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7 Attorneys for Plaintiffs

8 UNITED STATES DISTRICT COURT  
9 NORTHERN DISTRICT OF CALIFORNIA  
10 SAN JOSE DIVISION

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

13 Plaintiffs, )

14 vs. )

15 IGNATIUS A. PIAZZA, FRONT SIGHT )  
16 MANAGEMENT INCORPORATED dba )  
FRONT SIGHT FIREARMS TRAINING )  
17 INSTITUTE, MICHAEL MEACHER and )  
BRAD ACKMAN, )

18 Defendants. )  
19 )  
20 )

Case No.: C 05-04532 JW

CLASS ACTION

**FIRST AMENDED STIPULATION  
OF SETTLEMENT OF CLASS  
ACTION**

***CONFIDENTIAL-DOCUMENT  
SUBMITTED UNDER SEAL  
PURSUANT TO PROTECTIVE  
ORDER-DESIGNATED  
ATTORNEYS' EYES ONLY***

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(i)

1 This First Amended Stipulation of Settlement dated December 19, 2006 (the “First  
2 Amended Stipulation”) is made and entered into by and among the following Settling  
3 Parties (as defined further in Section IV below) to the above-entitled Class Action (the  
4 “Litigation”): (i) Stacy James, William Haag and Michael Schriber (the “Lead  
5 Plaintiffs”)(on behalf of themselves and each of the Settlement Class Members) by and  
6 through their counsel of record in the Litigation—Law Offices of Greer & Associates,  
7 A.P.C. by C. Keith Greer, Esq.; and (ii) the Defendants, Ignatius A. Piazza, Front Sight  
8 Management Incorporated dba Front Sight Firearms Training Institute (“Front Sight”),  
9 Michael Meacher and Brad Ackman, by and through their counsel of record in the  
10 Litigation— Ropers, Majeski, Kohn & Bentley by Richard M. Williams, Esq. The First  
11 Amended Stipulation is intended by the Settling Parties to fully, finally and forever  
12 resolve, discharge and settle the Released Claims (as defined in Section IV below), upon  
13 and subject to the terms and conditions hereof.

14  
15 **I. THE LITIGATION.**

16 On November 7, 2005, the Lead Plaintiffs filed this class action lawsuit pertaining  
17 to the sale of memberships in Front Sight Firearms Training Institute during the period of  
18 January 1997, through the date of filing. Lead Plaintiffs’ allege, *inter alia*, that the money  
19 they paid for their memberships was used as risk capital to build the facility and that said  
20 risk capital should be returned to them in light of the dramatically decreased prices  
21 memberships were later sold for once the facility was substantially developed. A First  
22 Amended Complaint was filed and the parties entered into a tentative settlement which  
23 this First Amended Stipulation formally memorializes. A tangential Nevada State Court  
24 action was filed by defendant Michael Meacher against Lead Plaintiffs alleging the filing  
25 of this lawsuit thwarted his sale of one of his memberships. The Nevada Action was  
26 dismissed and Lead Plaintiffs have threatened motions for sanctions and malicious  
27 prosecution.

28 On August 10, 2006, Defendants entered into an agreement to sell Front Sight’s

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1 approximately 550 acres of raw land in Nevada for the purchase price of \$34 million,  
2 subject to this Court's approval free and clear of the claims asserted in this litigation. The  
3 land sale contract obligates the buyer to pay for and construct a new training facility at a  
4 location to be determined by Front Sight. Front Sight will be obligated to pay for the raw  
5 land. The sale was intended to generate the funds for the settlement as well as provide  
6 funding to assist Front Sight's viability. A Stipulation allowing the sale to proceed was  
7 approved by the Court on September 21, 2006. The initial September 28, 2006 Stipulation  
8 of Settlement of Class Action was expressly conditioned upon the land sale, which was set  
9 to close on December 8, 2006.

10 Unfortunately, the land sale escrow did not close on December 8, 2006 because the  
11 buyer failed to perform, and instead requested a ninety-day extension. The Court was  
12 advised of this failed contingency on December 11, 2006 at the hearing to obtain  
13 preliminary approval of the settlement and related class action procedural matters.

14 Thereafter the Settling Parties renegotiated the settlement and entered into this First  
15 Amended Stipulation, which is not dependent on the immediate sale of Front Sight's real  
16 estate holdings. Rather the settlement provides, *inter alia*, for the entry of a judgment and  
17 judgment lien against Front Sight's assets in the previously agreed to settlement amount of  
18 \$8,050,000 plus simple interest accruing thereon at the rate of 5% per annum, which  
19 cannot be foreclosed upon prior to January 1, 2008. This will allow for completion of the  
20 class settlement while providing Defendants the time they need to either complete the sale  
21 of the Nevada real property or arrange for alternative financing to satisfy the Judgment  
22 lien.

23  
24 **II. DEFENDANTS' STATEMENT AND DENIALS**  
25 **OF WRONGDOING AND LIABILITY.**

26 The Defendants have denied and continue to deny each and all of the claims and  
27 contentions alleged by the Lead Plaintiffs in the Litigation. The Defendants contend that  
28 they met, and continue to meet, their obligations to all Class Members and that any

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1 reduction in membership price offers were due to memberships being offered with less  
2 benefits, such as course certificates for first time students, pro shop discounts, etc. The  
3 Defendants have also denied and continue to deny, *inter alia*, the allegations that the Lead  
4 Plaintiffs or the Settlement Class have suffered damage or were harmed by the conduct  
5 alleged in the Class Action Complaint.

6 Nevertheless, and without admitting any wrongdoing or liability, the Defendants  
7 have concluded that protracted litigation, even if they were to prevail, would be expensive  
8 and continue to severely harm the company's ability to properly service its members. Thus  
9 Defendants have determined that it is desirable and beneficial for them to fully and finally  
10 end this Litigation and the ongoing harm it is causing to them by settling the case in the  
11 manner and upon the terms and conditions set forth in this First Amended Stipulation.

12  
13 **III. CLAIMS OF THE LEAD PLAINTIFFS AND**  
14 **BENEFITS OF THE SETTLEMENT.**

15 The Parties stipulate that the Lead Plaintiffs are Class Members owning different  
16 levels of Front Sight Memberships. Specifically: Plaintiff William Haag is a Platinum  
17 Member, who paid \$175,000 to Front Sight on or about July 19, 2000; Plaintiff Stacy  
18 James purchased a Copper Membership for \$5,900 on or about June 10, 2000, which was  
19 later upgraded to a Silver Membership by payments totaling an additional \$44,100 in or  
20 about January 2001 (and later upgraded by Front Sight to a Gold membership); and  
21 Plaintiff Michael Schriber purchased a Bronze Membership for \$15,000 on or about  
22 November 12, 2000 (later upgraded by Front Sight to a Silver Membership). The Lead  
23 Plaintiffs and their counsel believe that they have evidence that supports the claims  
24 asserted in the Litigation.

25 However, Lead Plaintiffs recognize and acknowledge the expense and length of  
26 continued proceedings necessary to prosecute the Litigation against the Defendants  
27 through trial and through appeals. The Lead Plaintiffs have also taken into account the  
28 uncertain outcome and the risk of any litigation, especially in complex actions such as this

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1 Litigation, as well as the difficulties and delays inherent in such litigation and the  
2 likelihood of protracted appellate review.

3 As a consequence of the foregoing investigation and analyses, the Settling Parties  
4 have engaged in intensive arms' length negotiations with a view to achieving the  
5 substantial benefits provided by the Settlement on the terms as set forth in this First  
6 Amended Stipulation. Based on their evaluation, the Lead Plaintiffs and their counsel  
7 have determined that the settlement set forth in this First Amended Stipulation is fair,  
8 reasonable and adequate and in the best interests of the Lead Plaintiffs, the Settlement  
9 Class and each of the Settlement Class Members.

10  
11 **IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT.**

12 NOW, THEREFORE, IT IS HEREBY STIPULATED AND AGREED by and  
13 among the Lead Plaintiffs (for themselves and the Settlement Class Members) and the  
14 Defendants, by and through their respective counsel of record, that subject to the approval  
15 of the Court, the Litigation and the Released Claims will be finally and fully  
16 compromised, settled and released, and the Litigation will be dismissed on the merits and  
17 with prejudice, as to all Settling Parties, upon and subject to the terms and conditions of  
18 the First Amended Stipulation as follows:

19  
20 **1. Definitions.**

21 As used in the First Amended Stipulation the following terms have the meanings  
22 specified below:

23 1.1 "Authorized Claimant" means any Settlement Class Member whose  
24 claim for recovery has been allowed pursuant to the terms of the First Amended  
25 Stipulation.

