

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN ROONEY
Assistant Chief Counsel
3 DANIEL O'DONNELL
Assistant Chief Counsel
4 ROBERT LUX (State Bar No. 189191)
Senior Counsel
5 BORYANA ARSOVA (State Bar No. 282703)
Counsel
6 Department of Business Oversight
7 1350 Front Street, #2034
8 San Diego, California 92101
9 Email: Robert.Lux@dbo.ca.gov
Telephone: (619) 525-3729
Facsimile: (619) 525-4045

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10 *Attorneys for Plaintiff, People of the State of California*

11 SUPERIOR COURT OF THE STATE OF CALIFORNIA

12 COUNTY OF SAN DIEGO

13 PEOPLE OF THE STATE OF CALIFORNIA, by)
14 and through the COMMISSIONER OF)
15 BUSINESS OVERSIGHT,)

CASE NO.: 37-2019-00049151-CU-MC-CTL

16 Plaintiff,

COMPLAINT FOR TEMPORARY RESTRAINING ORDER; PRELIMINARY INJUNCTION; PERMANENT INJUNCTION; RESTITUTION; APPOINTMENT OF A RECEIVER; CIVIL PENALTIES; ASSET FREEZE; AND ANCILLARY RELIEF

17 v.

18 SILVER SADDLE COMMERCIAL)
19 DEVELOPMENT, LP, a California limited)
20 partnership; SILVER SADDLE RANCH &)
21 CLUB, INC., a California corporation; THE)
22 GALILEO COMMERCIAL PROPERTY)
23 OWNERS ASSOCIATION, INC., a California)
24 non-profit corporation; THOMAS M. MANEY, an)
25 individual, and DOES 1 through 100, inclusive,)

FRAUD IN THE OFFER AND SALE OF SECURITIES IN VIOLATION OF CORPORATIONS CODE SECTION 25401

26 Defendants.

OFFER AND SALE OF UNQUALIFIED SECURITIES IN VIOLATION OF CORPORATIONS CODE SECTION 25110

27 And,

24 MARIAN G. DUCREUX, an individual,)
25 CLIFFORD J. REYNOLDS, an individual,)
26 WAYNE A. PEDERSEN, an individual, and Relief)
27 Does 1 through 10, inclusive,)

[VERIFIED ANSWER REQUIRED PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTION 446]

28 Relief Defendants.

1 Plaintiff Manuel P. Alvarez, Commissioner of Business Oversight for the State of California
2 (Plaintiff), acting to protect the public from the unlawful and fraudulent sale of unqualified securities,
3 brings this action in the public interest in the name of the People of the State of California. The
4 People of the State of California allege on information and belief as follows:

5 **I.**

6 **SUMMARY**

7 1. At all times herein, the term “Defendants” shall refer collectively and inclusively to
8 Thomas M. Maney (Maney), Silver Saddle Commercial Development, LP (Silver Saddle
9 Commercial Development), Silver Saddle Ranch & Club, Inc. (Silver Saddle Ranch & Club), The
10 Galileo Commercial Property Owners Association, Inc. (Galileo Association), and Does 1 through
11 100, and the Relief Defendants Marian G. Ducreux (Ducreux), Clifford J. Reynolds (Reynolds),
12 Wayne A. Pedersen (Pedersen), and Relief Does 1 through 10.

13 2. Beginning in 2011, Defendants implemented highly aggressive sales techniques and
14 contrived information in order to offer and sell securities in California through an investment called
15 “LandBanking Plus” or “The Galileo Project” (hereinafter Galileo Project). Defendants aggressively
16 peddled investments in the real estate investment scheme by selling highly overpriced fractionalized
17 interests in vacant desert land in rural Kern County to thousands of unsophisticated investors by the
18 deliberate omission of material information and blatant misrepresentations. Defendants comingled
19 and diverted funds that they promised to save and preserve for the investors’ benefit. Malfeasant
20 financial accounting was designed to cover-up the wrongful comingling and diversion of funds. Each
21 of these misrepresentations was a separate violation of the Corporate Securities Law of 1968
22 (Corporations Code section 25000, et seq.) (CSL).¹

23 3. Through misleading and targeted advertising in ethnic supermarkets and free buffet
24 dinners, Defendants succeeded in attracting their intended audience—a large group of
25 unsophisticated investors without the experience or education in investing, over 2,000 of whom paid
26 tens of thousands of dollars of their hard-earned savings based on misrepresentations and a lack of

27 _____
28 ¹ Cal. Corporations Code, § 25401.

1 truthful information. Defendants threatened the investors with financial harm and lawsuits if they
2 complained.

3 4. The centerpiece of the offering was a circa 1000-acre parcel of undeveloped, vacant,
4 desert land in Kern County that was split into four thousand undivided, fractionalized interests to sell
5 to investors. In addition to purchasing the undivided property interest, the investors were required to
6 contribute \$2,000.00 additional funds for each full unit to a pooled development fund, the “Capital
7 Improvement Fund”—touted as a “built in property development account”—that would, according to
8 Defendants, eventually exceed \$8,000,000.00. In addition, the investors were required to make
9 recurring payments for membership in the Silver Saddle Ranch & Club and “travel club” and other
10 assessments and received an option to purchase the Silver Saddle Ranch & Club for \$500,000.00.

11 5. Defendants’ violated California law by offering and selling unqualified, non-exempt
12 securities to thousands of unsophisticated investors. Defendants failed to apply to the Department of
13 Business Oversight (DBO) for a permit to sell securities. Security offerings must undergo a review
14 process where the issuer must demonstrate that the terms of the investment are “fair, just and
15 equitable.” Defendants sold thousands of securities in California without completing this obligatory
16 process and each sale was a separate violation of selling unqualified securities.²

17 6. Defendants wrongfully received tens of millions of dollars of investor funds, and
18 Defendants continue to receive and squander substantial investor funds. Defendants have
19 demonstrated that they cannot be trusted with investor assets, to comply with the Corporate Securities
20 Laws, or to provide truthful information to investors. The remaining investor assets should not be
21 permitted to remain under the control of Defendants, given their involvement in an ongoing scheme
22 to defraud investors in violation of the CSL.

23 II.

24 JURISDICTION AND VENUE

25 7. The Commissioner is authorized to administer and enforce the provisions of the CSL,
26 and the rules and regulations promulgated thereunder, which control the qualification, offer, and sale
27

28 ² Cal. Corporations Code, § 25110.

1 of securities in California, specifically Corporations Code sections 25110 and 25401. The
2 Commissioner's authority to obtain preliminary and permanent injunctive relief, rescission,
3 restitution, disgorgement, civil penalties, costs, appointment of receiver, and other equitable relief for
4 violations of the CSL derives from sections 25000 *et seq.* of the Corporations Code.

5 8. This Court has jurisdiction of the parties and the subject matter of this action. Venue
6 as to all matters between the parties relating to this action is proper in this court. The Defendants
7 maintain and have maintained systematic, continuous and substantial contacts with California
8 consumers by their presence, in the form of investment offerings, websites, individual financial
9 transactions, real property sales, and extensive other business activities within and throughout
10 California, including the County of San Diego. Defendants advertised and solicited consumers
11 throughout California for the purpose of inducing California consumers to purchase the Defendants'
12 investment. Defendants' websites and technology provide Defendants the means of marketing and
13 offering their investments and communicating with investors over the phone, on the internet, by
14 email and by facsimile transmission. Defendants' activities in California are and were highly
15 interactive, systemic and continuous, and have and continue to victimize California consumers, so as
16 to support a finding of general jurisdiction in the State.

