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10 SUPERIOR COURT OF THE STATE OF CALIFORNIA  
11 COUNTY OF SAN DIEGO

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

15 v. )

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

21 Defendants. )

22 And, )

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

25 Relief Defendants. )  
26 )  
27 )  
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**ELECTRONICALLY FILED**  
Superior Court of California,  
County of San Diego  
**10/30/2019** at 01:57:00 PM  
Clerk of the Superior Court  
By Jessica Pascual, Deputy Clerk

CASE NO.: 37-2019-00049151-CU-MC-CTL  
IMAGED FILE  
~~PROPOSED~~ ORDER (1) ISSUING  
PRELIMINARY INJUNCTION; (2)  
FREEZING ASSETS; AND (3) CONFIRMING  
APPOINTMENT OF A RECEIVER.

1 The Order to Show Cause hearing pursuant to Code of Civil Procedure section 527(d)(1) re:  
2 Application for Preliminary Injunction, Asset Freeze, and Confirmation of the Receiver was heard  
3 on October 16, 2019, at 1:30 p.m., in Department 73. Robert Lux, Senior Counsel, Boryana Arsova,  
4 Counsel, and Sean Rooney, Assistant Chief Counsel, appeared for Plaintiff, the People of the State  
5 of California, by and through the Commissioner of Business Oversight (Commissioner). The  
6 following counsel appeared for Defendants: 1) Mark Hiraide appearing on behalf of Defendants  
7 Thomas M. Maney, Silver Saddle Commercial Development, LP and Silver Saddle Ranch & Club,  
8 Inc.; and 2) Darryl Horowitz appearing via Court Call on behalf of Defendant Galileo Commercial  
9 Property Owners Association, Inc. The State Court Receiver Thomas McNamara of Regulatory  
10 Resolutions appeared as well. No appearance was made on behalf of Relief Defendants Marian G.  
11 Ducreux, Clifford J. Reynolds, and Wayne A. Pedersen.

12 This court, after consideration of Plaintiff's Ex Parte Application for a Temporary  
13 Restraining Order; Asset Freeze; Appointment of a Receiver and Order to Show Cause Re:  
14 Preliminary Injunction (Application), Complaint, Memorandum of Points and Authorities and Reply  
15 Briefs in support thereof, Declarations in support thereof; and other supporting declarations and  
16 exhibits filed by Plaintiff in this action, the oppositions of Defendants, the replies by the People, and  
17 all other evidence and argument presented regarding the Application, finds that:

18 A. This court has jurisdiction over the parties to, and subject matter of, this action.

19 B. Good cause exists to believe that: Defendants Thomas M. Maney; Silver Saddle  
20 Commercial Development, LP; Silver Saddle Ranch & Club, Inc.; Galileo Commercial Property  
21 Owners Association, Inc.; Does 1 through 100, inclusive; and Relief Defendants Marian G. Ducreux;  
22 Clifford J. Reynolds; Wayne Pedersen; and Relief Does 1 through 10, inclusive, their agents,  
23 employees and representatives (collectively Defendants) have violated the Corporate Securities Law  
24 of 1968 (CSL) (Corporations Code Section 25000 et seq.), specifically Corporations Code sections  
25 25110 and 25401.

26 C. The Plaintiff has demonstrated a probability of success on the merits in this action.

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1 D. Good cause exists to believe that Defendants will continue to engage in such  
2 violations to the immediate and irreparable loss and harm to investors and to the general public  
3 unless they are restrained and enjoined.

4 E. The court hereby adopts the reasoning as set forth in this court’s Tentative Ruling of  
5 October 16, 2019, attached hereto as Exhibit 1.

6 WHEREFORE, IT IS HEREBY ORDERED, FOR GOOD CAUSE SHOWN, as follows:

7 I.

8 IT IS ORDERED that the Plaintiff’s request for Orders (1) Issuing a Preliminary Injunction;  
9 (2) Freezing Assets; and (3) Confirming Appointment of Receiver is hereby GRANTED.

10 II.

11 IT IS FURTHER ORDERED THAT:

12 1. A Preliminary Injunction is hereby issued restraining and enjoining all Defendants,  
13 their officers, directors, successors in interest, agents, employees, attorneys in fact, and all persons  
14 acting in concert or participating with them, or any of them, except the Receiver in the lawful  
15 exercise of his duties under the receivership, from directly or indirectly:

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

18 b. Violating Corporations Code section 25110 of the CSL by offering or selling  
19 unqualified, non-exempt securities, including, but not limited to, the Galileo Project (also known as  
20 Landbanking Plus) investment contracts.