26 1.2 "Claimant" means any Settlement Class Member who timely submits  
27 a Proof of Claim in such form and manner, and within such time, as the Court shall  
28 prescribe.

1 1.3 “Claims Administrator” means the firm of Gilardi & Co. LLC, 3301  
2 Kerner Boulevard, San Rafael, California 94901. Telephone (415) 461-0412.

3 1.4 “Class Counsel” means the Law Offices of Greer & Associates,  
4 A.P.C., 16787 Bernardo Center Drive, Suite 14, San Diego, California, 92128. Telephone  
5 (858) 613-6677.

6 1.5 “Court” means the United States District Court, Northern District of  
7 California, San Jose Division.

8 1.6 “Defendants” means Front Sight and the Individual Defendants as  
9 defined in ¶1.10 below.

10 1.7 “Effective Date” means the first date by which all of the events and  
11 conditions specified in ¶7.1 of the First Amended Stipulation have been met and have  
12 occurred.

13 1.8 “Escrow Agent” means the firm of Gilardi & Co. LLC, 3301 Kerner  
14 Boulevard, San Rafael, California 94901. Telephone (415) 461-0412.

15 1.9 “Final” means when the last of the following with respect to the  
16 Judgment approving the First Amended Stipulation, substantially in the form of Exhibit  
17 “B” hereto, shall occur: (i) The expiration of three (3) business days after the time to file a  
18 motion to alter or amend the Judgment under Federal Rules of Civil Procedure Rule 59(e)  
19 has passed without any such motion having been filed; (ii) the expiration of three (3)  
20 business days after the time in which to appeal the Judgment has passed without any  
21 appeal having been taken (which date shall be deemed to be thirty-three (33) days  
22 following the entry of the Judgment, unless the date to take such an appeal shall have been  
23 extended by Court order or otherwise, or unless the 33<sup>rd</sup> day falls on a weekend or a Court  
24 holiday, in which case the date for purposes of this First Amended Stipulation shall be  
25 deemed to be the next business day after such 33<sup>rd</sup> day); and (iii) if such motion to alter or  
26 amend is filed or if an appeal is taken, three (3) business days after the determination of  
27 that motion or appeal in such a manner as to permit the consummation of the settlement  
28 substantially in accordance with the terms and conditions of this First Amended

1 Stipulation. For purposes of this subsection, an “appeal” shall not include any appeal that  
2 concerns only the issue of attorneys’ fees and reimbursement of costs or the Plan of  
3 Allocation of the Settlement Fund.

4 1.10 “Individual Defendants” means Ignatius A. Piazza, Michael Meacher  
5 and Brad Ackman.

6 1.11 “Judgment” means the judgment to be rendered by the Court,  
7 substantially in the form attached hereto as Exhibit B.

8 1.12 “Lead Plaintiffs” mean Stacy James, William Haag and Michael  
9 Schriber on behalf of themselves and all others similarly situated.

10 1.13 “Maintenance Reserve and Capital Improvement Fund” means the  
11 reserve fund established in a segregated account and replenished by the Defendants solely  
12 for the purpose of maintenance, repair and construction of capital improvements to Front  
13 Sight’s facility as set forth in ¶2.4 below.

14 1.14 “Nevada Real Property” means that certain real property owned by  
15 Defendant Front Sight in the County of Nye, State of Nevada, bearing parcel numbers 45-  
16 481-05 and 45-481-06:

17 **LEGAL DESCRIPTION**

18 **LOT 1:**

19 A tract of land being a portion of Tract 38, of the Fraction Township 22  
20 South, Range 54 East, M.D.M. as shown by the Independent Re-Survey and Survey  
21 with Tract Segregation filed with the Bureau of Land Management on May 10,  
22 1935, all situated in Nye County, Nevada, more particularly described as follows:

23 Beginning at the north boundary corner of the most westerly boundary line  
24 of said Tract 38, being the corner known as “AP11” of Tract 38 as shown by said  
25 Bureau of Land Management survey; Thence along the boundary line of said Tract  
26 38 on the following three (3) courses: 1) S89°55’56”W, 1318.50 feet; Thence 2)  
27 N00°48’15”W, 1309.00 feet; Thence 3) N89°19’08”W, 1310.94 feet; Thence  
28 S07°25’58”W, 864.51 feet; S51°50’25”E, 540.22 feet; Thence S85°06’44”E,

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1 391.56 feet; S44°07'13"E, 886.99 feet; Thence, S32°07'51"E, 909.73 feet to a point  
 2 on the boundary line of Tract 38, 861.95 feet; Thence S89°59'28"E along said  
 3 boundary line of Tract 38, 861.95 feet; Thence N00°48'57"W along said boundary  
 4 line of Tract 38, 1308.90 feet to the Point of Beginning, containing 3,361,454  
 5 square feet, or 77.168 acres of land, more or less.

6  
 7 **LOT 2:**

8 A tract of land being a portion of Tract 38, of the Fraction Township 22  
 9 South, Range 54 East, M.D.M. as shown by the Independent Re-Survey and Survey  
 10 with Tract Segregation filed with the Bureau of Land Management on May 10,  
 11 1935, all situated in Nye County, Nevada, more particularly described as follows:

12 Commencing at the north boundary corner of the most westerly boundary  
 13 line of said Tract 38, being the corner known as "AP11" of Tract 38 as shown by  
 14 said Bureau of Land Management survey; Thence along the boundary line of said  
 15 Tract 38 on the following three (3) courses: 1) S89°55'56"W, 1318.50 feet to  
 16 "AP12" of said Tract 38; Thence 2) N00°48'15"W, 1309.00 fee to "AP13" of said  
 17 Tract 38; Thence 3) N89°19'08"W, 1310.94 feet to the **Point of Beginning** of the  
 18 tract of land described herein; Thence S07°25'58"W, 864.51 feet; S51°50'25"E,  
 19 540.22 feet; Thence S85°06'44"E, 391.56 feet; S44°07'13"E, 886.99 feet; Thence  
 20 S32°07'51"E, 909.73 feet to a point on the boundary line of said Tract 38; Thence  
 21 along said boundary line of Tract 38 on the following eleven (11) courses: 1)  
 22 N89°59'28"W, 456.95 feet; Thence 2) S00° 19'21"E, 2632.07 feet; Thence 3)  
 23 N89°43'00"W, 2650.49 feet; Thence 4) N00°00'22"W, 2637.91 feet; Thence 5)  
 24 N89°33'52"W, 2645.16 feet; Thence 6) N00°21'41"E, 2638.39 feet; Thence 7)  
 25 S89°18'43"E, 1308.09 feet; Thence 8) N01°14'10"E, 1318.86 feet; Thence 9)  
 26 S88°49'59"E, 1266.00 feet; Thence 10) S00°32'57"E, 1307.62 feet; Thence 11)  
 27 S89°19'08"E, 1302.28 feet to the **Point of Beginning**, containing 20,821,883  
 28 square feet, or 478.005 acres of land, more or less.

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1 Including all water rights, of any legal kind or nature, appurtenant to the above  
2 described real property, including, but not limited to, the following:

3 **WATER RIGHTS**

4 On file with the Nevada State Engineers Office:

5 Permit 24071 (as abrogated)

6 Permit 57649 (as abrogated)

7 Permit 62443

8 Permit 62444

9 Permit 62445

10 Permit 62446

11 Permit 62434

12 Permit 62435

13 Permit 64832

14 Permit 64833

15 Permit 64834

16 1.15 “Person” means an individual, corporation, partnership, limited  
17 partnership, association, joint stock company, estate, legal representative, trust,  
18 unincorporated association, government or any political subdivision or agency thereof, and  
19 any business or legal entity and their spouses, heirs, predecessors, successors,  
20 representatives, or assignees.

21 1.16 “Plan of Allocation” means a plan or formula of allocation of the  
22 Settlement Fund whereby; (i) the Settlement Fund shall be distributed to Authorized  
23 Claimants after payment of Taxes, and Tax Expenses and such attorneys’ fees, costs,  
24 expenses, interest and Incentive Bonuses to Lead Plaintiffs as may be awarded by the  
25 Court; (ii) Settlement Coupons shall have been distributed as specified in ¶ 2.3 below;  
26 and (iii) the Maintenance Reserve and Capital Improvement Fund shall be established for  
27 the long term maintenance of Front Sight’s facility as specified in ¶ 2.4 below.

28 1.17 “Related Parties” means each of a Defendant’s past or present

1 directors, officers, employees, partners, accountants, public relations firms, parents,  
2 subsidiaries, affiliates, divisions, executors, insurers, co-insurers, reinsurers, attorneys,  
3 personal or legal representatives, joint venturers, assigns, spouses, heirs, associates,  
4 estates, any entity in which a Defendant has a controlling interest, any member of their  
5 immediate families, or any trust of which any Individual Defendant is the settlor or which  
6 is for the benefit of any Individual Defendant and/or member(s) of his family. It is  
7 expressly agreed that Lead Plaintiffs are not Related Parties.

