

1 Cornelia J. B. Gordon (SBN 320207)
cgordon@mcnamarallp.com
2 MCNAMARA SMITH LLP
655 West Broadway, Suite 900
3 San Diego, California 92101
Tel.: 619-269-0400
4 Fax: 619-269-0401

5 *Attorneys for Receiver,*
Thomas W. McNamara

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

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

22 Defendants.

23 And,

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

27 Relief Defendants.
28

Case No. 37-2019-00049151-CU-MC-CTL

**RECEIVER'S FIFTH 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 Fifth Interim Report of receivership activities for the period of
5 May 1, 2021 through July 31, 2021. This Report also serves as the Receiver’s notice of fees and
6 expenses for the months of April 2021 through July 2021.

7 **I.**

8 **INTRODUCTION**

9 After the filing of the Receiver’s Fourth Interim Report, the Receiver submitted a motion
10 to approve the sale of property owned by Receivership Defendant High Plains Mesa Holdings,
11 LP pursuant to a pre-receivership contract. Once the Court granted the unopposed motion, the
12 sale proceeded to close. After the close, counsel for High Plains Mesa Holdings and High Plains
13 Mesa Management, LLC appealed the sale order and both entities subsequently filed for
14 bankruptcy. The Receiver has retained appellate and bankruptcy counsel and is proceeding to
15 protect the interests of the Receivership Estate in both matters. The Receiver has also continued
16 to pursue other Receivership Estate assets by submitting beneficiary demands related to the sale
17 of two properties for which Receivership Defendant MCQ Corporation was the beneficiary of
18 the deeds of trust, and by preparing to market and sell land owned by Receivership Defendants
19 High Plains Mesa Holdings and MCQ Corporation. In terms of disbursements, the Receiver has
20 returned escrow funds deposited in connection with the postponed sale of the Galileo Project
21 land to the contracted buyers and has provided refunds to investors who inadvertently made loan
22 payments immediately following the Receiver’s appointment. The Receiver’s office continues to

23 _____
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 respond to consumer inquiries, both by email and phone, and to update the receivership website
2 regularly.

3 In addition to the above, this report also includes an update on the status of the
4 receivership's finances.

5 II.

6 SUMMARY OF THE RECEIVER'S ACTIVITIES

7 A. Sale of the High Plains Mesa Property and Subsequent Appeal and Bankruptcy 8 Filings

9 The Receiver designated High Plains Mesa Holdings, LP ("HPM Holdings") and High
10 Plains Mesa Management, LLC ("HPM Management," and, with HPM Holdings, the "HPM
11 Entities" or "HPM") as Receivership Defendants in October 2020. His designations were
12 challenged by counsel for the entities on January 8, 2021. On February 11, the Court held a
13 hearing on the matter and confirmed the Receiver's designations.

14 In his Fourth Interim Status Report, the Receiver notified the Court that he intended to
15 present a motion to the Court in short order asking for the Court's permission to abide by the
16 terms of a pre-receivership contract between HPM and a third party for the sale of a 640-acre
17 parcel of land owned by HPM (the "HPM Property"). The Receiver filed that motion on May
18 13, 2021. (ROA # 523.) As the Receiver explained in his motion, on June 30, 2016, prior to the
19 imposition of the receivership in this case, HPM and non-party 69SV 8ME LLC ("8ME")
20 entered into a Solar Power Generating Facility Land Option and Purchase Agreement (the
21 "Agreement"). The Agreement gave 8ME, which was interested in the land "for purposes of
22 building, owning, operating and maintaining a solar energy generating facility," an exclusive
23 option to purchase the HPM Property for five years. 8ME gave notice to the Receiver of its
24 intent to exercise the purchase option effective March 31, 2021 and the Receiver thereafter filed
25 a motion asking the Court for authorization to honor the terms of the pre-receivership contract
26 between HPM and 8ME.

27 The Receiver's motion for approval of the pre-receivership purchase option Agreement
28 was **unopposed**, and the Court granted it on June 11, 2021. (ROA # 543.) Over the next two

1 months, counsel for 8ME and the Receiver worked to process and finalize the sale of the HPM
2 Property, and the sale closed on August 10, 2021. Although counsel for HPM had previously
3 indicated that he viewed the sale as 8ME's "prerogative," declined to engage with the Receiver's
4 counsel, and did not contest the motion to sell the property, after the sale closed on August 10
5 HPM's counsel appealed the Court's order approving the sale. (See ROA # 523, p. 1, fn. 1;
6 ROA # 582.) On the following day, August 11, HPM Holdings and HPM Management filed for
7 bankruptcy, essentially freezing the roughly \$4,100,000 in proceeds from the sale in escrow.
8 (See *In re High Plains Mesa Holdings, LP* (Bankr. E.D. Cal. Aug. 11, 2021, Case No. 21-
9 11970); *In re High Plains Mesa Management, LLC* (Bankr. E.D. Cal. Aug. 11, 2021, Case No.
10 21-11971).)

