type in the account or
7 accounts of Front Sight Management, Inc.;
- 8 g. Shall not commit or permit waste on the Business Premises, or commit or permit any
9 act on the Business Premises in violation of law, or remove, transfer, encumber or
10 otherwise dispose of any of the Business Premises or the fixtures thereon, or the
11 Assets or any part thereof;
- 12 h. Shall not directly or indirectly interfere in any manner with the discharge of the
13 Receiver's duties or his possession of and operation or management of Front Sight
14 Management, Inc.;
- 15 I. Shall not demand, collect, receive, discount, or in any other way divert or use any of
16 Front Sight Management, Inc.' accounts payable or other Assets;
- 17 j. Shall not interfere with the Receiver's collection of accounts receivable;
- 18 k. Shall not dispute, remove or secrete the inventory of Front Sight Management, Inc.;
- 19 l. Shall not expend, disburse, transfer, assign, sell, convey, devise, pledge, mortgage,
20 create a security interest in, encumber, conceal, or in any manner whatsoever deal in
21 or dispose of the whole or any part of the Assets; and
- 22 m. Shall not do any act which will or which will tend to impair, defeat, prevent or
23 prejudice the preservation of the Assets.

24 IT IS FURTHER ORDERED THAT, the following shall apply:

- 25 a On **June 15, 2009**, a hearing will be held with respect to this matter. On or before
26 **June 5, 2009**, the Interim-Receiver shall file and serve a report addressing any of the
27 matters pertaining to his appointment, including whether he would assume the
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appointment as the Receiver. In addition, the Receiver shall investigate and report whether any new entities should be brought in to this case and added to the Judgment as the result of any transfer of properties and assets of Front Sight between the date of the Judgment and the date of the hearing

- b. In no event shall the Receiver be responsible for paying any expenses of Defendants or other payables owed to third parties which payables were due and owing prior to the appointment of the Receiver; and
- c. The parties hereto or the Receiver may at any time apply to this Court for further or other instructions and for further powers necessary to enable the Receiver to perform his duties properly.

IT IS SO ORDERED.

Dated: May 11, 2009



JAMES WARE
United States District Judge

1 **THIS IS TO CERTIFY THAT COPIES OF THIS ORDER HAVE BEEN DELIVERED TO:**

2 Christopher Clyde Walton chris.walton@greerlaw.biz
3 Curtis Keith Greer greerkeith@aol.com
4 Dana E Morris dmorris@nv-legal.com
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Dated: May 11, 2009

Richard W. Wieking, Clerk

By: /s/ JW Chambers
Elizabeth Garcia
Courtroom Deputy