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8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SAN DIEGO
10

11 PEOPLE OF THE STATE OF CALIFORNIA,
by and through the COMMISSIONER OF
12 FINANCIAL PROTECTION AND
INNOVATION,

13 Plaintiff,

14 v.

15 SILVER SADDLE COMMERCIAL
DEVELOPMENT, LP, a California limited
16 partnership; SILVER SADDLE RANCH &
CLUB, INC., a California corporation; THE
17 GALILEO COMMERCIAL PROPERTY
OWNERS ASSOCIATION, INC., a California
18 non-profit corporation; THOMAS M. MANEY,
an individual; ACCELERATED ASSETS,
19 LLC, an Arizona limited liability company; SS
PURCHCO, LLC, a Delaware limited liability
20 company; PAHRUMP VALLEY REAL
ESTATE CO., LLC, a Nevada limited liability
21 company; and DOES 1 through 100, inclusive,

22 Defendants.
23

24 And,

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

27 Relief Defendants.
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Case No. 37-2019-00049151-CU-MC-CTL

**RECEIVER'S FOURTH INTERIM
STATUS REPORT**

IMAGED FILE

Judge: Hon. Joel R. Wohlfeil
Dept.: C-73
Action filed: September 9, 2019
Trial Date: January 21, 2022

1 TO THIS HONORABLE COURT, THE PARTIES, AND OTHER PARTIES IN
2 INTEREST AND/OR THEIR COUNSEL OF RECORD:

3 Thomas W. McNamara, as Court-appointed receiver (“Receiver”) over the Receivership
4 Defendants,¹ hereby submits this Fourth Interim Report of receivership activities for the period
5 of January 14, 2021 through April 30, 2021. This Report also serves as the Receiver’s notice of
6 fees and expenses for the months of December 2020 through March 2021.

7 **I.**

8 **INTRODUCTION**

9 Since the filing of the Receiver’s Third Interim Report, the sale of the Silver Saddle
10 Ranch has been completed, a protocol for future distributions to investors has been established,
11 and an assessment of assets held by Receivership Defendants High Plains Mesa Holdings, LP
12 and High Plains Mesa Management, LLC has begun. The Receiver’s office continues to respond
13 to consumer inquiries, both by email and phone, and to update the receivership website regularly.
14 This report also includes an update on the status of the receivership’s finances and the proposed
15 sale of the Galileo Project Land.

16 **II.**

17 **SUMMARY OF THE RECEIVER’S ACTIVITIES**

18 **A. Sale of the Silver Saddle Ranch and Attempted Distribution of Proceeds**

19 Last year the Receiver negotiated, and the Court approved, the sale of the Silver Saddle
20 Ranch (the “Ranch”) for \$2,100,000. Escrow closed on the sale of the Ranch on January 14,
21 2021, and the sales proceeds were transferred to the receivership’s account the following day.
22 Following the sale, the expenses associated with the Ranch were terminated, as was the

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24 ¹ Receivership Defendants are defined in the TRO and PI as Defendants Silver Saddle
25 Commercial Development, LP; Silver Saddle Ranch & Club, Inc.; The Galileo Commercial
26 Property Owners Association, Inc., as well as any other entity that has conducted any business
27 related to Defendants’ offering and selling of the Galileo Project investment contracts, including
28 receipt of assets derived from any activity that is the subject of the Complaint in this matter, and
that the Receiver determines is controlled or owned by any Defendant. On or around
October 13, 2019, the Receiver determined that MCQ Corporation and High Plains Mesa LLC
were also Receivership Defendants, and he informed all parties of such. Additionally, the
Receiver informed the parties on October 2, 2020 that he was designating High Plains Mesa
Holdings, LP and High Plains Mesa Management, LLC as Receivership Defendants.

1 employment of the contractors who were managing the Ranch. Before vacating the Ranch, the
2 Receiver arranged for any remaining files to be boxed up and moved to a secure storage facility
3 in San Diego.

