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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

STACY JAMES, WILLIAM HAAG and
MICHAEL SCHRIBER, Individually, On
Behalf of All Others Similarly Situated
and On Behalf of the General Public,

Plaintiffs,

vs.

IGNATIUS A. PIAZZA, FRONT SIGHT
MANAGEMENT INCORPORATED
dba FRONT SIGHT FIREARMS
TRAINING INSTITUTE, et al.,

Defendants.

Case No.: C 05-04532 JW
CLASS ACTION
**FIRST AMENDMENT TO
THIRD AMENDED
STIPULATION OF
SETTLEMENT OF CLASS
ACTION**

Date: July 6, 2009
Time: 9:00 a.m.
Dept: 8
Judge: Hon. James Ware

WHEREAS, on October 15, 2007 the court approved the Third Amended Stipulation of Class Action (the “Stipulated Settlement”) in this matter and entered a First Amended Final Judgment and Order of Dismissal with Prejudice (the “Final Order and Judgment”);

WHEREAS, the terms of the Stipulated Settlement required defendant Front Sight Management Incorporated (“Front Sight”) to, *inter alia*, fully pay its obligation to the class settlement by October 15, 2008, and Front Sight has not met this obligation;

WHEREAS, in entering into the Stipulated Settlement the parties

1 anticipated Front Sight being able to obtain financing by October 15, 2008
2 sufficient to fully satisfy Front Sight's outstanding debt to the class;

3 **WHEREAS**, Front Sight has another significant creditor, i.e., the
4 HOLECEK 1996 IRREVOCABLE TRUST (the "Holecek Lien"), that is currently
5 due and payable and asserts a lien position senior to the Class's judgment lien
6 because it was recorded first in time;

7 **WHEREAS**, Front Sight has not been able to obtain financing necessary to
8 satisfy either the Holecek Lien or the Class judgment, and due to current conditions
9 in the lending market the parties believe it is in the best interest of the Class to
10 allow Front Sight additional time to obtain such financing; and

11 **NOW, THEREFORE**, the parties hereby agree to amend the Third
12 Amended Stipulation of Settlement of Class Action, as follows:

13 (1) Front Sight shall immediately pay to the class \$1,000,000;

14 (2) Front Sight's obligation to pay ten percent of its monthly gross income to
15 the Class Settlement Fund pursuant to Section 2.1 of the Stipulated Settlement is
16 replaced with an obligation to pay \$75,000 per month, due on the tenth of the
17 month, commencing October 10, 2009, and continuing until such time as its debt to
18 the Class is paid in full. Because the monthly payments to the Class Settlement
19 Fund are no longer tied to the amount of Front Sight's monthly income, the
20 provisions of Section 5.9 of the Stipulated Settlement are moot, and Front Sight is
21 no longer obligated to provide the Claims Administrator with copies of its monthly
22 financial information. Nor is the Claims Administrator required to apprise the court
23 of Front Sight's compliance;

24 (3) Front Sight will pay all amounts owed to the Class by July 6, 2012. If
25 Front Sight has not paid the Class in full by July 6, 2012, Front Sight may extend
26 the payment period another three years, to July 6, 2015, by paying the Class
27 \$300,000 in addition to the required \$75,000 monthly payments. The \$300,000
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1 payment will be applied to further pay down the principal;

2 (4) All Front Sight Memberships that have been approved as valid claims are
3 now null and void, and will be paid simple interest at a rate of 5% per annum as set
4 forth in Section 2.8 of the Stipulated Settlement, i.e., Platinum Memberships
5 receive 5% on the amount paid in excess of \$25,000 from the date of purchase until
6 paid in full, and all other Front Sight Memberships, as well as up to \$25,000 paid
7 for each Platinum Membership, will be paid 5% simple interest from October 15,
8 2007 until paid in full;

9 (5) Front Sight remains obligated to pay the cost of notices and distributions
10 to the Class by the Claims Administrator. However, funds to satisfy this obligation
11 may be paid directly from the Settlement Fund. In such event, the principal balance
12 owed by Front Sight to the Settlement Fund will be increased in an amount equal to
13 the amount paid to the Claims Administrator;

14 (6) Prior to August 31, 2009, the Claims Administrator will distribute 95%
15 (approximately \$1,425,000) of the funds available for distribution, according to the
16 Plan of Allocation set forth in Section 2.2. of the Stipulated Settlement. Thereafter,
17 distributions will be made annually, with the next distribution taking place on or
18 about September 30, 2010; and

19 (7) In return for the Holecek Trust agreeing to decrease the future interest
20 rate on its loan to Front Sight from 18% to 12% until such time as the loan is paid
21 in full, and its agreement to extend the term of its loan for an additional three years,
22 with periodic payments sufficient to pay the monthly interest on said loan, the
23 Class waives its right to assert a full or partial lien position senior to the Holecek
24 Trust.

25 (8) Front Sight will pay all fees incurred by the Special Master with respect
26 to finalizing the terms of the amended settlement;

27 (9) Front Sight will pay Class Counsel, separate and distinct from its other
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1 obligations to the Class, \$15,000 as full satisfaction for fees and costs incurred in
2 pursuing enforcement of the judgment and this settlement, and in return Class
3 Counsel will waive his right to seek an award of fees and costs;

4 (10) Plaintiffs' covenants and obligations under this stipulation are
5 contingent upon Front Sight transferring the \$1,000,000 payment identified above
6 to the Claims Administrator and said funds clearing in the settlement account. The
7 parties agree that the **[PROPOSED] ORDER APPROVING AMENDMENT TO**
8 **STIPULATED SETTLEMENT** may not be entered until the Claims
9 Administrator has confirmed that this payment has cleared in the settlement
10 account.

11 All terms of the Stipulated Settlement not expressly identified and amended
12 in this stipulation will remain in full force and effect.

13 SO STIPULATED:

14 Dated: June 30, 2009: _____ /S/
15 William Haag, Representative Plaintiff

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17 Dated: June 30, 2009: _____ /S/
18 Stacy James, Representative Plaintiff

19 Dated: June 30, 2009: _____ /S/
20 Michael Schriber, Representative Plaintiff

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22 Dated: June 30, 2009: _____ /S/
23 Ignatius Piazza, Individually and on behalf
24 of Front Sight Management Incorporated,
25 dba, Front Sight Firearms Training Institute

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