17 III.

18 DEFENDANTS

19 9. At all relevant times, defendant Thomas M. Maney was a control person and/or
20 managing member, within the meaning of Corporations Code sections 25160 and 25403, of Silver
21 Saddle Commercial Development, LP; Silver Saddle Ranch & Club, Inc.; and The Galileo
22 Commercial Property Owners Association, Inc. Defendant Maney is an individual residing in the
23 State of California.

24 10. At all relevant times, defendant Silver Saddle Commercial Development was a limited
25 partnership formed in California with a business address of 15315 Magnolia Boulevard, Suite 201,
26 Sherman Oaks, California 91403. Silver Saddle Commercial Development's general partner, SSCD
27 Management, LLC, is a forfeited Texas limited liability company.

28 11. At all relevant times, defendant Silver Saddle Ranch & Club was a California

1 corporation with a business address of 7635 North San Fernando Road, Suite A, Burbank, California
2 91505. Silver Saddle Ranch & Club runs and operates a resort facility in California City called the
3 Silver Saddle Ranch and Club (Ranch), located at 20751 Aristotle Drive, California City, California
4 93505.

5 12. At all relevant times, defendant the Galileo Association was a California non-profit
6 corporation with a business address of 7635 North San Fernando Road, Suite A, Burbank, California
7 91505.

8 13. On information and belief, defendant Maney controls all of the other named
9 Defendants' business activities within the State of California and throughout the nation. There is such
10 a unity of interest, ownership, dominion and control by Maney of all other Defendants that any
11 corporate, company or entity forms of Defendants should be disregarded. Defendants have functioned
12 as Maney's alter ego. Maney, in using the other Defendants as his alter ego, violated numerous
13 provisions of California law. At all times herein mentioned and continuing, Maney engaged in,
14 caused, permitted, and/or ratified untrue and misleading statements and material fact omissions made
15 by the other Defendants to consumers in order to induce consumers to purchase Defendants' illegal
16 securities as described herein.

17 14. Defendant Maney has controlled and continues to control all fees, commissions and
18 compensation paid to him and other Defendants.

19 15. Plaintiff is informed and believes, and on such information and belief alleges, that, at
20 all relevant times, Defendants and each of them acted as managers, officers, agents or employees, and
21 acted in such capacities in connection with the acts, practices and schemes of business set forth
22 below.

23 16. Plaintiff is not aware of the true names and capacities of the Defendants sued by the
24 fictitious names Does 1 through 100, inclusive. Each of the fictitiously named Defendants is
25 responsible in some manner for the activities alleged in this Complaint. Plaintiff will amend this
26 Complaint to add the true names of the fictitiously named defendants once they are discovered.

27 17. Defendants Does 1 through 100, inclusive, are persons, corporations, or other entities
28 that have done or will do acts otherwise alleged in this Complaint. Plaintiff is informed and believes,

1 and thereon alleges, that all Defendants, including the Doe Defendants 1-100, were at all times
2 mentioned, principals, agents, employers, employees, co-venturers, or co-conspirators, and were
3 acting in their respective capacities in doing the acts complained of, thereby imputing liability to each
4 other.

5 18. Relief Doe Defendants 1-10 are named herein solely as relief defendants as they are
6 or may be in possession of investor assets that were acquired by them as a result of the fraudulent and
7 illegal conduct by the other named defendants and equitable and injunctive relief is sought against
8 them to preserve and protect those assets and facilitate return to the rightful owners or as restitution
9 as the court may direct.

10 19. Whenever any allegation is made in this Complaint to “Defendants” doing any act, the
11 allegation shall mean the act of each Defendant acting individually, jointly and severally and the
12 conspiring of these Defendants to so act. Each Defendant alleged to have committed any act did so
13 pursuant to and in furtherance of a common plan, scheme and conspiracy and as the agent for each
14 and every co-defendant. Each Defendant acted in conspiracy to violate the provisions of the CSL.

15 20. Plaintiff is informed and believes and on such information and belief alleges that, at all
16 relevant times, each and every Defendant, directly or indirectly controlled other co-defendants by
17 knowingly inducing, or by knowingly providing substantial assistance to other co-defendants, to
18 violate the provisions of the CSL, as alleged in the Complaint within the meaning of Corporations
19 Code section 25403.

20 21. Any allegation made in this Complaint of any act by a Defendant who is a business
21 entity shall mean an act done or authorized by the officers, directors, agents, or employees of the
22 business entity Defendant while actively engaged in the management, direction, or control of the
23 affairs of the business entity Defendants, and while acting within the course and scope of their
24 employment.

25 22. Plaintiff is informed and believes that at all times mentioned herein, the business
26 entity Defendants continued in existence as alter egos of individual Defendants pursuant to a scheme
27 to offer and sell unqualified, non-exempt and fraudulent securities to obtain money from the public
28 for individual Defendants’ own personal benefit.

1 23. At all times herein mentioned, the business entity Defendants were so influenced and
2 controlled by the individual Defendants in the conduct of its business and affairs that there existed a
3 unity of interest and ownership among said parties so that adherence to the fiction of separate
4 corporate and individual existences works an injustice upon the public.

5 IV.

6 RELIEF DEFENDANTS

7 24. At all relevant times, Relief Defendant Reynolds was an individual residing in the
8 State of California. On information and belief, from 2005 to 2017, Reynolds was employed as a
9 Managing Director of Defendant Silver Saddle Ranch & Club and was involved in the sales,
10 marketing and operations of the Silver Saddle Ranch & Club and received compensation through
11 sales of the Galileo Project investment contracts to California consumers.

12 25. At all relevant times, Relief Defendant Ducreux was an individual residing in the State
13 of California. On information and belief, Ducreux acted as a real estate broker/sales agent on behalf
14 of Defendants and directly offered and sold the Galileo Project investment contracts to California
15 investors in return for commissions of up to \$300,000.00 per year.

16 26. At all relevant times, Relief Defendant Pedersen was an individual residing in the
17 State of California. On information and belief, Pedersen was involved in the marketing of the Galileo
18 Project and received over \$1,000,000.00 from Defendants through sales of the Galileo Project
19 investment contracts to California consumers.

20 V.

21 SUMMARY OF FACTS

22 27. Beginning in 2011, Maney, through Silver Saddle Commercial Development, Silver
23 Saddle Ranch & Club, and the Galileo Association, offered and sold securities in California in the
24 form of an investment contract called "LandBanking Plus+" or "The Galileo Project." The
25 investment contract purportedly comprised a total of 4,000 available "units," offered in one-quarter,
26 one-half, or full units. Each unit consisted of four bundled components:

27 (a) A payment by the investor of money, generally between \$10,000.00 to \$30,000.00,
28 for an undivided, 1/4000th fractionalized interest in a parcel of circa 1,020 acres of undeveloped,

1 commercially zoned, desert real estate in Kern County, California.

2 (b) A payment by the investor of \$500.00, \$1,000.00 or \$2,000.00 (for, respectively,
3 one-quarter unit, one-half unit, or one full unit) into a pool of investors' funds called the "Capital
4 Improvement Fund." The stated purpose of the Capital Improvement Fund, according to the
5 Declaration of Covenants, Conditions and Restrictions for The Galileo Commercial & Industrial
6 Development (CC&Rs) that governed the investments, was for "capital improvements or major
7 renovations" to the 1,020-acres of undeveloped land. Investors were told that the capital contributions
8 of \$500.00, \$1,000.00 or \$2,000.00 made to the Capital Improvement Fund would appreciate in value
9 and that the investors would later use the funds to develop the 1,020 acres of undeveloped land into
10 viable commercial and industrial properties.