8           1.18 “Released Claims” shall collectively mean all claims (including  
9 “Unknown Claims as defined in ¶1.25 below), demands, damages, debts, liabilities,  
10 accounts, costs, expenses, liens, actions, and causes of action of every kind and nature  
11 whatsoever, whether known or unknown, latent or patent, suspected or unsuspected,  
12 whether or not concealed or hidden, asserted or that might have been asserted, regardless  
13 of the claims’ nature, by any Lead Plaintiff or Settlement Class Members against the  
14 Defendants or their Related Parties arising out of, relating to, or in connection with their  
15 purchase or acquisition of Front Sight Memberships during the Class Period and any and  
16 all claims arising out of, relating to, or in connection with the settlement or resolution of  
17 this matter including that certain case pending in Nevada (*Meacher v. James, et.al.*, Fifth  
18 Judicial District Court of the State of Nevada in and for the County of Nye, Case No.  
19 CV22740) (the “Nevada State Court Action”).

20           1.19 “Released Persons” means each and all of the Defendants and their  
21 Related Parties.

22           1.20 “Settlement Class” or “Class” or “Settlement Class Member” or  
23 “Member of the Settlement Class” means all Persons who purchased or acquired lifetime  
24 Front Sight Memberships from Front Sight during the period January 1, 1997 through  
25 September 28, 2006. Excluded from the Settlement Class are Defendants and their  
26 Related Parties as well as members of the immediate families of each named individual  
27 Defendant, any entity in which any named Defendant has or had a controlling interest,  
28 current or former officers and directors of Front Sight, and the legal representatives, heirs,

1 successors, predecessors in interest, or assigns of any such excluded person or entity.

2 Also excluded from the Settlement Class are those Persons who timely and validly request  
3 exclusion from the Settlement Class pursuant to the “Notice of Pendency and Settlement  
4 of Class Action” approved by the Court and to be sent to the Settlement Class.

5 1.21 “Settlement Class Period” means the period commencing January 1,  
6 1997 through and including September 28, 2006.

7 1.22 “Settlement Fund” or “Settlement Funds” means the principal amount  
8 of \$8,050,000, plus 5% simple interest per annum from the date the Court grants  
9 preliminary approval of the settlement.

10 1.23 “Settlement Coupon(s)” means transferable coupon(s) in increments  
11 of \$100 being distributed to certain Class Members as set forth in ¶2.3 below of this First  
12 Amended Stipulation which can be applied toward payment for any course of instruction  
13 offered by Front Sight. In addition, Settlement Coupons may be used by Class Members  
14 as cash equivalent in the event they elect to upgrade their existing Front Sight Membership  
15 in the future as more fully discussed in ¶2.3, below. Settlement Coupons shall expire on  
16 January 1, 2017.

17 1.24 “Settling Parties” means, collectively, each of the Defendants and the  
18 Lead Plaintiffs on behalf of themselves and the Members of the Settlement Class.

19 1.25 “Unknown Claims” shall collectively mean all claims, demands,  
20 rights, liabilities, and causes of action of every nature and description which any Lead  
21 Plaintiff or Settlement Class Member does not know or suspect to exist in his, her or its  
22 favor at the time of the release of the Released Persons, which, if known by him, her or it,  
23 might have affected his, her or its settlement with and release of the Released Persons, or  
24 might have affected his, her or its decision to remain a member of the Settlement Class or  
25 not to object to this Settlement. With respect to any and all Released Claims, the Settling  
26 Parties stipulate and agree that, upon the Effective Date, the Lead Plaintiffs shall expressly  
27 waive, and each of the Settlement Class Members shall be deemed to have waived, and by  
28 operation of the Judgment shall have waived and relinquished, to the fullest extent

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1 permitted by law, the provisions, rights and benefits of California Civil Code Section  
2 1542, which provides:

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4  
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8

**“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known to him must have materially affected his settlement with the debtor.”**

9 The Lead Plaintiffs shall expressly waive, and each of the Settlement Class Members shall  
10 be deemed to have, expressly waived any and all provisions, rights and benefits conferred  
11 by any law of any state or territory of the United States, or principle of common law,  
12 which is similar, comparable or equivalent to California Civil Code Section 1542. The  
13 Lead Plaintiffs and Settlement Class Members may hereafter discover facts in addition to  
14 or different from those he, she or it now knows or believes to be true with respect to the  
15 subject matter of the Released Claims, but each of the Lead Plaintiffs and Settlement  
16 Class Members shall be deemed to have, and by operation of the Judgment shall have,  
17 acknowledged and accepted that risk and fully understand that if there is a material change  
18 in the facts or circumstances now believed by them to be true, this Settlement shall  
19 nevertheless be, and shall remain, valid, effective, and binding. The Lead Plaintiffs  
20 acknowledge, and the Settlement Class Members shall be deemed by operation of the  
21 Judgment to have acknowledged, that the foregoing waiver was separately bargained for  
22 and a key element of the settlement of which this release is a part.

23

24 **2. The Settlement.**

25

**A. The Settlement Fund and Plan of Allocation.**

26

2.1 Defendants’ Payments to the Settlement Fund. The principal amount

27

of the Settlement Fund is \$8,050,000 which will bear simple interest at the rate of five

28

percent (5%) per annum, commencing from the date the Court grants preliminary approval

1 of the settlement until paid in full. Defendants further stipulate to the entry of partial  
2 judgment against Front Sight in this amount and to a judgment lien against Front Sight's  
3 assets, both of which will be effective on the date the Court grants preliminary approval of  
4 the settlement.

5 Also, on the date that the Court grants preliminary approval of the settlement,  
6 Defendant Front Sight will wire transfer \$200,000 to the Escrow Agent to apply toward  
7 the Settlement Fund, and will begin making monthly payments no later than the tenth  
8 calendar day of each month, in the amount of twenty percent (20%) of its gross monthly  
9 revenues for the immediately preceding calendar month, to the Escrow Agent until  
10 Defendants have fully satisfied their financial obligation to the Class pursuant to this First  
11 Amended Stipulation of Settlement.

12 If the land sale transaction between Front Sight and The Financial American  
13 Group, LLC (which was previously approved by the Court and is currently in escrow set  
14 to close on or about March 8, 2007) or any other Court approved land sale or joint venture,  
15 is consummated prior to January 1, 2008, at the close of escrow Defendants or the land  
16 sale escrow agent for that transaction (if applicable) shall immediately wire transfer funds  
17 generated by the land sale or joint venture in an amount equal to the remaining unpaid  
18 portion of the Settlement Fund to the settlement Escrow Agent, thus completely satisfying  
19 the Defendants' financial obligation to pay the settlement amount.

20 2.1.1 Stipulated Entry of Judgment and Lien. Defendants stipulate  
21 to entry of a judgment against Front Sight in the amount of \$8,050,000 effective on the  
22 date the Court grants preliminary approval of the settlement. The judgment will bear  
23 simple interest at the rate five percent (5%) per annum, based on the remaining unpaid  
24 principal balance at the end of each month. Defendants further stipulate to a lien on Front  
25 Sight's assets in said amount, which may not be foreclosed upon prior to January 1, 2008.  
26 Defendants agree that they will not transfer, sell or encumber the Nevada Real Property  
27 without prior Court approval and Order thereon.

28 2.1.2 Recourse if Defendants do not Timely Fund the Settlement.

1 Defendants' failure to meet their financial obligation to fully fund the Settlement  
2 Fund, plus accrued interest, by January 1, 2008, will constitute a material breach of this  
3 agreement, resulting in the Class having the immediate right to foreclose on the stipulated  
4 judgment and lien up to the amount of the then outstanding amount due, plus attorneys'  
5 fees and costs incurred in enforcement proceedings and sales.

6 2.2 Distribution of Settlement Funds/Plan of Allocation. The Settlement  
7 Fund will be distributed to Authorized Claimants based upon the dollar amount paid and  
8 timing of their purchase of Front Sight Memberships during the Class Period. Priority  
9 Pools of funds will be established as more fully described below. Except as otherwise  
10 provided in the First Amended Stipulation, Claimants must provide written proof of  
11 purchase price and date paid. Class Members retain their existing Front Sight  
12 memberships at their current levels and benefits, with the exception that Platinum  
13 Members relinquish any and all rights to the one-acre home sites set forth in their  
14 respective memberships. The fair market value, at the time of the original transaction, of  
15 consideration other than money given by Authorized Claimants to Front Sight in exchange  
16 for their Front Sight Memberships will be deemed the purchase price for purposes of this  
17 First Amended Stipulation.