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

26 d. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise  
27 disposing of, in any manner, any books, records, documents, correspondence, brochures, manuals, or  
28 other documentation of any kind in the possession, custody or control of any of the Defendants that

1 relate in any way to the offer and sale of securities, specifically, but not limited to, the Galileo  
2 Project.

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

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

15 III.

16 IT IS FURTHER ORDERED THAT:

17 1. A freeze is placed on all funds, including but not limited to credit cards, negotiable  
18 instruments and/or assets held in any bank, savings or checking, brokerage, trusts or other accounts,  
19 certificates of deposit, safe deposit box, or otherwise, without limitation, in the name of, or for the  
20 benefit of directly or indirectly, SILVER SADDLE COMMERCIAL DEVELOPMENT, LP;  
21 SILVER SADDLE RANCH & CLUB, INC.; THE GALILEO COMMERCIAL PROPERTY  
22 OWNERS ASSOCIATION, INC., and Does 1 through 10, inclusive, including, but not limited to:

- 23 A. JP Morgan Chase Bank, N.A.;
- 24 B. Wells Fargo Bank, N.A.;
- 25 C. Mission Bank;
- 26 D. One West Bank;
- 27 E. Frost Bank;
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1 and any depository or investment account in any financial institution that the Receiver may discover  
2 at a later date containing Galileo Project investor funds, upon presentation of this Order.

3 IV.

4 THE COURT FURTHER FINDS that good cause exists for the confirmation of a receiver  
5 and that Thomas W. McNamara of Regulatory Resolutions, 655 W. Broadway, Suite 1600, San  
6 Diego, CA 92101, is confirmed as such receiver (Receiver).

7 IT IS THEREFORE ORDERED THAT:

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

21 2. For good cause appearing, the Receiver’s bond was set at \$50,000.

22 3. The Receiver is authorized, empowered and directed: to marshal, collect, review,  
23 observe, discover and take charge of all the real and personal property, premises and other assets of,  
24 or in the possession of or under the control of, Receivership Defendants, beneficially or otherwise, or  
25 wherever else situated, including, but not limited to the following premises:

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

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

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

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

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

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

24 4. To take all steps necessary to secure all premises that Receivership Defendants are  
25 using to conduct business operations that relate to the unlawful activity alleged in the Complaint,  
26 including, but not limited to the premises listed in paragraph 3 above. Steps to secure premises may  
27 include, but are not limited to, any of the following, as Receiver deems necessary or advisable: (a)  
28 serving this Order; (b) completing a written inventory of all receivership assets; (c) obtaining

1 pertinent information from all employees and other agents of Receivership Defendants, including,  
2 but not limited to, requiring such employees and agents to complete a questionnaire provided by  
3 Receiver; (d) photographing and videotaping any or all portions of the premises; (e) securing the  
4 location by changing any locks or security codes and disconnecting any computer modems or other  
5 means of access to the computer or other records maintained at that location; (f) obtaining access to  
6 any locked storage containers believed to contain assets or documents; (g) requiring any persons  
7 present on the premises at the time this Order is served to leave the premises, to provide Receiver  
8 with proof of identification, or to demonstrate to the satisfaction of Receiver that such persons are  
9 not removing from the premises assets or documents of Receivership Defendants or otherwise  
10 subject to this Order; and (h) securing the assistance of law enforcement officers. Law enforcement  
11 officers may assist Receiver in implementing these provisions to keep the peace and maintain  
12 security.

13           5.       To employ the law firm of McNamara Smith LLP where the Receiver is a partner.  
14 The Receiver may employ such other attorneys and persons upon further order of this court to assist  
15 the Receiver in the performance of his duties and responsibilities, such employment to be approved  
16 by the court upon ex parte application of the Receiver.

17           6.       To employ other such persons, including accountants, investigators, clerical and  
18 professional personnel, and the Receiver's in-house staff and counsel, to perform such tasks as may  
19 be necessary to aid the Receiver in the performance of his duties and responsibilities, without further  
20 order of the court.