11 (c) A payment by the investor of several hundreds of dollars per year to establish and
12 maintain a "membership" in the Ranch and pay other recurring assessments and fees.

13 (d) A right of first refusal option for the investors to jointly purchase the Silver Saddle
14 Ranch & Club in California City, California, for \$500,000.00.

15 28. Defendants' offering materials and investment contracts portrayed the Galileo Project
16 as an "active" investment where investors would participate in the management and control of the
17 investment. For that purpose, each investor, by purchasing a full-, half-, or quarter unit, became a
18 member of the Galileo Association and, allegedly, could vote on how to develop the investment
19 property and spend the money in the Capital Improvement Fund (those decisions required a majority
20 vote (51 percent) of all investors, excluding the developer Silver Saddle Commercial Development).
21 In reality, however, only full-unit owners who were current on their payment obligations to Silver
22 Saddle Commercial Development, Silver Saddle Ranch & Club and the Galileo Association had the
23 right to vote. Thus, those investors who purchased half- and quarter units – a total of 653 separate
24 investments as of 2019 – could not vote and were passive.

25 29. Moreover, all decisions of the Galileo Association were made by a "Board of
26 Directors." At least until mid-2019, the Galileo Association Board of Directors consisted of five
27 Board Members, two Silver Saddle Commercial Development/Silver Saddle Ranch & Club
28 staff/employees, Maney, and two investors. Thus, Maney, individually and through Defendants

1 Galileo Commercial Property Owners Association, Inc., Silver Saddle Commercial Development, LP
2 and Silver Saddle Ranch & Club, Inc. could effectively make and did make all of the management
3 decisions, with investors having no control in the development of the property or the management of
4 the Capital Improvement Fund, despite each having contributed (or contractually committed to
5 contribute) \$500.00 to \$2,000.00 to the Capital Improvement Fund. Thus, even as to the full-unit
6 investors, for the period 2011 to mid-2019, the Galileo Project was a “passive” investment because all
7 decisions of the Galileo Association were made by a Board of Directors that was controlled by
8 Defendants.

9 30. The Galileo Project investment contracts were not qualified or registered as securities
10 with the DBO or any federal securities regulatory bodies. In fact, investment documents provided to
11 investors stated that “[n]either the subject property nor this Disclosure Statement have been reviewed
12 or approved by any national, state or local governmental body or regulatory agency.”

13 31. Beginning as early as 2011, more than 2,000 California investors collectively gave or
14 contractually committed millions of dollars to Defendants, including to Maney, through Silver Saddle
15 Commercial Development, Silver Saddle Ranch & Club, and the Galileo Association, for the purpose
16 of investing in the Galileo Project securities. Defendants, including Maney, through Silver Saddle
17 Commercial Development, Silver Saddle Ranch & Club, and the Galileo Association, specifically
18 targeted certain ethnic groups with limited understanding of English and with no regard to investment
19 experience.

20 32. To lure prospective investors to the Ranch, Defendants, including Maney, through
21 Silver Saddle Commercial Development, Silver Saddle Ranch & Club, and the Galileo Association,
22 set up raffles at various ethnic supermarkets throughout California that promised prizes in the form of
23 gift cards, televisions, watches, cameras, and buffet dinners, culminating with a free night stay at the
24 Ranch. The buffet dinners were internally referred to as the “Latino dinner parties,” “Filipino dinner
25 parties,” and “Chinese Dinner.” The consumers who accepted the offer to stay at the Ranch were
26 subjected to high-pressure sales tactics to make payments and sign contracts to become investors.
27 Although many attendees were non-English speaking or spoke English as a second language, they
28 received and signed investment documents in English without clearly understanding the content of

1 the documents.

2 33. From 2011 to 2019, as Defendants received investor funds for the Galileo Project,
3 those funds were comingled among Defendants' other accounts. Defendants maintained a very low
4 total cash balance in the accounts and withdrew most of the investor funds out of the accounts. Thus,
5 Defendants uniformly, year after year, moved millions of dollars, virtually all the investors' funds,
6 from the corporate bank accounts quickly after the Defendants received the investors' money.

7 34. Defendants' financial accounting for the Galileo Project evidences gross
8 mismanagement and reveals a highly suspicious number of transfers among the various accounts,
9 including widespread comingling among Defendants' bank accounts.

10 35. The investors in the Galileo Project were required to make individual contributions to
11 the Capital Improvement Fund. From 2011- 2018, Defendants diverted investor funds intended for
12 the Capital Improvement Fund into other Silver Saddle accounts and failed to conserve those funds
13 for the benefit of the investors, as promised. Defendants have continued to divert cash funds and
14 make significant cash withdrawals from the Capital Improvement Fund accounts.

15 36. Beginning as early as 2011, in connection with the offer and sale of the Galileo Project
16 securities, Defendants made, or caused to be made, misrepresentations of material facts or omitted to
17 state material facts necessary in order to make the statements made, in light of the circumstances
18 under which they were made, not misleading, including, but not limited to:

19 (a) Promising that investors would make the decisions as to how to use the money they
20 contributed to the Capital Improvement Fund. In fact, Defendants had comingled and diverted the
21 money from the Capital Improvement Fund for their own purposes.

22 (b) Falsely representing in the marketing materials and investment documents that the
23 investors would control the investment and make decisions on how to develop the investment
24 property. In fact, half- and quarter-unit owners had no right to vote and could not participate in the
25 management decisions and control of the development of the property.

26 (c) Omitting from the investment offerings the fair market value of the fractionalized
27 interests in the undeveloped property, resulting in the investors substantially overpaying for their
28 property interests.

1 (d) Misrepresenting the value of the undivided interest in the undeveloped Galileo
2 Project property purchased by investors.

3 (e) Falsely assuring investors that there was no risk in the investment.

4 (f) Misrepresenting that the Galileo Project offered high investment returns and that
5 investors could realize a “tremendous return virtually overnight.”

6 (g) Misrepresenting the value of the Ranch for purposes of falsely inflating the value
7 of the purchase option that the investors were granted as part of the Galileo Project investment.

8 (h) Misrepresenting that the Galileo Project property was already serviced with paved
9 roads, piped water, electricity and telephones, when it was not.

10 (i) Representing to some investors that the investors would play an active role in
11 developing the Galileo Project property, while representing to other investors that they would play a
12 passive role.

13 (j) Falsely representing to some investors that they could build their own residential
14 home on the Galileo Project property that they purchased.

15 (k) Misrepresenting the terms of the investment and then, when the investors
16 complained after they purchased the investment, threatening the investors with consumer harm and
17 lawsuits.

18 (l) Failing to disclose that Defendant Thomas M. Maney, as signatory, Vice-President
19 and General Counsel for several companies, was the subject of a 1977 Consent and Final Judgment in
20 the United States District Court for the Central District relating to unlawful real estate sales in
21 California City, California, levying civil penalties and permanently enjoining the companies and its
22 officers from, among other things, violating a Final Order to Cease and Desist issued by the Federal
23 Trade Commission on October 20, 1972, and from failing to pay \$3,950,000.00 to prior real estate
24 purchasers.

25 37. The Commissioner is informed and believes that from 2011 to 2019 Defendants have
26 made at least 3,032 offers and sales of the Galileo Project investment contracts for a total purchase
27 price of approximately \$56,517,148.00.