18 2.2.1 Priority Pool #1—Purchase Price in Excess of \$25,000. All  
19 Authorized Claimants will be paid the full amount they paid in excess of \$25,000 for their  
20 memberships out of the Settlement Fund. In addition, Platinum Front Sight Memberships  
21 with alleged property interests shall also receive simple interest at a rate of five-percent  
22 pre annum from the date of purchase on the amount they paid in excess of \$25,000.

23 2.2.2 Priority Pool #2—Purchase Price in Excess of \$16,000.  
24 Settlement Funds remaining after payment of Priority Pool #1 shall be distributed to  
25 Authorized Claimants in Priority Pool #2. This Priority Pool consists of all Authorized  
26 Claimants who paid more than \$16,000 for their Front Sight Memberships during the  
27 Class Period. Authorized Claimants in this category will each have a *pro rata* share of  
28 the remaining Settlement Funds equal to the amount they paid in excess of \$16,000, up to

1 \$25,000.

2                                   2.2.3 Priority Pool #3–Purchase Price in Excess of \$10,000 Prior to  
3 January 1, 2004. Settlement Funds remaining after payment of Priority Pools #1 and #2  
4 shall be distributed to Authorized Claimants in Priority Pool #3. This Priority Pool  
5 consists of all Authorized Claimants who paid more than \$10,000 for their Front Sight  
6 Memberships prior to January 1, 2004. Authorized Claimants in this category will each  
7 have a *pro rata* share of the remaining Settlement Funds equal to the amount they paid in  
8 excess of \$10,000, up to \$16,000.

9                                   2.2.4 Priority Pool #4–Class Members Who Paid Less Than \$10,000  
10 Prior to January 1, 2004. Settlement Funds remaining after payment of Priority Pools #1,  
11 #2 and #3 shall be distributed to Authorized Claimants in Priority Pool #4. This Priority  
12 Pool consists of all Authorized Claimants who purchased their Front Sight Memberships  
13 prior to January 1, 2004. Authorized Claimants in this category will each have a *pro rata*  
14 share of the remaining Settlement Funds equal to the amount they paid up to \$10,000.

15                                   2.2.5 Multiple Pool Participation. Authorized Claimants may  
16 receive disbursements from several pools. By way of example, an Authorized Claimant  
17 who paid \$35,000 prior to January 1, 2004 would have a claim of \$10,000 in Priority Pool  
18 #1 (payment in excess of \$25,000). This Authorized Claimant would then also have *pro*  
19 *rata* shares of \$9,000 in Priority Pool #2 (payment in excess of \$16,000 up to \$25,000),  
20 \$6,000 in Priority Pool #3 (payment over \$10,000 up to \$16,000) and \$10,000 in Priority  
21 Pool #4 (payment up to \$10,000).

22                                   2.2.6 No Distribution Greater Than Investment. In no event shall  
23 any Authorized Claimant receive a sum greater than that which they invested excluding  
24 interest.

25                                   2.2.7 Reversionary Interest of Front Sight in Settlement Fund. If  
26 there are any Settlement Funds remaining after all Court approved attorneys’ fees and  
27 expenses and costs have been paid, Court approved Incentive Bonuses to Lead Plaintiffs  
28 have been paid, taxes have been paid, and Authorized Claimants have been paid in

1 accordance with the Plan of Allocation established under this ¶ 2.2, of the First Amended  
2 Stipulation or other Plan of Distribution approved by the Court, the remaining funds are to  
3 be transferred to Defendant Front Sight pursuant to ¶5.7 of the First Amended Stipulation.  
4

5 **B. Additional Consideration to the Class.**

6 2.3 Settlement Coupon(s). All Class Members will receive transferable  
7 Settlement Coupons in increments of \$100 in an amount equal to ten percent (10%) of the  
8 amount they paid for their Front Sight Memberships, with the maximum Settlement  
9 Coupon distribution of \$1,600 for any single membership. The Settlement Coupons can be  
10 applied toward payment for any course of instruction offered by Front Sight. They can  
11 also be applied as a cash equivalent to a future upgrade of their Front Sight Membership.  
12 Settlement Coupons shall expire on January 1, 2017.  
13

14 **C. Injunctive Relief.**

15 2.4 Maintenance Reserve and Capital Improvement Fund. Upon  
16 preliminary approval of this First Amended Stipulation and the settlement by the Court,  
17 Front Sight shall immediately establish a segregated Maintenance Reserve and Capital  
18 Improvement Account for Front Sight, which is to be used solely for maintenance, repair  
19 or construction of capital improvements at Front Sight's then existing facility; i.e., no  
20 salary, no operating expenses, no taxes, no inventory, no ordinary operating costs are to be  
21 paid from the Maintenance Reserve and Capital Improvement Fund. On this date Front  
22 Sight shall also begin making monthly payments no later than the tenth day of each  
23 calendar month to the Maintenance Reserve and Capital Improvement Fund in the amount  
24 of twenty percent (20%) of the gross sales price of all Front Sight Memberships or  
25 Membership upgrades sold during the preceding calendar month until the Maintenance  
26 Reserve and Capital Improvement Fund reaches \$500,000. Thereafter, if the  
27 Maintenance Reserve and Capital Improvement Fund falls below \$500,000, Front Sight  
28 shall immediately, upon the sale of each Front Sight Membership or Membership upgrade,

1 place twenty percent (20%) of the gross sales price of each sale or upgrade into the  
2 Maintenance Reserve and Capital Improvement Fund until it is replenished to the  
3 minimum allowable balance of \$500,000.

4 If the land sale to The Financial American Group, LLC is consummated, or any  
5 other Court approved land sale or joint venture is consummated prior to January 1, 2008,  
6 at the close of escrow Defendants or the land sale escrow agent for that transaction (if  
7 applicable) shall transfer sufficient funds to the Maintenance Reserve and Capital  
8 Improvement Account to bring the reserve balance up to \$500,000.

9 2.5 Fiscal Year Reporting. Front Sight shall issue annual statements to  
10 all Front Sight members identifying the number and types of memberships as of the first  
11 day of the fiscal year and the total number and types of Front Sight memberships sold as  
12 of the end of each fiscal year. The annual statements shall also identify the amount of  
13 funds held in the Maintenance Reserve and Capital Improvement Fund as of the end of  
14 each fiscal year, as well as how the Maintenance Reserve and Capital Improvement Funds  
15 were used during that fiscal year. Said annual statements shall also identify all additions  
16 to the Maintenance Reserve and Capital Improvement Fund.

17 2.6 One Time Annual Criminal Background Check. Front Sight shall  
18 charge Class Members a maximum of \$50.00 per calendar year for criminal background  
19 check/verification and only if a Class Member actually attends a course during that  
20 calendar year. Front Sight retains the right to increase the Annual Background Check  
21 based on the cost of living index and actual reasonable costs associated with the criminal  
22 background check/verification.

23 2.7 Identity of Front Sight Members. Immediately upon preliminary  
24 Court approval of this First Amended Stipulation, for every Front Sight Membership or  
25 upgrade purchased or upgraded during the Class Period, Defendants shall provide the  
26 Escrow Agent/Claims Administrator and Class Counsel with the name and address of the  
27 Class Member and type of Front Sight Membership purchased or upgraded.

28 2.8 Future Memberships and Management of Front Sight.

1                                   2.8.1 Duration of Memberships. Any Authorized Claimant  
2 participating in the settlement distribution will relinquish the right to bequest their Front  
3 Sight Membership. In addition, Front Sight shall not sell memberships after preliminary  
4 approval of the First Amended Stipulation which exist for longer than a life estate in the  
5 member who purchases.

6                                   2.8.2 Transfer Fees. If at some point in the future Front Sight  
7 allows members to sell or transfer their Front Sight Memberships, Front Sight shall not  
8 charge a transfer fee in excess of 50% of the price paid to the member for their Front Sight  
9 Membership.

10                                  2.8.3 Termination of Memberships. Front Sight reserves the right to  
11 establish and publish reasonable rules and policies governing members' conduct at its  
12 facilities. Front Sight shall not terminate any membership without first publishing the  
13 specific rules and policies then in effect, and giving the offending member reasonable  
14 opportunity to cure the cited violation. Front Sight reserves the right to terminate a  
15 member without the opportunity to cure the cited violation where in Front Sight's opinion  
16 the member's presence at the facility constitutes an extreme danger to the physical safety  
17 of others. If a member is terminated, Front Sight will only be obligated to refund 50% of  
18 the membership purchase price paid by the member net of any distribution pursuant to the  
19 First Amended Stipulation. Said refunds must be made within 30 days of termination.