21           7.       To file, within 30 days of his initial qualification and appointment, an initial  
22 inventory of all property which he shall then have reviewed, observed and/or discovered pursuant to  
23 this court's order. Additionally, the Receiver is to file one or more supplemental inventories when  
24 and if he shall subsequently come into knowledge of additional items appropriate to the inventory.

25           8.       To undertake an independent review into the affairs and transactions of Receivership  
26 Defendants and to file with this court, within 120 days of the initial appointment, and every six  
27 months thereafter, a report detailing the Receiver's findings of his review of the condition of  
28 Receivership Defendants, other affairs and transactions of Receivership Defendants, reflecting the

1 existence of any liabilities, both those claimed by others to exist and those to which the Receiver  
2 believes to be the legal obligations of each of said Receivership Defendants, including a review of  
3 any possible conflicts of interest and any further information the Receiver believes may assist in an  
4 equitable disposition of this matter, and to include in the report the Receiver's opinion regarding the  
5 ability of said Receivership Defendants to meet their obligations as they come due, and the  
6 Receiver's recommendation regarding the necessity for, and the best method of handling, preserving,  
7 or disposing of said assets.

8         9. To invest funds of the receivership estate in any interest-bearing obligations of the  
9 United States or in any interest-bearing accounts in financial institutions approved by the United  
10 States Trustee as an authorized depository for funds of bankruptcy estate, without further order of  
11 the court; and to be the signatory on all bank accounts of Receivership Defendants, and each of  
12 them, including, but not limited to:

- 13         A. JP Morgan Chase Bank, N.A.;
- 14         B. Wells Fargo Bank, N.A.;
- 15         C. Mission Bank;
- 16         D. One West Bank;
- 17         E. Frost Bank;

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

20         10. To bring such proceedings as are necessary to enforce the provisions hereof,  
21 including issuance of subpoenas to compel testimony or production of documents as to the existence  
22 or location of assets or any other information pertinent to the business, financial affairs, and other  
23 transactions of Receivership Defendants.

24         11. To bring such proceedings as are necessary to modify the provisions hereof, as the  
25 Receiver deems appropriate.

26         12. To make such payments and disbursements from the funds so taken into custody,  
27 control and possession of the Receiver or otherwise received by him, as may be necessary and  
28 advisable in discharging his duties as receiver, without further order of the court, including, without



1 limitation, the payment of interim compensation to the Receiver and persons or entities under  
2 subparagraphs (5) and (6) above, subject to the provisions of subparagraph (26) and (27). The  
3 Receiver shall apply to the court for prior approval of any payment of any debt or obligation  
4 incurred by the Receivership Defendants prior to the initial date of receivership appointment, except  
5 payments that the Receiver deems necessary or advisable to secure assets of the Receivership  
6 Defendants.

7 13. To carry on any lawful business activity of the entities and persons or entities in  
8 receivership, to preserve investors' assets and to foreclose and/or actively seek and negotiate with  
9 potential buyers, assignees or other parties who may be interested in acquiring, purchasing, leasing,  
10 subleasing or renting real or personal property of Receivership Defendants and to sell, lease,  
11 sublease or rent such real or personal property of Receivership Defendants, subject to court approval.

12 14. To institute, prosecute, defend, compromise, intervene in and become a party, either  
13 in his own name or in the name of Receivership Defendants, to such suits, actions or proceedings as  
14 may be necessary for the protection, maintenance, recoupment or preservation of the assets or  
15 property of Receivership Defendants, or in his custody, in his discretion, without further order of the  
16 court.

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

22 16. The Receiver shall cooperate fully with the Plaintiff, and any other state and federal  
23 law enforcement and regulatory agencies having jurisdiction over matters relating to the conduct or  
24 business of Receivership Defendants so as not to impair the ability of said state and federal law  
25 enforcement regulatory agencies to perform their duly authorized investigative and enforcement  
26 duties.

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1           17.     The Receiver’s powers shall be in addition to, and not by way of limitation of, the  
2 powers described in Corporations Code section 25530, subdivision (a), and Government Code  
3 section 12896 and Code of Civil Procedure section 564 et seq.