28 38. On June 18, 2019, the Commissioner issued administrative actions against Defendants

1 Thomas Maney, Silver Saddle Commercial Development, LP, Silver Saddle Ranch & Club, Inc. and
2 The Galileo Commercial Property Owners Association, Inc., ordering Defendants to desist and
3 refrain from the further offer or sale of securities in the State of California in violation of
4 Corporations Code sections 25110 and 25401, requesting ancillary relief in the form of a repurchase
5 offer, and requesting penalties. The administrative actions are currently pending hearing before the
6 Office of Administrative Hearings.

7 **FIRST CAUSE OF ACTION**
8 **OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES**
9 **IN VIOLATION OF CORPORATIONS CODE SECTION 25110**
10 **(AGAINST ALL DEFENDANTS)**

11 39. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 38,
12 inclusive, as though set forth at length herein.

13 40. Corporations Code section 25110, in pertinent part, provides:

14 It is unlawful for any person to offer or sell in this state any security in an issuer
15 transaction...unless such sale has been qualified...or unless such security or
16 transaction is exempted or not subject to qualification under Chapter 1 [commencing
17 with CSL section 25100] of this part.

18 41. Beginning in at least 2011, Defendants, and each of them, offered or sold at least
19 3,032 securities in the form of investment contracts to over 2,000 investors for a total purchase price
20 of \$56,517,148.00³. Approximately seventy of the investors are residents of the County of San Diego.

21 42. From at least 2011, Defendants offered and sold to California's investing public,
22 securities in the form of investment contracts in the Galileo Project. The investment contracts offered
23 and sold by Defendants are "securities" within the meaning of Corporations Code section 25019.

24 43. Defendants offered and sold the securities within the State of California within the
25 meaning of Corporations Code sections 25008 and 25017.

26 44. The offer and sale of these securities were issuer transactions within the meaning of

27 ³ This represents only the aggregate purchase price for the undivided property interests, excluding the
28 investors' contributions for the Capital Improvement Fund and the recurring membership fees and
association dues.

1 Corporations Code sections 25010 and 25011.

2 45. The Commissioner has not issued a permit or other form of qualification authorizing
3 Defendants to offer or sell the securities referred to herein.

4 46. The offer and sale of the securities referenced herein were not exempt from the
5 qualification requirements of Corporations Code section 25110.

6 47. Unless enjoined by this Court, Defendants will continue to violate Corporations Code
7 section 25110. Further, Defendants' pattern of conduct demonstrates the need for the appointment of
8 a receiver and the granting of the ancillary relief prayed for.

9 **SECOND CAUSE OF ACTION**
10 **MISREPRESENTATION OR OMISSION OF MATERIAL FACTS**
11 **IN VIOLATION OF CORPORATIONS CODE SECTION 25401**
12 **(AGAINST ALL DEFENDANTS)**

13 48. Plaintiff realleges and incorporates herein by reference paragraphs 1 through 47,
14 inclusive, as though set forth at length herein.

15 49. Corporations Code section 25401 makes it unlawful to offer or sell securities by
16 means of untrue statements or omissions of material fact. This section states:

17 It is unlawful for any person to offer or sell a security in this state, or to buy or
18 offer to buy a security in this state, by means of any written or oral
19 communication that includes an untrue statement of a material fact or omits to
20 state a material fact necessary to make the statements made, in the light of the
21 circumstances under which the statements were made, not misleading.

22 50. From at least 2011, in connection with the offer and sale of the Galileo Project
23 investment contracts, Defendants made, or caused to be made, written and oral misrepresentations of
24 material facts and omitted to state material facts necessary to make the statements made, in light of
25 the circumstances under which the statements were made, not misleading, including, but not limited
26 to:

27 (a) Promising that investors would make the decisions as to how to use the money they
28 contributed to the Capital Improvement Fund. In fact, Defendants had comingled and diverted the
Capital Improvement Fund for their own purposes.

(b) Falsely representing in the marketing materials and investment documents that the

1 investors would control the investment and make decisions on how to develop the investment
2 property. In fact, half- and quarter-unit owners had no right to vote and could not participate in the
3 management decisions and control of the development of the property.

4 (c) Omitting from the investment offerings the fair market value of the fractionalized
5 interests in the undeveloped property, resulting in the investors substantially overpaying for their
6 property interests.

7 (d) Misrepresenting the value of the undivided interest in the undeveloped Galileo Project
8 property purchased by investors.

9 (e) Falsely assuring investors that there was no risk in the investment.

10 (f) Misrepresenting that the Galileo Project offered high investment returns and that
11 investors could realize a “tremendous return virtually overnight.”

12 (g) Misrepresenting the value of the Ranch for purposes of falsely inflating the value of
13 the purchase option that the investors were granted as part of the Galileo Project investment.

14 (h) Misrepresenting that the Galileo Project property was already serviced with paved
15 roads, piped water, electricity and telephones, when it was not.

16 (i) Representing to some investors that the investors would play an active role in
17 developing the Galileo Project property, while representing to other investors that they would play a
18 passive role.

19 (j) Falsely representing to some investors that they could build their own residential home
20 on the Galileo Project property that they purchased.

21 (k) Misrepresenting the terms of the investment and then, when the investors complained
22 after they purchased the investment, threatening the investors with consumer harm and lawsuits.

23 (l) Failing to disclose that Defendant Thomas M. Maney, as signatory, Vice-President and
24 General Counsel for several companies, was the subject of a 1977 Consent and Final Judgment in the
25 United States District Court for the Central District relating to unlawful real estate sales in California
26 City, California, levying civil penalties and permanently enjoining the companies and its officers
27 from, among other things, violating a Final Order to Cease and Desist issued by the Federal Trade
28 Commission on October 20, 1972, and from failing to pay \$3,950,000.00 to prior real estate

1 purchasers.

2 51. Unless enjoined by this Court, Defendants will continue to violate Corporations Code
3 section 25401. Further, Defendants' pattern of conduct demonstrates the need for the appointment of
4 a receiver and the granting of the ancillary relief prayed for.

5 Plaintiff prays for Judgment as follows:

6 **A. INJUNCTIVE RELIEF**

7 52. For a temporary restraining order, issued on *ex parte* application, followed by a
8 preliminary and permanent injunction issued pursuant to Corporations Code section 25530,
9 subdivision (a), restraining and enjoining the Defendants, their officers, directors, successors in
10 interest, agents, employees, attorneys in fact, and all persons acting in concert or participating with
11 them, or any of them, except the receiver in the lawful exercise of his duties under the receivership,
12 directly or indirectly:

13 a. Selling or purchasing or offering to sell or purchase any security as defined by
14 California law, without first qualifying that security as required by law.

15 b. Violating Corporations Code section 25110 of the Corporate Securities Law of 1968
16 (CSL) by offering or selling unqualified, non-exempt securities, including, but not limited to, the
17 Galileo Project (also known as Landbanking Plus) investment contracts.

18 c. Violating Corporations Code section 25401 by offering or selling or buying or
19 offering to buy any securities by means of any written or oral communication which includes an
20 untrue statement of a material fact or omits to state a material fact necessary in order to make the
21 statements made, in light of the circumstances under which they were made, not misleading,
22 including, but not limited to, the Galileo Project.

23 d. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise
24 disposing of, in any manner, any books, records, documents, correspondence, brochures, manuals, or
25 other documentation of any kind in the possession, custody or control of any of the Defendants that
26 relate in any way to the offer and sale of securities, specifically, but not limited to, the Galileo
27 Project.