20                                  2.8.4 Class Reservation Cancellation\No Show Fees. Front Sight  
21 reserves the right to charge a reasonable cancellation\ no show fee for any member who  
22 fails to attend an instructional class or cancels his or her reservation less than one-week  
23 before the scheduled class. Such fee cannot be charged to a member unless the member  
24 had written notice of this policy prior to making the reservation.

25                                  2.8.5 No Sales of Certificates on Public Forums. Although  
26 certificates applicable to tuition for courses offered at Front Sight remain transferable, by  
27 sale or gift, they cannot be marketed or sold in public forums such as eBay or other online  
28 public markets or in any other publicly disseminated forum. Violation of this policy is

1 grounds for termination of the selling person's membership under the terms set forth  
2 herein. Front Sight reserves the right not to honor any certificates it determines were sold  
3 in a public forum. This provision does not apply to charities that have accepted  
4 certificates as a donation from Front Sight or Front Sight Members, or to certificates that  
5 members have transferred prior to receiving Notice of the Settlement and the terms hereof.  
6 This provision does not apply unless the member had written notice of this policy prior to  
7 marketing or selling in a public forum.

8                   2.8.6 Acknowledgment of Use Agreement: For purposes of this  
9 First Amended Stipulation and settlement of the Litigation, Lead Plaintiffs and all Class  
10 Members who do not opt-out of the settlement waive any right to claim that their  
11 respective memberships are an "investment," and further stipulate that their membership is  
12 a "use agreement" that does not give the member any "ownership interest" in Front Sight  
13 and does not qualify as a "marketable security."

14                   2.8.7 Reservation of Control of Business Affairs. Although Front  
15 Sight remains obligated to provide instructional classes and benefits to members as  
16 provided in their respective Front Sight Memberships, and as modified by the First  
17 Amended Stipulation, to the extent such actions do not violate members' rights under their  
18 respective membership agreements, Front Sight retains full authority, control and  
19 discretion to structure classes, schedules, curricula, course prerequisites, equipment and  
20 ammunition requirements, course fees (for members outside the scope of their  
21 memberships and for nonmembers), instructors, instructor-student ratios, instructional  
22 facilities and amenities, pro-shop inventory and prices, and other business policies and  
23 practices as it deems appropriate. Front Sight is not required to provide ammunition or  
24 supplies free of charge to Class Members. Front Sight, at its sole discretion, is free to sell  
25 at any price point (including simply giving away memberships), any type of membership,  
26 including but not limited to: premium memberships, entry level memberships,  
27 promotional memberships, sale memberships, remnant memberships, bonus memberships,  
28 resale memberships, foreclosed memberships, discounted memberships and free

1 memberships.

2

3 **D. The Escrow Agent/Claims Administrator.**

4 2.10 Investment. The Escrow Agent may invest the Settlement Fund  
5 deposited pursuant to ¶2.1 above, in instruments backed by the full faith and credit of the  
6 United States Government or fully insured by the United States Government or an agency  
7 thereof and shall reinvest the proceeds of these instruments as they mature in similar  
8 instruments at their then-current market rates. The Escrow Agent shall bear all risks  
9 related to investment of the Settlement Fund prior to distribution.

10 2.11 Disbursement. The Escrow Agent shall not disburse the Settlement  
11 Fund, except as provided in the First Amended Stipulation, by an order of the Court, or  
12 with the written agreement of counsel for Defendants.

13 2.12 Further Authorizations. Subject to further order and/or direction as  
14 may be made by the Court, the Escrow Agent is authorized to execute such transactions on  
15 behalf of the Settlement Class Members as are consistent with the terms of the First  
16 Amended Stipulation.

17 2.13 In Custodia Legis. All funds held by the Escrow Agent shall be  
18 deemed and considered to be in *custodia legis* in the Court, and shall remain subject to the  
19 jurisdiction of the Court, until such time as such funds shall be distributed pursuant to the  
20 First Amended Stipulation and/or further order(s) of the Court.

21 2.14 Class Notice and Administration Expenses. In addition to the  
22 Settlement Fund amount, Front Sight shall pay all costs and expenses reasonably and  
23 actually incurred in connection with providing notice to the Settlement Class (including  
24 the Summary Notice), locating Settlement Class Members, soliciting claims, assisting with  
25 the filing of claims, administering and distributing the Settlement Fund to Authorized  
26 Claimants, processing Proof of Claim and Release forms and paying Claims Administrator  
27 Fees and costs, including escrow fees and costs (including Escrow Agent Fees).

28 Upon the Court granting preliminary approval of the settlement, Defendants will

1 deposit \$15,000 with the Claims Administrator for the costs of initial notice to the Class  
2 and related matters. Thereafter, Defendants will deposit such funds with the Claims  
3 Administrator as the Claims Administrator demands in writing from the Defendants for  
4 expenses reasonably necessary to administrate the class notice and distribution process  
5 until the entire Settlement Fund is distributed. Defendants' failure to pay amounts  
6 demanded from the Claims Administrator within thirty days of being billed constitutes a  
7 breach of this agreement and the Court retains jurisdiction to assess damages, attorneys  
8 and professional fees and costs in connection with any application to aid in enforcement.

9

10 **E. Taxes.**

11 2.15 (i) "Qualified Settlement Fund." Settling Parties and the Escrow  
12 Agent agree to treat the Settlement Fund as being at all times a "qualified settlement fund"  
13 within the meaning of Treas. Reg. §1.468B-1. In addition, the Escrow Agent shall timely  
14 make such elections as necessary or advisable to carry out the provisions of this ¶2.15,  
15 including the "relation-back election" (as defined in Treas. Reg. §1.468B-1) back to the  
16 earliest permitted date. Such elections shall be made in compliance with the procedures  
17 and requirements contained in such regulations. It shall be the responsibility of the  
18 Escrow Agent to timely and properly prepare and deliver the necessary documentation for  
19 signature by all necessary parties, and thereafter to cause the appropriate filing to occur.

20 (ii) "Administrator." For the purpose of §468B of the Internal  
21 Revenue Code of 1986, as amended, and the regulations promulgated thereunder, the  
22 "administrator" shall be the Escrow Agent. The Escrow Agent shall timely and properly  
23 file all informational and other tax returns necessary or advisable with respect to the  
24 Settlement Funds (including without limitation the returns described in Treas. Reg.  
25 §1.468B-2(k)). Such returns (as well as the election described in ¶2.15(i) above) shall be  
26 consistent with this ¶2.15 and in all events shall reflect that all Taxes (including any  
27 estimated Taxes, interest or penalties) on the income earned by the Settlement Fund shall  
28 be paid out of the Settlement Fund as provided in ¶2.15 (iii) below.

1 (iii) All (a) Taxes (including any estimated Taxes, interest or  
2 penalties) arising with respect to the income earned by the Settlement Fund, including any  
3 Taxes or tax detriments that may be imposed upon the Defendants or their Related Parties  
4 with respect to any income earned by the Settlement Fund for any period during which the  
5 Settlement Fund does not qualify as a “qualified settlement fund” for federal or state  
6 income tax purposes (“Taxes”), and (b) expenses and costs incurred in connection with the  
7 operation and implementation of this ¶2.15 (including, without limitation, expenses or tax  
8 attorneys and/or accountants and mailing and distribution costs and expenses relating to  
9 filing (or failing to file) the returns described in this ¶2.15) (“Tax Expenses”), shall be  
10 paid out of the Settlement Fund; in no event shall the Defendants or their Related Parties  
11 have any responsibility for or liability with respect to the Taxes or the Tax Expenses. The  
12 Escrow Agent shall indemnify and hold each of the Defendants and their Related Parties  
13 harmless for Taxes and Tax Expenses (including, without limitation, Taxes payable by  
14 reason of any such indemnification). Further, Taxes and Tax Expenses shall be timely  
15 paid by the Escrow Agent out of the Settlement Fund without prior order from the Court  
16 and the Escrow Agent shall be obligated (notwithstanding anything herein to the contrary)  
17 to withhold from distribution to Authorized Claimants any funds necessary to pay such  
18 amounts including the establishment of adequate reserves for any Taxes and Tax Expenses  
19 (as well as any amounts that may be required to be withheld under Treas. Reg. §1.468B-  
20 2(1)(2)); neither the Defendants nor their Related Parties are responsible therefore nor  
21 shall they have any liability with respect thereto. The parties hereto agree to cooperate  
22 with the Escrow Agent, each other, and their tax attorneys and accountants to the extent  
23 reasonably necessary to carry out the provisions of this ¶2.15.