4           18.     Any state or federal law enforcement or regulatory agency having jurisdiction over  
5 matters related to Receivership Defendants’ business shall be permitted to review, without  
6 exception, all reports of the Receiver and all books, records, and files of Receivership Defendants at  
7 any time during normal business hours, with reasonable notice, and to make any abstracts or copies  
8 of said documents as it desires, provided that nothing herein shall waive or abrogate any applicable  
9 attorney-client or other legally recognized privilege.

10          19.     The Receiver shall be vested with, and is authorized, directed and empowered to  
11 exercise, all of the power of Receivership Defendants, their officers, directors, shareholders, general  
12 partners or persons who exercise similar powers and perform similar duties; Receivership  
13 Defendants, their officers, agents, employees, representatives, directors, successors in interest,  
14 attorneys in fact and all persons acting in concert or participating with them, are hereby divested of,  
15 restrained and barred from exercising any of the powers vested herein in the Receiver.

16          20.     If the Receiver identifies a nonparty entity as a Receivership Defendant, the Receiver  
17 shall promptly notify the entity as well as the parties and inform the entity that it can challenge the  
18 Receiver’s determination by filing a motion with the court. Provided, however, that the Receiver  
19 may delay providing such notice until the Receiver has established control of the nonparty entity and  
20 its assets and records, if the Receiver determines that notice to the entity may result in the  
21 destruction of records, dissipation of assets, or any other obstruction of the Receiver’s control of the  
22 entity.

23          21.     Defendants, including, but not limited to the Receivership Defendants, their officers,  
24 directors, shareholders, agents, servants, employees, attorneys, salespersons, successors, assigns,  
25 subsidiaries, affiliates, and other persons or entities under their control and all persons or entities in  
26 active concert or participation with Receivership Defendants, and all persons owing a duty of  
27 disclosure to Receivership Defendants, and each of them, and all individually named Defendants,  
28 shall cooperate with the Receiver in his investigation and shall immediately turn over to the Receiver

1 records, computers and passwords, and/or access codes for all computers and any security systems,  
2 documentation, charts and/or descriptive material of all funds, assets, property owned beneficially or  
3 otherwise, and all other assets of Receivership Defendants wherever situated, and all books and  
4 records of accounts, title documents and other documents in the possession or under their control,  
5 which relate, directly or indirectly, to assets of Receivership Defendants.

6           22. Except by leave of this court and during the pendency of this receivership, all  
7 claimants, creditors, lessors and other persons seeking relief of any kind, in law or in equity, from  
8 Receivership Defendants, and all others acting on behalf of any such persons, including sheriffs,  
9 marshals, servants, agents, attorneys and employees, are restrained and enjoined, directly or  
10 indirectly, from:

11           a. Commencing, prosecuting, continuing or enforcing any suit or proceeding,  
12 except by motion before this court;

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

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

21           d. Creating, perfecting, or enforcing any lien or encumbrance against any real or  
22 personal property;

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

24           f. Exercising any right of set-off;

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

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

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1           i.       Doing any act or thing whatsoever to interfere with the possession of or  
2 management by the Receiver herein and of the property and assets owned, controlled or in the  
3 possession of Receivership Defendants or to, in any way, interfere with the Receiver or to interfere  
4 in any manner during the pendency of this proceeding with the exclusive jurisdiction of this court  
5 over Receivership Defendants.

6           23.     This Order does not stay:

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

8           b.       The commencement or continuation of an action or proceeding by a  
9 government unit, to enforce such government unit’s police or regulatory power;

10          c.       The enforcement of a judgment, other than a money judgment, obtained in an  
11 action or proceeding by a government unit to enforce such government unit’s police or regulatory  
12 power; or

13          d.       The issuance to a Defendant of a notice of tax deficiency.

14          24.     Any and all provisions of any agreement entered into by and between any third party  
15 and Receivership Defendants, including, by way of illustration, but not limited to, the following  
16 types of agreements (as well as any amendments or modifications thereto), mortgages, partnership  
17 agreements, financial guarantee bonds, joint venture agreements, promissory notes, remarketing  
18 agreements, loan agreements, security agreements, indemnification agreements, subrogation  
19 agreements, subordination agreements, deeds of trust, pledge agreements, assignments of rents and  
20 other collateral, financing statements, letters of credit, leases, insurance policies, guarantees, escrow  
21 agreements, management agreements, real estate brokerage and rental agreements, servicing  
22 agreements, consulting agreements, easement agreements, license agreements, franchise agreements,  
23 construction contracts, or employment contracts that provide in any manner that the selection,  
24 appointment, or retention of a receiver or trustee by any court, or the entry of an order such as  
25 hereby made, shall be deemed to be, or otherwise operate as a breach, violation, event of default,  
26 termination, event of dissolution, event of acceleration, insolvency, bankruptcy, or liquidation, shall  
27 be stayed, and the assertion of any and all rights, remedies relating thereto shall also be stayed and  
28

1 barred, except as otherwise ordered by this court, and this court shall retain jurisdiction over any  
2 causes of action that have arisen or may otherwise arise under any such provision.