28

1 e. Transferring, changing, disbursing, selling, dissipating, converting, pledging,
2 assigning, foreclosing or otherwise disposing of any real or personal property or other assets, in their
3 possession or under their control, or in the possession of, or under the control of, any of them, which
4 property or other assets are or were to be held for the benefit of Defendants' investors and/or
5 creditors, or by any person for the benefit of any investors and/or creditors of Defendants, and each of
6 them, whether in trust or otherwise, without further Order from this Court.

7 f. Withdrawing from any bank account, transferring, changing, disbursing, selling,
8 dissipating, converting, pledging, assigning, foreclosing, or otherwise disposing of any real property
9 or personal property in their possession or under their control, or in the possession of, or under the
10 control of, any of the Defendants, which property or other assets were derived or emanated from
11 directly, or indirectly, the sale or purchase or offer to sell or purchase, investment contracts or other
12 securities, without further Order from this Court.

13 **B. RESCISSION, RESTITUTION, AND DISGORGEMENT**

14 53. For a Final Judgment and Order pursuant to Corporations Code section 25530,
15 subdivision (b), requiring Defendants, and each of them, to disgorge all profits and compensation
16 obtained as a result of the violations of law complained of herein, and pay full restitution to each
17 person determined to have been subjected to Defendants' acts or practices which constitute violations
18 of the CSL in the amounts and manner provided for by law and according to proof.

19 **C. CIVIL PENALTIES**

20 54. As against all Defendants for a Final Judgment and Order pursuant to Corporations
21 Code section 25535, that each of them, individually, jointly and severally, pay to the Plaintiff, a civil
22 penalty in the maximum approximate sum of \$150,000,000.00 or according to proof, which
23 represents \$25,000.00 for each act in violation of Corporations Code sections 25110 and 25401, in a
24 total amount as according to proof at trial.

25 **D. REPURCHASE OFFER**

26 55. For an order that Defendants shall repurchase the Galileo Project securities as to each
27 purchaser who accepts the repurchase offer, on the following terms and conditions:

28 (i) Pursuant to Corporations Code section 25507, subdivision (b), and California

1 Code of Regulations, tit. 10, section 260.507 (10 CCR 260.507), with respect to all investors who
2 purchased a security from Defendants in the form of a Galileo Project investment contract,
3 Defendants shall offer to repurchase the security or offer to rescind the transaction. As set forth in
4 Corporations Code section 25507(b), and 10 CCR 260.507, Defendants shall submit an application
5 for approval as to the form of the offer to repurchase securities to the Securities Regulation Division
6 of the Department of Business Oversight. Defendants shall complete the repurchase offer and
7 repurchase the securities or rescind the transaction as to all investors who accept the offer.

8 (ii) The repurchase offer shall be accompanied by all of the information required
9 under Corporations Code section 25507 and 10 CCR 260.507, including, but not limited to, a
10 disclosure informing the offeree of the findings set forth herein, and describing the current status of
11 Defendants' business operations.

12 **E. APPOINTMENT OF A RECEIVER**

13 56. For an order appointing a receiver, namely Thomas McNamara of Regulatory
14 Resolutions, 655 West Broadway, Suite 1600, San Diego, California 92101, issued pursuant to
15 Corporations Code section 25530 subdivision (a), upon an ex parte application, to remain in effect
16 during the pendency of this action or until further order of the court, to take possession of all real and
17 personal property and assets of Defendants SILVER SADDLE COMMERCIAL DEVELOPMENT,
18 LP; SILVER SADDLE RANCH & CLUB, INC.; THE GALILEO COMMERCIAL PROPERTY
19 OWNERS ASSOCIATION, INC., as well as any other entity that has conducted any business related
20 to Defendants' offering and selling of the Galileo Project investment contracts, including receipt of
21 assets derived from any activity that is the subject of the Complaint in this matter, and that the
22 receiver determines is controlled or owned by any Defendant (hereinafter "Receivership
23 Defendants"), and their respective subsidiaries and affiliates, and their successors and assigns
24 wherever situated, or to which Receivership Defendants have any right of possession, custody or
25 control, beneficially or otherwise, irrespective of whosoever holds such assets, including all such
26 assets which Receivership Defendants carry or maintain, or which may be received during the
27 pendency of this receivership, in order to obtain an adequate accounting of Receivership Defendants'
28 assets and liabilities and to secure a marshalling of said assets; and,

1 57. For an order further providing that:

2 a. Receiver be authorized and directed to take possession of all real and personal
3 property and assets of Defendants SILVER SADDLE COMMERCIAL DEVELOPMENT, LP;
4 SILVER SADDLE RANCH & CLUB, INC.; THE GALILEO COMMERCIAL PROPERTY
5 OWNERS ASSOCIATION, INC. as well as any other entity that has conducted any business related
6 to Defendants' offering and selling of the Galileo Project investment contracts, including receipt of
7 assets derived from any activity that is the subject of the Complaint in this matter, and that the
8 Receiver determines is controlled or owned by any Defendant and/or Receivership Defendants, and
9 their respective subsidiaries and affiliates, and their successors and assigns wherever situated, or to
10 which Receivership Defendants have any right of possession, custody or control, beneficially or
11 otherwise, irrespective of whosoever holds such assets, including all such assets which Receivership
12 Defendants carry or maintain, or which may be received during the pendency of this receivership, in
13 order to obtain an adequate accounting of Receivership Defendants' assets and liabilities and to
14 secure a marshalling of said assets.

15 b. For good cause appearing, the Receiver's bond be set by the court at a fair amount.

16 c. Upon his appointment and entering upon his duties, the Receiver be authorized,
17 empowered and directed: to marshal, collect, review, observe, discover and take charge of all the real
18 and personal property, premises and other assets of, or in the possession of or under the control of,
19 Receivership Defendants, beneficially or otherwise, or wherever else situated, including, but not
20 limited to the following premises:

21 A. Silver Saddle Ranch & Club, Inc.: 20751 Aristotle Dr, California City, CA
22 93505, and 7635 North San Fernando Road, Suite A; Burbank, CA 91505;

23 B. Silver Saddle Commercial Development, LP: 7635 North San Fernando Road,
24 Suite A; Burbank, CA 91505, and 15315 Magnolia Boulevard, Suite 201,
25 Sherman Oaks, CA 91403;

26 C. The Galileo Commercial Property Owners Association, Inc.: 7635 North San
27 Fernando Road, Suite A; Burbank, CA 91505;

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1 and all accounts or safe deposit boxes of Receivership Defendants in financial depository or other
2 institutions, including, but not limited to the following:

- 3 A. JP Morgan Chase Bank, N.A.;
- 4 B. Wells Fargo Bank, N.A.;
- 5 C. Mission Bank;
- 6 D. One West Bank;
- 7 E. Frost Bank;

8 and of any other property in which Receivership Defendants have an interest, regardless by whom it
9 may be held, beneficially or otherwise, on an ongoing and continual basis pursuant to this Court's
10 order. No other signatory, including spouses or relatives of Receivership Defendants, on any bank
11 account, investment account or safe deposit box may withdraw or cause to be withdrawn any amount
12 from the accounts frozen by this or related order, except by Order from the Court. Periodically, as set
13 forth in paragraphs 7 and 8, below, the Receiver shall report to this Court the results of the review,
14 observation, discovery and abstracts resulting from the activities of the Receiver as ordered by this
15 Court, and specifically on any commingling of funds, unauthorized loans or other disposition of
16 property of whatever description between any and each of the Receivership Defendants herein and/or
17 any person, corporation, entity, sole proprietorship, affiliate, association of whatever type or
18 structure, whether or not said entities are or are not Receivership Defendants in this action.