24 (iv) For the purposes of this ¶2.15, references to the Settlement  
25 Funds shall include the Settlement Funds and any earnings thereon.

26

27 **F. Termination of Settlement.**

28 2.16 Court Control. In the event that the First Amended Stipulation is not

1 approved, or is terminated, canceled, or fails to become effective for any reason, the  
2 Settlement Fund (including accrued interest) less expenses actually incurred or due and  
3 owing in connection with the settlement provided for herein shall remain under control of  
4 the Court until the Court rules otherwise. The stipulated judgment and lien identified in  
5 ¶ 2.1.1 above, shall be vacated.

6  
7 **3. Notice Order and Settlement Hearing.**

8 3.1 Notice Order. Promptly after execution of the First Amended  
9 Stipulation, the Settling Parties shall submit the First Amended Stipulation together with  
10 its Exhibits to the Court and shall apply for entry of an order (the “Notice Order”),  
11 substantially in the form of Exhibit A hereto, requesting, *inter alia*, the preliminary  
12 approval of the settlement set forth in the First Amended Stipulation, the certification of  
13 the Settlement Class for settlement purposes, and approval for mailing the Notice of  
14 Pendency and Proposed Settlement of Class Action (the “Notice”) substantially in the  
15 form of Exhibit A-1 hereto and publication of a Summary Notice substantially in the form  
16 of Exhibit A-3 hereto. The Notice shall include the general terms of the settlement set  
17 forth in the First Amended Stipulation, the proposed Plan of Allocation, the general terms  
18 of the Incentive Bonus Application by the Lead Plaintiffs, and the general terms of the Fee  
19 and Expense Application and the date of the Settlement Hearing. All costs and expenses  
20 associated with the publication of the Summary Notice shall be paid in advance by Front  
21 Sight.

22 3.2 Settlement Hearing. Class Counsel shall request that after notice is  
23 given, the Court hold a hearing (the “Settlement Hearing”) and approve the settlement of  
24 the Litigation as set forth herein. At or after the Settlement Hearing, Class Counsel also  
25 will request that the Court approve the proposed Plan of Allocation, the Incentive Bonus  
26 Application by Lead Plaintiffs and the Fee and Expense Application.

27  
28 **4. Releases.**

1           4.1    Timing. Upon the Effective Date and full funding of the Settlement  
2 Fund, the Lead Plaintiffs and each of the Settlement Class Members shall be deemed to  
3 have, and by operation of the Judgment shall have, fully, finally, and forever released,  
4 relinquished and discharged all Released Claims against the Released Persons, whether or  
5 not such Settlement Class Member executed and delivers a Proof of Claim and Release  
6 form.

7           4.2    Proof of Claim and Release. The Proof of Claim and Release to be  
8 executed by Settlement Class Members shall release all Released Claims against the  
9 Released Persons and shall be substantially in the form contained in Exhibit A-2 hereto.

10          4.3    Effect of Releases. Upon the Effective Date and full funding of the  
11 Settlement Fund, each of the Released Persons shall be deemed to have, and by operation  
12 of the Judgment shall have, fully, finally, and forever released, relinquished and  
13 discharged each and all of the Settlement Class Members and Class Counsel from all  
14 claims (including unknown claims) arising out of, relating to, or in connection with the  
15 institution, prosecution, assertion, settlement or resolution of the Litigation or the Released  
16 Claims.

17

18           5.    Administration and Calculation of Claims, Final Awards and  
19 Supervision and Distribution of Settlement Fund.

20          5.1    Administration and Calculation. The Claims Administrator shall  
21 administer and calculate the claims submitted by Settlement Class Members.

22          5.2    Payments. The Settlement Fund shall be applied as follows:

23               (a)    to pay Class Counsel’s attorneys’ fees and expenses (the “Fee  
24 and Expense Award”), if and to the extent allowed by the Court;

25               (b)    to pay Incentive Bonuses to the Lead Plaintiffs, if and to the  
26 extent allowed by the Court;

27               (c)    to pay the Taxes and Tax Expenses described in ¶2.15 above;

28               (d)    to distribute the balance of the Settlement Funds (the “Net

1 Settlement Fund”) to Authorized Claimants as allowed by the First Amended Stipulation,  
2 the Plan of Allocation, or the Court; and

3 (e) to return any Settlement Funds not distributed to Authorized  
4 Claimants, to Front Sight.

5 5.3 Payment Date to Class Members. The Net Settlement Fund shall be  
6 distributed to satisfy Court approved Incentive Bonuses to the Lead Plaintiffs on the  
7 Effective Date. Upon the Effective Date and full funding of the Settlement Fund or  
8 January 1, 2008, whichever is sooner, and in accordance with the terms of the First  
9 Amended Stipulation, the Plan of Allocation, or such further approval and further order(s)  
10 of the Court as may be necessary or as circumstances may require, the Net Settlement  
11 Fund shall be distributed to Authorized Claimants, subject to and in accordance with the  
12 First Amended Stipulation.

13 If on January 1, 2008, Defendants have not sold Front Sight’s real estate holdings  
14 and have not otherwise completely satisfied their obligation to fully fund the Settlement  
15 Fund, the Net Settlement Funds available for distribution on that date will be distributed to  
16 Class Members on a pro rata basis according to each Class Member’s percentage of the  
17 Net Settlement Funds as determined by the Plan of Allocation set forth in ¶ 2.2 through  
18 ¶ 2.2.6. Defendants are obligated to pay the Claims Administrator for all costs associated  
19 with this distribution and any additional distributions approved by the Court that are  
20 necessitated by Defendants’ failure to timely fund the Settlement Fund.

21 5.5 Timing of Proof of Claim. Within ninety (90) days after the mailing  
22 of the Notice or such other time as may be set by the Court, each Person claiming to be an  
23 Authorized Claimant shall be required to submit to the Claims Administrator a completed  
24 Proof of Claim and Release, substantially in the form of Exhibit A-2 hereto, signed under  
25 penalty of perjury and supported by such documents as are specified in the Proof of Claim  
26 and Release and as are reasonably available to the Authorized Claimant. Active Military  
27 Personnel who are deployed shall submit their Proof of Claim within the ninety (90) day  
28 time period but their declaration under penalty of perjury will be deemed to be prima facie

1 proof of their claim, which can be rebutted by contradictory documentation presented by  
2 Front Sight.

3           5.6    Failure of Class Member to Submit Proof of Claim. Except as  
4 otherwise ordered by the Court, all Settlement Class Members who fail to timely submit a  
5 Proof of Claim and Release within such period, or such other period as may be ordered by  
6 the Court, or otherwise allowed, shall be forever barred from receiving any payments or  
7 Settlement Coupons pursuant to the First Amended Stipulation and the settlement set forth  
8 herein, but will in all other respects be subject to and bound by the provisions of the First  
9 Amended Stipulation, the releases contained herein, and the Judgment.

10           5.7    Funds Remaining Returned to Front Sight. The Net Settlement Fund  
11 shall be distributed to the Authorized Claimants substantially in accordance with the Plan  
12 of Allocation to be described in the Notice and approved by the Court. If there is any  
13 balance remaining in the Net Settlement Fund after final distribution of the Net Settlement  
14 Fund (whether by reason of tax refunds, uncashed checks or otherwise), said funds will be  
15 returned to Defendant Front Sight.

16           5.8    No Liability for Defendants, Class Counsel, Escrow Agent Or Claims  
17 Administrator. No Person shall have any claim against Defendants, Class Counsel,  
18 Escrow Agent, the Claims Administrator or other entity designated by Class Counsel  
19 based on distributions made substantially in accordance with the First Amended  
20 Stipulation and the settlement contained herein, the Plan of Allocation, or further order(s)  
21 of the Court.

22           5.9    Verification of Compliance with Terms of Settlement. Defendants  
23 agree to provide Class Counsel and the Escrow Agent/Claims Administrator with such  
24 documentation as is reasonably necessary to confirm that Defendants are in compliance  
25 with Front Sight's financial and other obligations hereunder to:

26                   (a)    pay twenty percent (20%) of Front Sight's gross monthly  
27 revenues to the Settlement Fund;

28                   (b)    pay twenty-percent (20%) of Front Sight's gross revenues

1 from new memberships and membership upgrades to the Maintenance Reserve and Capital  
2 Improvement Fund;

3 (c) only use the Maintenance Reserve and Capital Improvement  
4 Fund for the purposes of maintenance, repair and construction of capital improvements to  
5 Front Sight's then existing facility; and

6 (d) not encumber, sell or transfer Front Sight's assets except as  
7 authorized by the Court.