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

18 26. The Receiver, the Receiver's employees and agents, and professionals employed by  
19 the Receiver, are entitled to monthly payment of interim compensation for services rendered, at their  
20 normal hourly rates, and monthly reimbursement for all expenses incurred by them on behalf of the  
21 receivership estate, and the Receiver is authorized to make such payments without further order of  
22 the court. Within 10 days after such monthly payments, the Receiver shall serve written notice upon  
23 the counsel of record for Receivership Defendants of the amount paid to each payee, with an  
24 itemization of the services rendered or expenses incurred.

25 27. Interim monthly fees paid shall be subject to review and approval by this court, on a  
26 quarterly basis. This court retains jurisdiction to award a greater or lesser amount as the full, fair and  
27 final value of such services. In the event that extraordinary services are performed by the Receiver,

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1 or any professionals employed by the Receiver, the court may approve extraordinary compensation  
2 to such persons.

3 28. Neither Plaintiff, nor any officer, employee or agent of Plaintiff, shall have any  
4 liability for the payment, at any time, for any such fees or expenses in connection with said  
5 receivership.

6 IT IS FURTHER ORDERED that Defendants and their officers, agents, servants, employees  
7 and attorneys, and any other persons who are in custody, possession or control of any assets,  
8 collateral, books, records, computers, papers or other property of Receivership Defendants shall  
9 forthwith give access to and control of such property to the Receiver.

10 IT IS FURTHER ORDERED that until further order of the court and in order to ensure the  
11 effectiveness of the court’s appointment of Receiver, as follows:

- 12
- 13 1. Each Receivership Defendant shall provide the People and Receiver with the  
14 following information regarding its assets (Asset Information):
- 15 a. For any real property (i) owned in whole or in part or controlled by any  
16 Receivership Defendant, in whole or in part, (ii) in the actual or constructive  
17 possession of any Receivership Defendant, (iii) held by an agent of any  
18 Receivership Defendant on its behalf, or (iv) owned, controlled by, or in the  
19 actual or constructive possession of, or otherwise held for the benefit of, any  
20 Receivership Defendant or any corporation, partnership, or other entity directly or  
21 indirectly owned or controlled by any Receivership defendant, as of the date of  
22 this Order, the legal description and address of each property.
  - 23 b. For each and every bank account or investment account, including checking  
24 accounts, saving accounts, money market accounts, retirement accounts, mutual  
25 fund and stock brokerage accounts, that are (i) owned in whole of in part or  
26 controlled by any Receivership Defendant, in whole or in part, (ii) in the actual or  
27 constructive possession of any Receivership Defendant, (iii) held by an agent of  
28 any Receivership Defendant on its behalf, or (iv) owned, controlled by, or in the

1 actual or constructive possession of, or otherwise held for the benefit of, any  
2 Receivership Defendant or any corporation, partnership, or other entity directly or  
3 indirectly owned or controlled by any Receivership Defendant, as of the date of  
4 this Order, the account number, name(s) on the account, current balance, and the  
5 name and contact information of the financial institution.

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

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

- 18 a. Senior Counsel Robert Lux, 1350 Front Street, Suite 2034, San Diego, California  
19 92101, fax (619) 525-4045, email Robert.Lux@dbo.ca.gov; and  
20 b. Receiver Thomas McNamara of Regulatory Resolutions, 655 West Broadway,  
21 Suite 1600, San Diego, California 92101, fax (619) 269-0401, email  
22 tmcnamara@mcnamarallp.com

23 3. The Asset Information must be received by the People and Receiver within three (3)  
24 business days of service of this Order on Receivership Defendants or their counsel.