19 58. For an order further providing that the Receiver take all steps necessary to secure all
20 premises that Receivership Defendants are using to conduct business operations that relate to the
21 unlawful activity alleged in the Complaint, including, but not limited to the premises listed in
22 paragraph 56, subdivision (c), above. Steps to secure premises may include, but are not limited to,
23 any of the following, as Receiver deems necessary or advisable: (a) serving the receivership Order;
24 (b) completing a written inventory of all receivership assets; (c) obtaining pertinent information from
25 all employees and other agents of Receivership Defendants, including, but not limited to, requiring
26 such employees and agents to complete a questionnaire provided by Receiver; (d) photographing and
27 videotaping any or all portions of the premises; (e) securing the location by changing any locks or
28 security codes and disconnecting any computer modems or other means of access to the computer or

1 other records maintained at that location; (f) obtaining access to any locked storage containers
2 believed to contain assets or documents; (g) requiring any persons present on the premises at the time
3 this Order is served to leave the premises, to provide Receiver with proof of identification, or to
4 demonstrate to the satisfaction of Receiver that such persons are not removing from the premises
5 assets or documents of Receivership Defendants or otherwise subject to this Order; and (h) securing
6 the assistance of law enforcement officers. Law enforcement officers may assist Receiver in
7 implementing these provisions to keep the peace and maintain security.

8 59. For an order further providing that the Receiver employ the law firm of McNamara
9 Smith LLP where the Receiver is a partner and may employ such other attorneys and persons upon
10 further order of this Court to assist the Receiver in the performance of his duties and responsibilities,
11 such employment to be approved by the Court upon ex parte application of the Receiver.

12 60. For an order further providing that the Receiver employ other such persons, including
13 accountants, investigators, clerical and professional personnel, and the Receiver's in-house staff and
14 counsel, to perform such tasks as may be necessary to aid the Receiver in the performance of his
15 duties and responsibilities, without further order of the Court.

16 61. For an order further providing that the Receiver file, within 30 days of his
17 qualification and appointment hereunder, an initial inventory of all property which he shall then have
18 reviewed, observed and/or discovered pursuant to this Court's Order. Additionally, the Receiver is to
19 file one or more supplemental inventories when and if he shall subsequently come into knowledge of
20 additional items appropriate to the inventory.

21 62. For an order further providing that the Receiver undertake an independent review into
22 the affairs and transactions of Receivership Defendants and to file with this Court, within 120 days,
23 and every six months thereafter, a report detailing the Receiver's findings of his review of the
24 condition of Receivership Defendants, other affairs and transactions of Receivership Defendants,
25 reflecting the existence of any liabilities, both those claimed by others to exist and those to which the
26 Receiver believes to be the legal obligations of each of said Receivership Defendants, including a
27 review of any possible conflicts of interest and any further information the Receiver believes may
28 assist in an equitable disposition of this matter, and to include in the report the Receiver's opinion

1 regarding the ability of said Receivership Defendants to meet their obligations as they come due, and
2 the Receiver's recommendation regarding the necessity for, and the best method of handling,
3 preserving, or disposing of said assets.

4 63. For an order further providing that the Receiver invest funds of the receivership estate
5 in any interest-bearing obligations of the United States or in any interest-bearing accounts in financial
6 institutions approved by the United States Trustee as an authorized depository for funds of
7 bankruptcy estate, without further order of the Court; and to be the signatory on all bank accounts of
8 Receivership Defendants, and each of them, including, but not limited to:

- 9 A. JP Morgan Chase Bank, N.A.;
- 10 B. Wells Fargo Bank, N.A.;
- 11 C. Mission Bank;
- 12 D. One West Bank;
- 13 E. Frost Bank;

14 and of any depository or investment account in any financial institution that the Receiver may
15 discover at a later date containing any investor funds, upon presentation of this Order.

16 64. For an order further providing that the Receiver bring such proceedings as are
17 necessary to enforce the provisions hereof, including issuance of subpoenas to compel testimony or
18 production of documents as to the existence or location of assets or any other information pertinent to
19 the business, financial affairs, and other transactions of Receivership Defendants.

20 65. For an order further providing that the Receiver bring such proceedings as are
21 necessary to modify the provisions hereof, as the Receiver deems appropriate.

22 66. For an order further providing that the Receiver make such payments and
23 disbursements from the funds so taken into custody, control and possession of the Receiver or
24 otherwise received by him, as may be necessary and advisable in discharging his duties as receiver,
25 without further order of the Court, including, without limitation, the payment of interim
26 compensation to the Receiver and persons or entities under subparagraphs (5) and (6) above, subject
27 to the provisions of subparagraph (27) and (28). The Receiver shall apply to the Court for prior
28 approval of any payment of any debt or obligation incurred by the Receivership Defendants prior to

1 the date of entry of this order, except payments that the Receiver deems necessary or advisable to
2 secure assets of the Receivership Defendants.

3 67. For an order further providing that the Receiver carry on any lawful business activity
4 of the entities and persons or entities in receivership, to preserve investors' assets and to foreclose
5 and/or actively seek and negotiate with potential buyers, assignees or other parties who may be
6 interested in acquiring, purchasing, leasing, subleasing or renting real or personal property of
7 Receivership Defendants and to sell, lease, sublease or rent such real or personal property of
8 Receivership Defendants, subject to court approval.

9 68. For an order further providing that the Receiver institute, prosecute, defend,
10 compromise, intervene in and become a party, either in his own name or in the name of Receivership
11 Defendants, to such suits, actions or proceedings as may be necessary for the protection,
12 maintenance, recoupment or preservation of the assets or property of Receivership Defendants, or in
13 his custody, in his discretion, without further order of the Court.

14 69. For an order further providing that the Receiver divert, take possession of and secure
15 all mail of Receivership Defendants, in order to screen such mail, retaining so much as it relates to
16 the business of Receivership Defendants, and forwarding to the individual or other appropriate
17 addresses so much as is not, in the Receiver's opinion, appropriate for retention by him, and to effect
18 a change in the rights to use any and all post office boxes and other mail collection facilities used by
19 Receivership Defendants.

20 70. For an order further providing that the Receiver be empowered to undertake an
21 immediate review of all readily available assets of the Receivership Defendants in order to determine
22 the economic viability of a receivership. Upon such review, if the Receiver determines that sufficient
23 assets are readily available to fund the receivership, then the Receiver shall file such finding with the
24 Court, and the receivership shall continue until further order of the Court. If upon initial review the
25 Receiver determines that readily available assets are insufficient to maintain the receivership, then the
26 Receiver shall so notify the Court, and may request that the Court dissolve the receivership, or
27 modify the duties and responsibilities of the Receiver, and Plaintiff will not oppose such request, it
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1 being understood that the Receiver and professionals employed by the Receiver shall not be expected
2 to perform services unless readily available assets exist to pay the expenses of the receivership.

3 71. For an order further providing that the Receiver shall cooperate fully with the Plaintiff,
4 and any other state and federal law enforcement and regulatory agencies having jurisdiction over
5 matters relating to the conduct or business of Receivership Defendants so as not to impair the ability
6 of said state and federal law enforcement regulatory agencies to perform their duly authorized
7 investigative and enforcement duties.

8 72. For an order further providing that the Receiver's powers shall be in addition to, and
9 not by way of limitation of, the powers described in Corporations Code section 25530, subdivision
10 (a), and Government Code section 12896 and Code of Civil Procedure section 564 et seq.