8 Such verifying documents shall at a minimum include Front Sight's monthly bank  
9 account statements and documentation identifying the purposes for which Maintenance  
10 Reserve and Capital Improvement Funds were used as well as identifying all new  
11 memberships and membership upgrades and such other documentation as the Escrow  
12 Agent/Claims Administrator deems reasonable necessary in order to properly meet its  
13 obligations to the Court.

14 Escrow Agent/Claims Administrator shall apprise the Court, Class Counsel and  
15 Defendants' Counsel of the status and activity of matters identified in ¶¶5.9(a) through (d)  
16 via bimonthly reports commencing sixty days after preliminary approval.

17

18 **6. Class Counsel's Attorneys' Fees and Reimbursement of Expenses.**

19 6.1 Fee and Expense Application. Class Counsel may submit an  
20 application or applications (the "Fee and Expense Application") for distributions to it from  
21 the Settlement Fund for: (a) an award of attorneys' fees; plus (b) reimbursement for actual  
22 expenses, including the fees of any experts or consultants, incurred in connection with  
23 prosecuting the Litigation, as may be awarded by the Court. In no event, however, shall  
24 Class Counsel seek or be entitled to the award of more than the sum of \$800,000 in  
25 connection with the Fee and Expense Application. It is expressly agreed and understood  
26 that attorneys' fees and costs incurred by Class Counsel in connection with enforcement of  
27 the stipulated judgment and lien are not considered to be part of the \$800,000 and will be  
28 awarded, if necessary, by further Order of the Court in the event that foreclosure or other

1 judgment enforcement proceedings are necessitated by Front Sight's failure to fund the  
2 Settlement Fund.

3           6.2    Payment. The attorneys' fees and expenses, as awarded by the Court,  
4 shall be paid to Class Counsel from the Settlement Fund, as ordered, immediately after the  
5 Court executes an order awarding such fees and expenses. If the Settlement Fund is  
6 insufficient to completely satisfy the amount of Court awarded attorneys' fees and costs,  
7 the Claims Administrator will issue payment to Class Counsel to the extent such funds are  
8 available each month until the award to Class Counsel has been completely satisfied.

9           In the event that the Judgment or the order making the Fee and Expense Award is  
10 reversed or modified, or the First Amended Stipulation is canceled or terminated for any  
11 other reason, and in the event that the Fee and Expense Award has been paid to any extent,  
12 then Class Counsel shall within five (5) business days from receiving notice from  
13 Defendants' counsel or from a court of appropriate jurisdiction, refund to the Settlement  
14 Fund the fees and expenses previously paid to them from the Settlement Fund plus interest  
15 thereon at the same rate as earned on the cash portion of the Settlement Fund in an amount  
16 consistent with such reversal or modification.

17           6.3    Settlement Not Contingent Upon Application. The procedure for and  
18 the allowance or disallowance by the Court of any applications by Class Counsel for  
19 attorneys' fees and expenses, including the fees of experts and consultants, to be paid out  
20 of the Settlement Fund, are not part of the settlement set forth in the First Amended  
21 Stipulation, and are to be considered by the Court separately from the Court's  
22 consideration of the fairness, reasonableness and adequacy of the settlement set forth in  
23 the First Amended Stipulation, and any order or proceedings relating to the Fee and  
24 Expense Application, or any appeal from any order relating thereto or reversal or  
25 modification thereof, shall not operate to terminate or cancel the First Amended  
26 Stipulation, or affect or delay the finality of the Judgment approving the First Amended  
27 Stipulation and the settlement of the Litigation set forth herein.

28           6.4    Payment From Settlement Fund Only. Defendants and their Related

1 Parties shall have no responsibility for or liability with respect to any payment of  
2 attorneys' fees and expenses to Class Counsel over and above payment from the  
3 Settlement Fund except for attorneys fees and costs incurred by Class Counsel in  
4 foreclosure and enforcement proceedings in the event that Defendants do not fund the  
5 Settlement Fund or attorneys fees and costs incurred in enforcing the terms and conditions  
6 of the First Amended Stipulation.

7           6.5 No Objection by Defendants. Class Counsel has agreed not to seek  
8 court approval for attorneys' fees and non-class administration costs in excess of  
9 \$800,000, and Defendants agree not to object to a fee demand within this limit. In  
10 addition, Class Counsel has agreed not to seek Incentive Bonuses for each of the Lead  
11 Plaintiffs in excess of \$10,000, and the Defendants agree not to object to an application  
12 within this amount.

13

14           **7. Conditions of Settlement, Effect of Disapproval, Cancellation or**  
15           **Termination.**

16           7.1 Conditional. The Effective Date of the First Amended Stipulation  
17 shall be conditioned on the occurrence of all of the following events:

18                   (a) Defendants have timely made their initial \$200,000  
19 contribution to the Settlement Fund as required by ¶¶2.1;

20                   (b) the Court has entered the Notice Order, as required by ¶3.1  
21 above;

22                   (c) the Court has entered the Judgment, or a judgment  
23 substantially in the form of Exhibit B hereto; and

24                   (d) the Judgment has become Final, as defined in ¶1.9 above.

25           7.2 Defendants' Interest in Settlement Fund. Upon the occurrence of all  
26 of the events referenced in ¶7.1 above, any and all remaining interest or right of  
27 Defendants in or to the Settlement Fund, if any, shall be absolutely and forever  
28 extinguished, except as specified in ¶5.7, above. If all of the conditions specified in ¶7.1

1 above are not met, then the First Amended Stipulation shall be canceled and terminated  
2 subject to ¶7.4 below unless Class Counsel and counsel for Defendants mutually agree in  
3 writing to proceed with the First Amended Stipulation.

4           7.3    Refund Conditions. Unless otherwise ordered by the Court, in the  
5 event the First Amended Stipulation shall terminate, or be canceled, or shall not become  
6 effective for any reason, within forty-five (45) calendar days after the occurrence of such  
7 event and in accordance with the terms of ¶2.16 above, the Settlement Fund (including  
8 accrued interest) shall be distributed only upon further Order of the Court.

9           7.4    Litigation Position Restoration Nunc Pro Tunc. In the event that the  
10 First Amended Stipulation is not approved by the Court or the settlement set forth in the  
11 First Amended Stipulation is terminated or fails to become effective in accordance with its  
12 terms, the Settling Parties shall be restored to their respective positions in the Litigation as  
13 of September 28, 2006. In such event, the terms and provisions of the First Amended  
14 Stipulation, with the exception of ¶¶2.15, 2.16, 7.3-7.5 hereof, shall have no further force  
15 and effect with respect to the Settling Parties and shall not be used in this Litigation or in  
16 any other proceeding for any purpose, and any judgment or order entered by the Court in  
17 accordance with the terms of the First Amended Stipulation shall be treated as vacated,  
18 *nunc pro tunc*. No order of the Court or modification or reversal on appeal of any order of  
19 the Court concerning the Plan of Allocation or the amount of any attorneys' fees, costs,  
20 expenses and interest awarded by the Court to Class Counsel shall constitute grounds for  
21 cancellation or termination of the First Amended Stipulation.

22           7.5    No Refund for Class Notice and Administration Expenses. If the  
23 Effective Date does not occur, or if the First Amended Stipulation is terminated pursuant  
24 to its terms, neither the Lead Plaintiffs nor Class Counsel shall have any obligation to  
25 repay any amounts actually and properly disbursed by the Escrow Agent for Class notice  
26 and administration expenses. In addition, any expenses already incurred and properly  
27 chargeable by the Escrow Agent pursuant to ¶2.14 above at the time of such termination or  
28 cancellation, but which have not been paid, shall be paid by the Escrow Agent/Claims

1 Administrator from the Settlement Fund in accordance with the terms of the First  
2 Amended Stipulation prior to the balance being refunded in accordance with ¶¶2.16 and  
3 7.3 above. Notwithstanding the aforementioned, in the event the First Amended  
4 Stipulation is terminated, all Court ordered encumbrances and restrictions on Defendant  
5 Front Sight’s real property, funds and financial instruments, to the extent they then exist,  
6 will remain effective until released by the Court.

7           7.6 Bankruptcy. If a case is commenced in respect to any Defendant  
8 under Title 11 of the United States Code (Bankruptcy), or a trustee, receiver or  
9 conservator is appointed under any similar law, and in the event of the entry of a final  
10 order of a court of competent jurisdiction determining the transfer of the Settlement Fund,  
11 or any portion thereof, by or on behalf of such Defendant to be a preference, voidable  
12 transfer, fraudulent transfer or similar transaction, then, as to such Defendant, the releases  
13 given and Judgment entered in favor of such Defendant pursuant to this First Amended  
14 Stipulation shall be null and void.