25 IT IS FURTHER ORDERED that no officer, agent, servant, employee, or attorney of  
26 Receivership Defendants or their subsidiaries or affiliates, shall take any action or purport to take  
27 any action, in the name of or on behalf of any Receivership Defendant or any of their subsidiaries  
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1 and affiliates, without the written consent of the Receiver or order of this court.

2 IT IS FURTHER ORDERED that, except by leave of this court, during the pendency of this  
3 receivership, all clients, investors, trust beneficiaries, note holders, creditors, claimants, lessors, and  
4 all other persons or entities seeking relief of any kind, in law or equity, from Defendants and all  
5 persons acting on behalf of any such investor, trust beneficiary, note holder, creditor, claimant,  
6 lessor, or other person, including sheriffs, marshals, servants, agents, employees, and attorneys, are  
7 hereby restrained and enjoined from, directly or indirectly with respect to Receivership Defendants:

- 8 A. using self-help or executing or issuing or causing the execution or issuance of any  
9 court attachment, subpoena, replevin, execution or other process for the purpose of  
10 impounding or taking possession of or interfering with or creating or enforcing a lien  
11 upon any property or property interest owned by or in the possession of Receivership  
12 Defendants and any partnerships or joint ventures for which Receivership Defendants  
13 are the Managing General Partner, wherever situated; and
- 14 B. doing any act or thing whatsoever to interfere with taking control, possession or  
15 management by the receiver appointed hereunder of the property and assets owned,  
16 controlled or in the possession of Receivership Defendants or in any way to interfere  
17 with or harass the temporary receiver or to interfere in any manner with the discharge  
18 of his or her duties and responsibilities hereunder.

19  
20 IT IS FURTHER ORDERED that Receivership Defendants and their subsidiaries and  
21 affiliates and their officers, agents, servants, employees and attorneys, shall cooperate with and assist  
22 the Receiver and shall take no action, directly or indirectly, to hinder, obstruct, or otherwise interfere  
23 with the Receiver in the conduct of his duties or to interfere in any manner, directly or indirectly,  
24 with the custody, possession, management, or control by the Receiver of the funds, assets, collateral,  
25 premises, and chooses in action described above.

26 IT IS FURTHER ORDERED that the Receiver shall determine upon taking possession of the  
27 property whether in the Receiver’s judgment there is sufficient insurance coverage. With respect to  
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any insurance coverage in existence or obtained, the Receiver shall be named as an additional insured on the policies for the period that the Receiver shall be in possession of the property. If sufficient insurance coverage does not exist, the Receiver shall immediately notify the parties to this lawsuit and shall have thirty (30) calendar days to procure sufficient all-risk and liability insurance on the property (excluding earthquake and flood insurance) provided, however, that if the Receiver does not have sufficient funds to do so, the Receiver shall seek instructions from the court with regard to whether insurance shall be obtained and how it is to be paid for. If consistent with existing law, the Receiver shall not be responsible for claims arising from the lack of procurement or inability to obtain insurance.

IT IS SO ORDERED.  
DATED: 10-30-19



JUDGE OF THE SUPERIOR COURT

Judge Joel R. Wohlfeil

# EXHIBIT 1

**SUPERIOR COURT OF CALIFORNIA,**

COUNTY OF SAN DIEGO

HALL OF JUSTICE

TENTATIVE RULINGS - October 16, 2019

EVENT DATE: 10/16/2019

EVENT TIME: 01:30:00 PM

DEPT.: C-73

JUDICIAL OFFICER: Joel R. Wohlfeil

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

CASE TITLE: PEOPLE OF THE STATE OF CALIFORNIA VS SILVER SADDLE COMMERCIAL DEVELOPMENT LP [IMAGED]

CASE CATEGORY: Civil - Unlimited

CASE TYPE: Misc Complaints - Other

EVENT TYPE: Motion Hearing (Civil)

CAUSAL DOCUMENT/DATE FILED: Ex Parte Application - Other and Supporting Documents, 09/18/2019

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The Application (ROA # 11, 17, 19) of Plaintiff Manuel P. Alvarez, California Commissioner of Business Oversight, acting in the name of the People of the State of California ("Plaintiff") for a Preliminary Injunction against Defendants SILVER SADDLE COMMERCIAL DEVELOPMENT, LP, a California limited partnership, SILVER SADDLE RANCH & CLUB, INC. a California corporation, THE GALILEO COMMERCIAL PROPERTY OWNERS ASSOCIATION, INC., a California non-profit corporation and THOMAS M. MANEY, and Relief Defendants MARIAN G. DUCREUX, CLIFFORD J. REYNOLDS and WAYNE A. PEDERSEN (collectively "Defendants"), is GRANTED.