11 As a result of these filings, the Receiver was forced to retain bankruptcy and appellate
12 counsel on an immediate basis. The Receiver thereafter filed a request for the Court to approve
13 his engagement of said counsel *nunc pro tunc* on an *ex parte* basis. There being no opposition,
14 the Court granted the Receiver's request at an *ex parte* hearing on August 24, 2021. The
15 Receiver will continue to keep the Court apprised of developments in both the appeal and
16 bankruptcy matters.

17 **B. The Accelerated Assets Defendants' Attempt to Modify the Preliminary Injunction**

18 On June 21, 2021, the Accelerated Assets Defendants² filed a motion to modify or clarify
19 the preliminary injunction entered against them (ROA # 239) to (1) allow "the renewal of
20 currently existing UCC financing statements with respect to certain assets that are part of the
21 Landbanking Plus+ and Galileo Project investment" and (2) confirm that the preliminary
22 injunction was "not applicable to the intended foreclosure of two properties that are not within
23 the scope of the Order and which pre-date the Landbanking Plus+ and Galileo Project investment
24 by nearly six years." (See ROA # 548.) The Accelerated Assets Defendants' basis for
25 foreclosing was its possession of unspecified "senior property interests," which it claimed were
26 at risk because "back property taxes [we]re due." (See ROA # 549.)

27 _____
28 ² Defendants SS Purchco, LLC, Pahrump Valley Real Estate Co., LLC, and Accelerated Assets, LLC.

1 The Receiver opposed the second component of the motion on the grounds that the
2 properties at issue, which are located at 19790 Remos Court (APN 305-181-31) and 19840
3 Aloha Way (APN 305-230-38) (the “Remos and Aloha Properties”) were property of the
4 receivership as both were owned by Receivership Defendant HPM Holdings. (See ROA # 553.)
5 The Receiver also pointed out that he had taken steps to protect the properties by purchasing
6 insurance for them, no tax foreclosure was imminent, and that the Receiver had previously
7 offered to work with the Accelerated Assets Defendants to sell the properties and hold the
8 proceeds in escrow – all of which the Receiver believed undercut the concerns that the
9 Accelerated Assets Defendants were raising.

10 After the Accelerated Assets Defendants filed their reply, but before the motion was
11 heard on July 16, the Receiver and the Accelerated Assets Defendants were able to reach a
12 compromise, which they reported to the Court at the hearing. The core of the agreement was
13 memorialized in a joint notice of ruling filed after the hearing:

14 Under the agreement, the [Accelerated Assets] Defendants will not object to the
15 Receiver selling the two properties over which Accelerated Assets has a secured
16 priority interest. The Receiver agrees that the \$10,434.11 that is owed to
17 Accelerated Assets and secured by these properties, will be recognized and paid
18 to Accelerated Assets promptly from the proceeds of the Receiver’s sale of those
19 properties, subject to confirmatory documentation of that amount. The remaining
20 proceeds from the sale of those properties, after payment of outstanding property
21 taxes and fees, will be held in trust by the Receiver until there is a final
22 adjudication or resolution of the pending action.

23 (See ROA # 563.) The Receiver also noted that he “expect[ed] to file a motion shortly seeking
24 the Court’s approval of the sale of the two properties, pursuant to this agreement.” The Receiver
25 has held off filing such a motion in light of the appellate and bankruptcy filings and he is
26 presently evaluating with his counsel how to proceed. (*Ibid.*)

27 **C. Submission of Beneficiary Demands for Properties for Which Receivership
28 Defendant MCQ Corporation Was a Beneficiary of the Deeds of Trust**

29 In March of 2021, the Receiver’s office was contacted by Chicago Title Insurance Co.
30 regarding beneficiary demands for two properties, unrelated to the Galileo Project, for which
31 Receivership Defendant MCQ Corporation was the beneficiary of the deeds of trust. This was
32 the first time the Receiver had been made aware of these properties, and he instructed his team to

1 research the matter further. One of the two properties' accounts was serviced by Equiant
2 Financial Services, Inc. ("Equiant," the third-party servicer who serviced the Galileo Project
3 investors' notes), and Equiant was able to confirm the amount due. The second account had
4 been referred to a collection agency. The Receiver's team contacted the agency, which provided
5 information regarding the amount due. The Receiver submitted the beneficiary demands in May
6 2021 and received a total of \$56,871.23 in proceeds from the sale of the properties.

7 **D. Vacant Land Owned by Receivership Defendant MCQ Corporation**

8 The Receiver has identified a 72-acre parcel of vacant land owned by Receivership
9 Defendant MCQ Corporation. The Receiver is looking into options for selling the land and will
10 update the Court as he learns more.