4 The sale of the Ranch removed the receivership's most substantial financial burden. At
5 the same time, and for the first time since the case's inception, the receivership estate was
6 healthy enough to afford a distribution to investors. Though the initial pro rata distribution
7 proposed by the Receiver would not have come close to making any of the investors whole, the
8 Receiver believed it was important to provide them with at least some preliminary restitution.
9 The Court, after weighing the arguments put forward by the Receiver, the Accelerated Assets
10 Defendants, and Defendant Thomas Maney, determined that any distribution to the investors
11 should wait until after the underlying case has been concluded. (See ROA # 481.) At a follow-
12 up hearing on March 23, 2021, the Court granted the Receiver's request to establish methods and
13 procedures for future distributions. (See ROA # 495.) The Receiver has notified the investor
14 victims of the Court's decision and is in the early stages of determining the investors' pro rata
15 shares in any recovery.

16 **B. Status of the Sale of the Galileo Project Land**

17 As the Court is aware, when the Ranch's buyer submitted an offer to purchase the Ranch
18 for \$2,100,000, the buyer also submitted an offer to purchase the adjacent, undeveloped Galileo
19 Project Land for \$900,000. Neither offer was contingent on the other, but the Receiver accepted
20 both as a package. As part of that package, the \$100,000 escrow deposit for the sale of the
21 Galileo Project Land was released to the Receiver on November 30, 2020.

22 The Receiver's office has been in contact with several property title companies about
23 providing title insurance for the Galileo parcels. As anticipated, acquiring property title
24 insurance has proven to be very difficult due to the investors' fractional interests recorded
25 against the parcels. In addition, the Receiver was recently contacted by an attorney purporting to
26 act as counsel for a number of the investors. (It appears that one group of investors are soliciting
27 others to engage this attorney.) Counsel, among other things, threatened to bring a lawsuit in
28 federal court (despite this Court's exclusive jurisdiction over any matters related to the

1 receivership) to enjoin any sale of the Galileo Project Land and to create a “land trust” for the
2 investors. While the potential merits of counsel’s claims seem tenuous, it does suggest that these
3 issues must be resolved by the Court prior to the resolution of a motion to approve the sale of the
4 Galileo Project Land. As such, the Receiver has notified the potential purchaser that he does not
5 intend to seek the approval of the sale until there is a resolution of the case, which could be a
6 year or more. At present, the potential purchaser intends to remain under contract for the land.

7 **C. Assessment of the High Plains Mesa Entities**

8 1. The Receiver’s Designation of the High Plains Mesa Entities as Receivership
9 Defendants

10 The Receiver first designated one of the High Plains Mesa entities as a Receivership
11 Defendant in his Preliminary Report. (See ROA # 65 [“I have informed the parties that I believe
12 MCQ Corporation and High Plains Mesa LLC, both owned and controlled by Defendant Maney,
13 to be such additional Receivership Defendants.”].) On October 2, 2020, the Receiver notified the
14 parties that in addition to High Plains Mesa LLC, he was designating High Plains Mesa
15 Holdings, LP and High Plains Mesa Management, LLC (collectively, “HPM” or the “HPM
16 Entities”) as Receivership Defendants.² The Receiver’s determination was based on his
17 investigation and findings that HPM was part of Defendants’ common enterprise and that its
18 business was intertwined with that of Silver Saddle. On January 8, 2021, the HPM Entities filed
19 a Motion for an Order to Show Cause challenging the Receiver’s designation of the HPM
20 Entities as Receivership Defendants.

21 The Receiver responded and provided the Court with the evidence he had uncovered in
22 his examination of Receivership Defendants’ records. In the Receiver’s view, that evidence
23 clearly demonstrated the HPM Entities’ ties to Silver Saddle assets and their involvement (via
24 Defendant Thomas Maney, one of HPM’s principals) in the Silver Saddle investment offering.

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27 ² Both the Temporary Restraining Order (“TRO”) and the Preliminary Injunction (“PI”) entered
28 in this action gave the Receiver the authority to designate a nonparty entity as a Receivership
Entity. (See TRO, paragraph 21, page 10 and PI, paragraph 20, page 10.)

1 The Court heard oral argument on February 11, 2021 and afterwards denied the HPM Entities'
2 motion and confirmed the HPM Entities' status as Receivership Defendants. (See ROA #435.)