The evidentiary objections (ROA # 58) of Defendants Thomas M. Maney, SILVER SADDLE COMMERCIAL DEVELOPMENT, LP, and SILVER SADDLE RANCH & CLUB, INC. are OVERRULED IN PART and SUSTAINED IN PART. The objections are OVERRULED except as noted: No. 2 limited to "resulted in the inability to generate financial statements."

The receiver is confirmed and the Temporary Restraining Order (ROA # 17) will remain in force as a Preliminary Injunction during the pendency of this action. In short, during the pendency of this action a Preliminary Injunction will issue: (1) enjoining Defendants from the offer and sale of unqualified, non-exempt securities; (2) freezing all assets related to or controlled by the business entity Defendants; and (3) appointing a receiver to immediately take control over the business entity Defendants' assets for the benefit of the investors.

As discussed below, Plaintiff has satisfied its burden of demonstrating a likelihood of prevailing. The balance of harms favors the need to protect the existing investors, as well as the public at large.

"Whenever it appears to the commissioner that any person has engaged, or is about to engage, in any act or practice constituting a violation of any provision of this law ..., the commissioner may in his or her discretion bring an action in the name of the people of the State of California in the superior court to enjoin the acts or practices or to enforce compliance with this law .... Upon a proper showing, a permanent or preliminary injunction, restraining order, or writ of mandate shall be granted and a monitor, receiver, conservator, or other designated fiduciary or officer of the court may be appointed for the defendant or the defendant's assets, or other ancillary relief may be granted as appropriate." Corp. Code 29540(a). In addition, Corporations Code section 25530(a) states nearly identical language. Where an injunction is authorized by statute it is not necessary to allege or prove the existence of the usual equitable grounds for the issuance of an injunction. Porter v. Fiske (1946) 74 Cal. App. 2d 332, 338. It is sufficient that the statutory conditions are satisfied. Id. "Where a governmental entity seeking

to enjoin the alleged violation of an ordinance which specifically provides for injunctive relief establishes that it is reasonably probable it will prevail on the merits, a rebuttable presumption arises that the potential harm to the public outweighs the potential harm to the defendant. If the defendant shows that it would suffer grave or irreparable harm from the issuance of the preliminary injunction, the court must then examine the relative actual harms to the parties." IT Corp. v. County of Imperial (1983) 35 Cal. 3d 63, 72.

"It is unlawful for any person to offer or sell in this state any security in an issuer transaction ...." Corp. Code 25110. "Security" is defined as "any note; stock; treasury stock; membership in an incorporated or unincorporated association; bond; debenture; evidence of indebtedness; ... participation in any profit-sharing agreement;... interest in a limited liability company and any class or series of those interests (including any fractional or other interest in that interest)...; or, in general, any interest or instrument commonly known as a 'security'...." Corp. Code 25019.

In determining whether a transaction is an investment contract, California Courts have applied, either separately or together, two distinct tests: (1) the "risk capital" test described in Silver Hills Country Club v. Sobieski (1961) 55 Cal. 2d 811, 815, and (2) the federal test described in SEC v. W.J. Howey Co. (1946) 328 U. S. 293, 298, 299. Reiswig v. Department of Corporations (2006) 144 Cal. App. 4th 327, 334. A transaction is a security if it satisfies either test. Id. The "risk capital" test requires a consideration of the following factors: (1) whether funds are being raised for a business venture or enterprise; (2) whether the transaction is offered indiscriminately to the public at large; (3) whether the investors are substantially powerless to effect the success of the enterprise; and (4) whether the investors' money is substantially at risk because it is inadequately secured. Id.

Given this authority, Plaintiff has submitted sufficient evidence demonstrating that the Galileo Project meets the definition of a security under the "risk capital" test. The money from investors was raised for a business purpose, the investment contracts were offered to the public, and the unsophisticated passive investors could not carry out any meaningful development of the undeveloped land. The fourth element of the test is satisfied given the evidence that the price charged for the real property element of the investment was substantially overpriced. The investment was also undercapitalized.