11 **E. Return of Escrow Deposit for Galileo Project Land**

12 As the Court is aware, the Receiver previously informed the potential purchaser of the
13 Galileo Project land that he did not intend to seek the approval of the sale until there was a
14 resolution of the case, which could be a year or more. (See ROA # 529 [Fourth Interim Status
15 Report].) Although the potential purchaser has stated that he intends to remain under contract for
16 the land, he requested the return of the \$100,000 previously deposited into escrow in anticipation
17 of the sale. Given the indefinite nature of the delay and the uncertainty as to whether or not the
18 sale will proceed, the Receiver agreed to the request and returned the \$100,000 escrow deposit to
19 the potential purchaser.

20 **F. Return of Post-Receivership Loan Payments**

21 The Receiver stopped accepting payments from Galileo Project investors on September
22 24, 2019, the day of his appointment. In March of 2021, however, the Receiver became aware
23 that some loan payments might have been automatically debited from investors' accounts by
24 Equiant. The Receiver immediately tasked his team with investigating the matter and ultimately
25 identified 149 investors whose accounts had been debited after September 24, 2019. These
26 customers were debited between \$96.67 and \$789.34, with an average debit of roughly \$300. In
27 total, \$45,755.32 in overpayments were identified. Once the overpaying investors were
28

1 identified, the Receiver arranged for them to be sent checks refunding the full amount of their
2 post-receivership payments.

3 **G. Ongoing Communication with Investors**

4 The Receiver's office continues to keep the investors apprised of the status of the case
5 and to field their inquiries, whether those inquiries are by email or by phone. Investors have
6 continued to reach out to the Receiver's office to inquire about the effect of their Silver Saddle
7 investments on their credit reports (credit reports can flag the investment as a potential concern
8 for, *e.g.*, mortgage lenders). The Receiver's office has prepared, and sent to these investors,
9 letters explaining the status of the case. Investors are then able to share the letters with their
10 lenders to explain the situation.

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

13 **III.**

14 **RECEIVERSHIP ACCOUNTING**

15 Attached as Exhibit A is a Receipts and Disbursements Summary for the Receivership for
16 the period May 1, 2021 through August 18, 2021. During this time period, receipts were
17 \$58,285.79, the largest component of which was the proceeds from the beneficiary demands on
18 outstanding deeds of trust (\$56,871.23). Disbursements were \$272,162.69, the largest
19 components of which were professional fees for December 2020 through March 2021
20 (\$116,223.00), the return of the escrow deposit on the Galileo vacant land (\$100,000.00) and the
21 return of post-receivership loan payments (\$45,755.32). In the aggregate, the Receivership bank
22 accounts have a current balance of \$1,691,913.75.

23 **IV.**

24 **RECEIVER'S FEES AND COSTS**

25 The Preliminary Injunction provides that the Receiver, his employees and agents, and
26 professionals employed by the Receiver are entitled to monthly payment of interim
27 compensation for their services at their normal hourly rates and monthly reimbursement for all
28 expenses. The Receiver is also authorized to make such payments without further order of the

1 Court. (ROA #66 at p. 13 ¶ 26.) The Preliminary Injunction further provides that “[i]nterim
2 monthly fees paid shall be subject to review and approval by this court, on a quarterly basis.”
3 (*Id.* at p. 13 ¶ 27.)

4 Concurrent with the filing of this Report, the Receiver intends to pay the following fees
5 and expenses of the Receiver and his professionals for the months of April 2021 through July
6 2021:

	TWM Receiverships, Inc. d/b/a Regulatory Resolutions		McNamara Smith LLP	
	Fees	Expenses	Fees	Expenses
April 2021	\$12,259.00	\$479.75	\$6,708.00	\$226.17
May 2021	\$8,104.50	\$282.00	\$1,495.00	\$80.30
June 2021	\$8,085.00	\$314.02	\$1,027.00	\$37.18
July 2021	\$20,456.50	\$555.30	\$2,106.00	\$110.45
Totals:	\$48,905.00	\$1,631.07	\$11,336.00	\$ 454.10

15 During the four-month period of April 2021 to July 2021, the total fees for the Receiver
16 and his staff are \$48,905.00³ as set forth in the invoices from TWM Receiverships, Inc. d/b/a
17 Regulatory Resolutions attached as Exhibit B. The invoices also include expenses totaling
18 \$1,631.07. During the same time period, the total fees for the Receiver’s counsel, McNamara
19 Smith LLP, are \$11,336.00 in fees and \$454.10 in expenses as set forth in the invoices attached
20 as Exhibit C.

21 Dated: September 16, 2021

MCNAMARA SMITH LLP

22
23 By: 

Cornelia J. B. Gordon
Attorneys for Receiver,
Thomas W. McNamara

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25
26
27 ³ The April invoice for Regulatory Resolutions includes seven time entries, which had
28 inadvertently been left off previous invoices, totaling \$2,759.50. We included these entries in
the present report and respectfully request the Court’s approval to pay these fees.