15           7.7 Solvency Covenant. Each of the Defendants warrants and represents  
16 that he or it is not “insolvent” within the meaning of 11 U.S.C. § 101(32) as of the time this  
17 First Amended Stipulation is executed and as of the time any payments are transferred or  
18 made as required by this First Amended Stipulation.

19  
20           **8. Miscellaneous Provisions.**

21           8.1 Cooperation. The Settling Parties (a) acknowledge that it is their  
22 intent to consummate this agreement; and (b) agree to cooperate to the extent reasonably  
23 necessary to effectuate and implement all terms and conditions of the First Amended  
24 Stipulation and to exercise their reasonable best efforts to accomplish the foregoing terms  
25 and conditions of the First Amended Stipulation.

26           8.2 Final Resolution. The Settling Parties intend this settlement to be a  
27 final and complete resolution of all disputes between them with respect to the Litigation as  
28 well as the Nevada State Court Action. The settlement compromises claims which are

1 contested and shall not be deemed an admission by any Settling Party as to the merits of  
2 any claim or defense. The Final Judgment will contain a statement that during the course  
3 of the Litigation, the parties and their respective counsel at all times complied with the  
4 requirements of Federal Rule of Civil Procedure 11. While retaining their right to deny  
5 liability, the Defendants agree that the amount paid to the Settlement Fund and the other  
6 terms of the settlement were negotiated in good faith by the Settling Parties, and reflect a  
7 settlement that was reached voluntarily after consultation with competent legal counsel.  
8 The Settling Parties reserve their right to rebut, in a manner that such party determines to  
9 be appropriate, any contention made in any public forum that the Litigation was brought or  
10 defended in bad faith or without a reasonable basis.

11           8.3    No Admission. Neither the First Amended Stipulation nor the  
12 settlement contained therein, nor any act performed or document executed, pursuant to or  
13 in furtherance of the First Amended Stipulation or the settlement; (a) is or may be deemed  
14 to be or may be used as an admission of, or evidence of, the validity of any Released  
15 Claim, or of any wrongdoing or liability of the Defendants or their Related Parties; or (b)  
16 is or may be deemed to be or may be used as an admission of, or evidence of, any fault or  
17 omission of any of the Defendants or their Related Parties in any civil, criminal or  
18 administrative proceeding in any court, administrative agency or other tribunal.  
19 Defendants and/or their Related Parties may file the First Amended Stipulation and/or the  
20 Judgment in any action that may be brought against them in order to support a defense or  
21 counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith  
22 settlement, judgment bar or reduction or any other theory of claim preclusion or issue  
23 preclusion or similar defense or counterclaim.

24           8.4    Confidentiality. All agreements made and orders entered during the  
25 course of the Litigation relating to the confidentiality of information shall survive this  
26 First Amended Stipulation.

27           8.5    Exhibits. All the Exhibits to the First Amended Stipulation are  
28 material and integral parts hereof and are fully incorporated herein by this reference.

1           8.6    Amendment. The First Amended Stipulation may be amended or  
2 modified only by a written instrument signed by or on behalf of all Settling Parties or their  
3 respective successors-in-interest.

4           8.7    Entire Agreement. The First Amended Stipulation and the Exhibits  
5 attached hereto constitute the entire agreement among the parties hereto and no  
6 representations, warranties or inducements have been made to any party concerning the  
7 First Amended Stipulation or its Exhibits other than the representations, warranties and  
8 covenants contained and memorialized in such documents. Except as otherwise provided  
9 herein, each party shall bear its own costs.

10          8.8    Authorization to Class Counsel to Consummate. Class Counsel, on  
11 behalf of the Settlement Class, are expressly authorized by the Lead Plaintiffs to take all  
12 appropriate action required or permitted to be taken by the Settlement Class pursuant to  
13 the First Amended Stipulation to effectuate its terms and also are expressly authorized to  
14 enter into any modifications or amendments to the First Amended Stipulation on behalf of  
15 the Settlement Class which they deem appropriate.

16          8.9    Authority. Each counsel or other Person executing the First  
17 Amended Stipulation or any of its Exhibits on behalf of any party hereto hereby warrants  
18 that such Person has the full authority to do so.

19          8.10 Counterparts and Facsimile Copies. The First Amended Stipulation  
20 may be executed in one or more counterparts. All executed counterparts and each of them  
21 shall be deemed to be one and the same instrument. A complete set of executed  
22 counterparts shall be filed with the Court. In addition, this Agreement may be exchanged  
23 by fax copies, the Parties hereby agreeing that fax signatures shall be deemed the  
24 equivalent of original signatures.

25          8.11 Binding on Successors and Assigns. The First Amended Stipulation  
26 shall be binding upon, and inure to the benefit of, the successors and assigns of the parties  
27 hereto.

28          8.12 Retention of Jurisdiction. The Court shall retain jurisdiction with

1 respect to implementation and enforcement of the terms of the First Amended Stipulation,  
2 and all parties hereto submit to the jurisdiction of the Court for purposes of implementing  
3 and enforcing the settlement embodied in the First Amended Stipulation.

4           8.13 Choice of Law. The First Amended Stipulation and the Exhibits  
5 hereto shall be considered to have been negotiated, executed and delivered, and to be  
6 wholly performed, in the State of California, and the rights and obligations of the parties  
7 to the First Amended Stipulation shall be construed and enforced in accordance with, and  
8 governed by, the internal, substantive laws of the State of California without giving effect  
9 to that State’s choice-of-law principles.

10           8.14 Attorneys’ Fees for Enforcement. In any controversy, claim or  
11 dispute arising out of, or relating to, this First Amended Stipulation or the method and  
12 manner of performance thereof or the breach thereof, the prevailing Party shall be entitled  
13 to and be awarded, in addition to any other relief, a reasonable sum as litigation expenses.  
14 If neither Party wholly prevails, the Party that substantially prevails shall be awarded a  
15 reasonable sum as litigation expenses. In determining what is a reasonable sum for  
16 litigation expenses, attorneys’ fees shall be included and the actual amount of attorneys’  
17 fees the Party is obligated to pay its attorney or attorneys shall be presumed to be  
18 reasonable. In addition, the prevailing Party shall also be entitled to recover from the  
19 other Party such costs and attorneys’ fees as may have been incurred in confirming to  
20 judgment any Arbitration Award and costs and attorneys’ fees incurred in enforcing,  
21 perfecting and executing upon any judgment. For the purposes of this provision, the term  
22 “proceeding” shall include arbitration, administrative, bankruptcy and judicial  
23 proceedings, including appeals therefrom.

24           8.15 Defendants’ Attorneys’ Fees and Expenses. Defendants shall bear  
25 their own attorneys’ fees and costs incurred in the Litigation and the Lead Plaintiffs and  
26 Settlement Class shall have no obligation to pay same.

27           8.16 Further Assurances/Discrimination. Defendants shall not  
28 discriminate, retaliate or interfere with the Membership benefits of Lead Plaintiffs and

1 Class Members as a result of the Litigation or participation in the Settlement and agree to  
2 act in good faith thereon. The Parties further agree not to directly or indirectly make  
3 disparaging or derogatory remarks regarding the other(s).

4 8.17 Release of Defendants Meacher and Ackman. This First Amended  
5 Stipulation acts to release Defendants Meacher and Ackman from liability to the Lead  
6 Plaintiffs and Members of the Class. However, such release will not be effective unless  
7 said Defendants agree in writing to be bound by the Settlement and waive any claims they  
8 may have against the Lead Plaintiffs and Class Members relating to this Litigation.

9 IN WITNESS WHEREOF, the parties hereto have caused the First  
10 Amended Stipulation to be executed and dated as of December 19, 2006.

11  
12 Respectfully submitted,  
13 LAW OFFICES OF GREER & ASSOCIATES, A.P.C.

14 /s/

15 By: \_\_\_\_\_  
16 C. Keith Greer, Esq.  
17 Steven J. Roberts, Esq.  
Attorneys for Plaintiffs

18 ROPERS, MAJESKI, KOHN & BENTLEY

19 /s/

20 By: \_\_\_\_\_  
21 Richard M. Williams, Esq.  
Attorneys for Defendants

22 /s/

23 By: \_\_\_\_\_  
24 STACY JAMES, Lead Plaintiff

25 /s/

26 By: \_\_\_\_\_  
27 WILLIAM HAAG, Lead Plaintiff

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/s/

By: \_\_\_\_\_  
MICHAEL SCHRIBER, Lead Plaintiff

/s/

By: \_\_\_\_\_  
IGNATIUS A. PIAZZA, Defendant

FRONT SIGHT MANAGEMENT INCORPORATED  
dba FRONT SIGHT FIREARMS TRAINING  
INSTITUTE

/s/

By: \_\_\_\_\_  
IGNATIUS A. PIAZZA, President, Defendant