Under the federal test, an investment contract consists of an investment of money in a common enterprise with the expectation of profits produced by the efforts of others. Id. at 335. This test is a flexible rather than a static principle, one that is capable of adaptation to meet the countless and variable schemes devised by those who seek the use of the money of others on the promise of profits. Id. The touchstone of the federal test is the presence of an investment in a common venture premised on a reasonable expectation of profits to be derived from the entrepreneurial or managerial efforts of others. Id. By profits, the Court has meant either capital appreciation resulting from the development of the initial investment, or a participation in earnings resulting from the use of investors' funds. Id. "A scheme which sells investments to inexperienced and unknowledgeable members of the general public cannot escape the reach of the securities laws merely by labelling itself a general partnership or joint venture. Such investors may be led to expect profits to be derived from the efforts of others in spite of partnership powers nominally retained by them." Williamson v. Tucker (5th Cir. 1981) 645 F. 2d 404, 423. A general partnership or joint venture interest can be designated a security if the investor can establish, for example, that (1) an agreement among the parties leaves so little power in the hands of the partner or venturer that the arrangement in fact distributes power as would a limited partnership; or (2) the partner or venturer is so inexperienced and unknowledgeable in business affairs that he or she is incapable of intelligently exercising partnership or venture powers; or (3) the partner or venturer is so dependent on some unique entrepreneurial or managerial ability of the promoter or manager that he or she cannot replace the manager of the enterprise or otherwise exercise meaningful partnership or venture powers. Id. at 424.

Given this authority, Plaintiff has submitted sufficient evidence demonstrating that the Galileo Project meets the definition of a security under the federal test. The investors who purchased fractional interests in the Galileo Project had no voting rights and could not exercise any power or control over the

investment. They were passive investors who reasonably expected to earn profits from the efforts of others. Investors were powerless until the occurrence of a contingent event at some future time. The investors generally lacked experience and sophistication and were not capable of exercising the power to affect their expectation of profit, and were dependent on the expertise and knowledge of the promoters. The investors lived in far off cities and could not exercise managerial control. Defendants failed to apply to the Department of Business Oversight ("DBO") for a permit to sell securities, such that the subject security offerings did not undergo the appropriate review process.

"It is unlawful for any person to offer or sell a security in this state ... by means of any written or oral communication that includes an untrue statement of a material fact or omits to state a material fact necessary to make the statements made, in the light of the circumstances under which the statements were made, not misleading." Corp. Code 25401. An enforcement action to enjoin future sales by means of false or misleading statements is designed to protect the public. People v. Simon (1995) 9 Cal. 4th 493, 515. For that reason, it is irrelevant that Defendant knows that the statements or omissions are false or misleading. Id. at 516. In light of the language of section 25401, it is reasonable to conclude that the Legislature did not intend to permit members of the public to be harmed by such sales simply because the offeror was unaware that his or her sales pitch was misleading." Id. A fact is material if there is a substantial likelihood that, under all the circumstances, a reasonable investor would consider it important in reaching an investment decision. Insurance Underwriters Clearing House, Inc. v. Natomas Co. (1986) 184 Cal. App. 3d 1520, 1526.

Plaintiff presents evidence that Defendants made overt misrepresentations to investors. Defendants aggressively marketed grossly over-priced fractionalized interests in vacant desert land (zoned as commercial) in rural Kern County to thousands of unsophisticated investors. Defendants comingled and diverted investor funds that should have been preserved for the investors' benefit, and used questionable financial accounting designed to cover-up comingling and diversions. Evidence supporting a violation of section 25401 has been sufficiently presented and is largely unrefuted.

The Association argues that the injunctive relief is overbroad because freezing accounts and the complete shutdown of the Silver Saddle Ranch & Club deprives the fractional owners / investors from accessing needed funds and from accessing club amenities. However, there is no evidence that these assets were, or are, being used for the benefit of the fractional investors. There is no evidence that the largely city dwelling investors routinely utilize any of the purported amenities. The Association's argument is flawed because access is not completely denied. Instead, access will be determined and controlled by the receiver, who will be operating for the benefit of the fractional investors. Finally, any potential harm to Defendants is outweighed by the potential harm to the public if injunctive relief is not granted.