3 2. Compliance with HPM's Pre-Receivership Contract

4 The Receiver intends to present a motion to the Court in short order asking for the
5 Court's permission to abide by the terms of a pre-receivership contract between HPM and a third
6 party for the sale of land owned by HPM. For the reasons he will discuss in the motion, the
7 Receiver believes that compliance with the terms of the contract, while not required, is in the
8 best interests of the receivership estate.

9 **D. Ongoing Communication with Investors**

10 The Receiver's office continues to keep the investors apprised of the status of the case
11 and to field their inquiries, whether those inquiries are by email or by phone. Case updates to
12 investors regarding the proposed distribution to investors from the sale proceeds of Silver Saddle
13 Ranch (discussed *supra*) were provided by email and on the Receiver's website on February 8
14 and March 23, 2021. Separately, investors have continued to reach out to the Receiver's office
15 to inquire about the effect of their Silver Saddle investments on their credit reports (credit reports
16 can flag the investment as a potential concern for, *e.g.*, mortgage lenders). The Receiver's office
17 has prepared, and sent to these investors, letters explaining the status of the case. Investors are
18 then able to share the letters with their lenders to explain the situation.

19 The Receiver's office will continue to respond to consumers, provide email updates, and
20 update the website as information becomes available.

21 **III.**

22 **RECEIVERSHIP ACCOUNTING**

23 Attached as Exhibit A is a Receipts and Disbursements Summary for the Receivership for
24 the period January 14, 2021 through April 30, 2021.³ During this time period, receipts were
25 \$1,843,179.61, the largest components of which were the proceeds from the sale of the Ranch
26 (\$1,825,525.26) and refunds related to the Ranch (utilities (electric) deposit refund of \$11,674.98

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28 ³ The Third Interim Status Report summarized the receivership's receipts and disbursements
through January 13, 2021.

1 and property insurance refund of \$5,712.45). Disbursements were \$254,401.51, the largest
 2 components of which were professional fees (\$217,645.59 for the ten-month period February
 3 through November 2020) and expenses related to Silver Saddle Ranch (\$33,236.92), including
 4 water (\$12,118.33), onsite staff (\$12,567.53), electricity (\$1,733.49), and security (\$4,480.00).
 5 In the aggregate, the Receivership bank accounts have a current balance of \$1,905,790.65.

6 **IV.**

7 **RECEIVER’S FEES AND COSTS**

8 The Preliminary Injunction provides that the Receiver, his employees and agents, and
 9 professionals employed by the Receiver are entitled to monthly payment of interim
 10 compensation for their services at their normal hourly rates and monthly reimbursement for all
 11 expenses. The Receiver is also authorized to make such payments without further order of the
 12 Court. (ROA #66 at p. 13 ¶ 26.) The Preliminary Injunction further provides that “[i]nterim
 13 monthly fees paid shall be subject to review and approval by this court, on a quarterly basis.”
 14 (*Id.* at p. 13 ¶ 27.)

15 Concurrent with the filing of this Report, the Receiver intends to pay the following fees
 16 and expenses of the Receiver and his professionals for the months of December 2020 through
 17 March 2021:


	TWM Receiverships, Inc. d/b/a Regulatory Resolutions		McNamara Smith LLP	
	Fees	Expenses	Fees	Expenses
December 2020	\$1,885.00	\$682.51	\$3,625.00	\$121.70
January 2021	\$19,960.25	\$8,381.70	\$14,722.50	\$699.03
February 2021	\$23,526.50	\$480.85	\$6,129.50	\$174.50
March 2021	\$27,110.00	\$376.00	\$7,982.00	\$365.96
Totals:	\$72,481.75	\$9,921.06	\$32,459.00	\$1,361.19

26 During the four-month period of December 2020 to March 2021, the total fees for the
 27 Receiver and his staff are \$72,481.75 as set forth in the invoices from TWM Receiverships, Inc.
 28 d/b/a Regulatory Resolutions attached as Exhibit B. The invoices also include expenses totaling

1 \$9,921.06. During the same time period, the total fees for the Receiver's counsel, McNamara
2 Smith LLP, are \$32,459.00 in fees and \$1,361.19 in expenses as set forth in the invoices attached
3 as Exhibit C.

4 Dated: May 7, 2021

MCNAMARA SMITH LLP

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6 By: 
Cornelia J. B. Gordon
7 Attorneys for Receiver,
Thomas W. McNamara

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