11 73. For an order further providing that any state or federal law enforcement or regulatory
12 agency having jurisdiction over matters related to Receivership Defendants' business shall be
13 permitted to review, without exception, all reports of the Receiver and all books, records, and files of
14 Receivership Defendants at any time during normal business hours, with reasonable notice, and to
15 make any abstracts or copies of said documents as it desires, provided that nothing herein shall waive
16 or abrogate any applicable attorney-client or other legally recognized privilege.

17 74. For an order further providing that the Receiver be vested with, and is authorized,
18 directed and empowered to exercise, all of the power of Receivership Defendants, their officers,
19 directors, shareholders, general partners or persons who exercise similar powers and perform similar
20 duties; Receivership Defendants, their officers, agents, employees, representatives, directors,
21 successors in interest, attorneys in fact and all persons acting in concert or participating with them,
22 are hereby divested of, restrained and barred from exercising any of the powers vested herein in the
23 Receiver.

24 75. For an order further providing that, if the Receiver identifies a nonparty entity as a
25 Receivership Defendant, the Receiver shall promptly notify the entity as well as the parties and
26 inform the entity that it can challenge the Receiver's determination by filing a motion with the Court.
27 Provided, however, that the Receiver may delay providing such notice until the Receiver has
28 established control of the nonparty entity and its assets and records, if the Receiver determines that

1 notice to the entity may result in the destruction of records, dissipation of assets, or any other
2 obstruction of the Receiver's control of the entity.

3 76. For an order further providing that defendants, including, but not limited to the
4 Receivership Defendants, their officers, directors, shareholders, agents, servants, employees,
5 attorneys, salespersons, successors, assigns, subsidiaries, affiliates, and other persons or entities under
6 their control and all persons or entities in active concert or participation with Receivership
7 Defendants, and all persons owing a duty of disclosure to Receivership Defendants, and each of
8 them, and all individually named Defendants, shall cooperate with the Receiver in his investigation
9 and shall immediately turn over to the Receiver records, computers and passwords, and/or access
10 codes for all computers and any security systems, documentation, charts and/or descriptive material
11 of all funds, assets, property owned beneficially or otherwise, and all other assets of Receivership
12 Defendants wherever situated, and all books and records of accounts, title documents and other
13 documents in the possession or under their control, which relate, directly or indirectly, to assets of
14 Receivership Defendants.

15 77. For an order further providing that, except by leave of this Court and during the
16 pendency of this receivership, all claimants, creditors, lessors and other persons seeking relief of any
17 kind, in law or in equity, from Receivership Defendants, and all others acting on behalf of any such
18 persons, including sheriffs, marshals, servants, agents, attorneys and employees, be restrained and
19 enjoined, directly or indirectly, from:

20 a. Commencing, prosecuting, continuing or enforcing any suit or proceeding,
21 except by motion before this Court;

22 b. Executing or issuing or causing the execution or issuance of any court
23 attachment, subpoena, replevin, execution or other process for the purpose of impounding or taking
24 possession of or interfering with or creating or enforcing a lien upon any property owned or in the
25 possession of Receivership Defendants, their subsidiaries or affiliates, or the receiver appointed
26 therein, wherever situated;

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1 c. Commencing or continuing judicial or non-judicial foreclosure proceedings or
2 proceedings for the appointment of a receiver for any property owned or claimed by Receivership
3 Defendants in this action;

4 d. Creating, perfecting, or enforcing any lien or encumbrance against any real or
5 personal property;

6 e. Accelerating the due date of any obligation or claimed obligation;

7 f. Exercising any right of set-off;

8 g. Taking, retaining, retaking or attempting to retake possession of any real or
9 personal property;

10 h. Withholding or diverting any rent or other obligation; and

11 i. Doing any act or thing whatsoever to interfere with the possession of or
12 management by the Receiver herein and of the property and assets owned, controlled or in the
13 possession of Receivership Defendants or to, in any way, interfere with the Receiver or to interfere in
14 any manner during the pendency of this proceeding with the exclusive jurisdiction of this Court over
15 Receivership Defendants.

16 78. For an order further providing that the Receiver Order not stay:

17 a. The commencement or continuation of a criminal action or proceeding;

18 b. The commencement or continuation of an action or proceeding by a
19 government unit, to enforce such government unit's police or regulatory power;

20 c. The enforcement of a judgment, other than a money judgment, obtained in an
21 action or proceeding by a government unit to enforce such government unit's police or regulatory
22 power; or

23 d. The issuance to a Receivership Defendant of a notice of tax deficiency.

24 79. For an order further providing that any and all provisions of any agreement entered
25 into by and between any third party and Receivership Defendants, including, by way of illustration,
26 but not limited to, the following types of agreements (as well as any amendments or modifications
27 thereto), mortgages, partnership agreements, financial guarantee bonds, joint venture agreements,
28 promissory notes, remarketing agreements, loan agreements, security agreements, indemnification

1 agreements, subrogation agreements, subordination agreements, deeds of trust, pledge agreements,
2 assignments of rents and other collateral, financing statements, letters of credit, leases, insurance
3 policies, guarantees, escrow agreements, management agreements, real estate brokerage and rental
4 agreements, servicing agreements, consulting agreements, easement agreements, license agreements,
5 franchise agreements, construction contracts, or employment contracts that provide in any manner
6 that the selection, appointment, or retention of a receiver or trustee by any court, or the entry of an
7 order such as hereby made, shall be deemed to be, or otherwise operate as a breach, violation, event
8 of default, termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or
9 liquidation, shall be stayed, and the assertion of any and all rights, remedies relating thereto shall also
10 be stayed and barred, except as otherwise ordered by this Court, and this Court shall retain
11 jurisdiction over any causes of action that have arisen or may otherwise arise under any such
12 provision.

13 80. For an order further providing that, in the event Receiver receives notice that a
14 bankruptcy has been filed by any Defendant and part of the bankruptcy estate includes assets that are
15 the subject to this Order, Receiver shall immediately contact the People and determine whether the
16 People intend to move in the bankruptcy court for an order for (i) relief from the automatic stay, and
17 (ii) relief from Receiver's obligation to turn over assets in the receivership estate (11 U.S.C. § 543).
18 If the People have no intention to make such a motion, Receiver shall immediately turn over the
19 appropriate receivership assets to the appropriate entity – either to the trustee in bankruptcy if one
20 has been appointed or, if not, to the debtor in possession – and otherwise comply with 11 U.S.C. §
21 543. If the People intend to seek relief from the automatic stay and from Receiver's obligation to
22 turn over assets in the receivership estate, Receiver may remain in possession and preserve the
23 receivership estate pending ruling on those motions (11 U.S.C. § 543, subd. (a).) Receiver's authority
24 to preserve assets that are subject to the bankruptcy shall be limited as follows: (a) Receiver may
25 continue to collect rents and other income; (b) Receiver may make only those disbursements
26 necessary to preserve and protect those assets; (c) Receiver shall not execute any new leases or other
27 long-term contracts; and (d) Receiver shall do nothing that would affect a material change in the
28 circumstances of those assets.

1 81. For an order further providing that the Receiver, the Receiver’s employees and agents,
2 and professionals employed by the Receiver, are entitled to monthly payment of interim
3 compensation for services rendered, at their normal hourly rates, and monthly reimbursement for all
4 expenses incurred by them on behalf of the receivership estate, and the Receiver is authorized to
5 make such payments without further order of the Court. Within 10 days after such monthly payments,
6 the Receiver shall serve written notice upon the counsel of record for Receivership Defendants of the
7 amount paid to each payee, with an itemization of the services rendered or expenses incurred.

8 82. For an order further providing that interim monthly fees paid shall be subject to review
9 and approval by this Court, on a quarterly basis. This Court retains jurisdiction to award a greater or
10 lesser amount as the full, fair and final value of such services. In the event that extraordinary services
11 are performed by the Receiver, or any professionals employed by the Receiver, the Court may
12 approve extraordinary compensation to such persons.

13 83. For an order further providing that neither Plaintiff, nor any officer, employee or agent
14 of Plaintiff, shall have any liability for the payment, at any time, for any such fees or expenses in
15 connection with said receivership.

16 84. For an order further providing that it further be ordered that Defendants and their
17 officers, agents, servants, employees and attorneys, and any other persons who are in custody,
18 possession or control of any assets, collateral, books, records, computers, papers or other property of
19 Receivership Defendants shall forthwith give access to and control of such property to the Receiver.

20 85. For an order further providing that until further order of the Court and in order to
21 ensure the effectiveness of the Court’s appointment of Receiver, as follows:

- 22 A. Each Receivership Defendant shall provide the People and Receiver with the
23 following information regarding its assets (Asset Information):
24 a. For any real property (i) owned in whole or in part or controlled by any
25 Receivership Defendant, in whole or in part, (ii) in the actual or constructive
26 possession of any Receivership Defendant, (iii) held by an agent of any
27 Receivership Defendant on its behalf, or (iv) owned, controlled by, or in the actual
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or constructive possession of, or otherwise held for the benefit of, any Receivership Defendant or any corporation, partnership, or other entity directly or indirectly owned or controlled by any Receivership defendant, as of the date of this Order, the legal description and address of each property.

b. For each and every bank account or investment account, including checking accounts, saving accounts, money market accounts, retirement accounts, mutual fund and stock brokerage accounts, that are (i) owned in whole or in part or controlled by any Receivership Defendant, in whole or in part, (ii) in the actual or constructive possession of any Receivership Defendant, (iii) held by an agent of any Receivership Defendant on its behalf, or (iv) owned, controlled by, or in the actual or constructive possession of, or otherwise held for the benefit of, any Receivership Defendant or any corporation, partnership, or other entity directly or indirectly owned or controlled by any Receivership Defendant, as of the date of this Order, the account number, name(s) on the account, current balance, and the name and contact information of the financial institution.

c. For all personal property with a fair market value in excess of \$2,500, that is (i) owned in whole or in part or controlled by any Defendant, in whole or in part, (ii) in the actual or constructive possession of any Receivership Defendant, (iii) held by an agent of any Receivership Defendant on its behalf, or (iv) owned, controlled by, or in the actual or constructive possession of, or otherwise held for the benefit of, any Receivership Defendant or any corporation, partnership, or other entity directly or indirectly owned or controlled by any Receivership Defendant, as of the date of this Order, a list of the property, the location of the property, and a reasonably detailed description of the property, including, as applicable, serial numbers or other identification numbers and registration information.

B. Each Receivership Defendant shall provide this Asset Information by overnight delivery service, facsimile, email, or hand delivery to:

- 1 a. Senior Counsel Robert Lux, 1350 Front Street, Suite 2034, San Diego, California
- 2 92101, fax (619) 525-4045, email Robert.Lux@dbo.ca.gov; and
- 3 b. Receiver Thomas McNamara of Regulatory Resolutions, 655 West Broadway,
- 4 Suite 1600, San Diego, California 92101, fax (619) 269-0401, email
- 5 tmcnamara@mcnamarallp.com

6 C. The Asset Information must be received by the People and Receiver within three (3)

7 business days of service of this Order on Receivership Defendants or their counsel.

8 86. For an order further providing that no officer, agent, servant, employee, or attorney of

9 Receivership Defendants or their subsidiaries or affiliates, shall take any action or purport to take any

10 action, in the name of or on behalf of any Receivership Defendant or any of their subsidiaries and

11 affiliates, without the written consent of the Receiver or order of this Court.

12 87. For an order further providing that, except by leave of this Court, during the pendency

13 of this receivership, all clients, investors, trust beneficiaries, note holders, creditors, claimants,

14 lessors, and all other persons or entities seeking relief of any kind, in law or equity, from Defendants

15 and all persons acting on behalf of any such investor, trust beneficiary, note holder, creditor,

16 claimant, lessor, or other person, including sheriffs, marshals, servants, agents, employees, and

17 attorneys, are hereby restrained and enjoined from, directly or indirectly with respect to Receivership

18 Defendants:

- 19 A. using self-help or executing or issuing or causing the execution or issuance of any court
- 20 attachment, subpoena, replevin, execution or other process for the purpose of impounding
- 21 or taking possession of or interfering with or creating or enforcing a lien upon any
- 22 property or property interest owned by or in the possession of Receivership Defendants
- 23 and any partnerships or joint ventures for which Receivership Defendants are the
- 24 Managing General Partner, wherever situated; and
- 25 B. doing any act or thing whatsoever to interfere with taking control, possession or
- 26 management by the Receiver appointed hereunder of the property and assets owned,
- 27 controlled or in the possession of Receivership Defendants or in any way to interfere with
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1 or harass the temporary receiver or to interfere in any manner with the discharge of his or
2 her duties and responsibilities hereunder.

3 88. For an order further providing that that Receivership Defendants and their subsidiaries
4 and affiliates and their officers, agents, servants, employees and attorneys, shall cooperate with and
5 assist the Receiver and shall take no action, directly or indirectly, to hinder, obstruct, or otherwise
6 interfere with the Receiver in the conduct of his duties or to interfere in any manner, directly or
7 indirectly, with the custody, possession, management, or control by the Receiver of the funds, assets,
8 collateral, premises, and chooses in action described above.

9 89. For an order further providing that the Receiver shall determine upon taking
10 possession of the property whether in the Receiver's judgment there is sufficient insurance coverage.
11 With respect to any insurance coverage in existence or obtained, the Receiver shall be named as an
12 additional insured on the policies for the period that the Receiver shall be in possession of the
13 property. If sufficient insurance coverage does not exist, the Receiver shall immediately notify the
14 parties to this lawsuit and shall have thirty (30) calendar days to procure sufficient all-risk and
15 liability insurance on the property (excluding earthquake and flood insurance) provided, however,
16 that if the Receiver does not have sufficient funds to do so, the Receiver shall seek instructions from
17 the Court with regard to whether insurance shall be obtained and how it is to be paid for. If
18 consistent with existing law, the Receiver shall not be responsible for claims arising from the lack of
19 procurement or inability to obtain insurance.

20 **F. ASSET FREEZE**

21 90. For an Order that a freeze be placed on all funds, negotiable instruments and/or assets
22 held in any bank, savings or checking, brokerage or other accounts, certificates of deposit, safe
23 deposit box, or otherwise, without limitation, in the name of Defendants SILVER SADDLE
24 COMMERCIAL DEVELOPMENT, LP; SILVER SADDLE RANCH & CLUB, INC.; and THE
25 GALILEO COMMERCIAL PROPERTY OWNERS ASSOCIATION, INC., or for the benefit of
26 said Defendants directly or indirectly, and each of them.

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G. OTHER RELIEF


91. For an Order that this court will retain jurisdiction of this action in order to implement and carry out the terms of all orders and decrees that may be entered herein or to entertain any suitable application or motion by Plaintiff for additional relief within the jurisdiction of this court.

92. That plaintiff recovers its costs of suit herein, including costs of investigation.

93. For such and further relief as the court may deem just and proper.

Dated: September 6, 2019

MANUEL P. ALVAREZ
Commissioner of Business Oversight

By: 
ROBERT R. LUX
Senior Counsel
California Department of Business Oversight
Attorney for the People of the State of California