

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*  
6  
7

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  
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

23 Defendants.

24 And,

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

27 Relief Defendants.  
28

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

**RECEIVER'S SIXTH INTERIM STATUS  
REPORT**

**IMAGED FILE**

Judge: Hon. Joel R. Wohlfeil  
Dept.: C-73  
Action filed: September 9, 2019  
Trial Date: May 6, 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,<sup>1</sup> hereby submits this Sixth Interim Report of receivership activities for the period of  
5 August 1, 2021 through December 31, 2021. This Report also serves as the Receiver’s notice of  
6 fees and expenses for the months of August 2021 through December 2021.

7 **I.**

8 **INTRODUCTION**

9 As reported in the Receiver’s Fifth Interim Report, in August the principals of  
10 Receivership Defendants High Plains Mesa Holdings, LP (“HPMH”) and High Plains Mesa  
11 Management, LLC (“HPMM and, with HPMH, the “HPM Entities” or “HPM”) retained separate  
12 counsel for the entities, appealed the Court order allowing the sale of property owned by HPM  
13 (“Order”), and filed bankruptcy petitions on behalf of both the entities. This necessitated that the  
14 Receiver retain bankruptcy and appellate counsel to litigate both matters. The Receiver’s  
15 bankruptcy counsel filed a motion to dismiss in each of the bankruptcy cases, both of which the  
16 bankruptcy court granted. Shortly thereafter, the HPM principals abandoned their appeal of the  
17 Order allowing the sale. The proceeds from the sale were thereafter delivered to the  
18 Receivership Estate’s account,<sup>2</sup> where they will remain pending an adjudication of this case on  
19 the merits. Separately, the Receiver moved for authorization to sell two other properties owned  
20 by HPMH; hearing on the motion is set for mid-January. The Receiver’s office continues to

21 \_\_\_\_\_  
22 <sup>1</sup> Receivership Defendants are defined in the Temporary Restraining Order and Preliminary  
23 Injunction as Defendants Silver Saddle Commercial Development, LP; Silver Saddle Ranch &  
24 Club, Inc.; The Galileo Commercial Property Owners Association, Inc., as well as any other  
25 entity that has conducted any business related to Defendants’ offering and selling of the Galileo  
26 Project investment contracts, including receipt of assets derived from any activity that is the  
27 subject of the Complaint in this matter, and that the Receiver determines is controlled or owned  
28 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.

<sup>2</sup> The proceeds were deposited on January 3, 2022, and as such do not appear in this Report’s  
accounting.

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. Resolution of the High Plains Mesa Bankruptcies and Appeal

8 In June, this Court issued the Order authorizing the Receiver to honor the terms of a pre-  
9 receivership contract between Receivership Defendant HPMH<sup>3</sup> and non-party 69SV 8ME LLC  
10 ("8ME") for the sale of a 640-acre parcel of land owned by HPMH (the "HPM Property").  
11 (ROA # 543.) As the Receiver reported in his Fifth Interim Status Report, over the next two  
12 months, counsel for 8ME and the Receiver worked to process and finalize the sale of the HPM  
13 Property, and the sale closed on August 10, 2021. Although counsel for HPM had previously  
14 indicated that he viewed the sale as 8ME's "prerogative," declined to engage with the Receiver's  
15 counsel, and did not contest the motion to sell the property, after the sale closed on August 10  
16 HPM's counsel appealed the Court's Order approving the sale. (See ROA # 523, p. 1, fn. 1;  
17 ROA # 582.) On the following day, August 11, HPM Holdings and HPM Management filed for  
18 bankruptcy, essentially freezing the roughly \$4,100,000 in proceeds from the sale in escrow.  
19 (See *In re High Plains Mesa Holdings, LP* (Bankr. E.D. Cal., Aug. 11, 2021, Case No. 21-  
20 11970); *In re High Plains Mesa Management, LLC* (Bankr. E.D. Cal., Aug. 11, 2021, Case No.  
21 21-11971).)

22 As a result of these filings, the Receiver was forced to immediately retain bankruptcy and  
23 appellate counsel. The Receiver thereafter filed a request for the Court to approve his  
24 engagement of said counsel *nunc pro tunc* on an *ex parte* basis. There being no opposition, the  
25 Court granted the Receiver's request at an *ex parte* hearing on August 24, 2021.

26  
27 <sup>3</sup> The Receiver designated HPMH and HPMM as Receivership Defendants in October 2020. His  
28 designations were challenged by counsel for the entities on January 8, 2021. On February 11,  
the Court held a hearing on the matter and confirmed the Receiver's designations.

1           1.       The HPM Bankruptcy Petitions

2           The HPM bankruptcy petitions were wasteful and pointless, and they should never have  
3 been filed. The HPM Entities were designated as Receivership Defendants by this Court,  
4 meaning the former principals lacked the authority to file the petitions on their behalf. Even if  
5 the filings had been necessary (they were not), it was the Receiver's province to file on the  
6 entities' behalf. The impropriety of the filings is further reflected in the purported basis for the  
7 petitions, which identified a single unsecured debt for HPMH (no debts were identified for  
8 HPMM): \$419 owed for professional services to HPM's prior counsel, Parker Mills LLP.<sup>4</sup> (See  
9 *In re High Plains Mesa Holdings, LP, supra*, Dkt. No. 10 at p. 1.)<sup>5</sup> Notably, the \$154,451.00  
10 retainer that bankruptcy counsel for HPMH received was well in excess of that. (*Id.*, Dkt. No. 21  
11 at p. 1.)

12           The Receiver's bankruptcy counsel moved for an order excusing the turnover of HPM's  
13 assets, which consisted of the proceeds from the sale of the HPM Property and two other, smaller  
14 parcels of real property owned by HPM. (See *id.*, Dkt. No. 40.) The Receiver's bankruptcy  
15 counsel also moved to dismiss the bankruptcies as bad faith filings and asked, in the alternative,  
16 that the bankruptcy court decline to exercise jurisdiction over them. (See *id.*, Dkt. No. 46.) On  
17 October 20, 2021, the bankruptcy court issued a thorough and thoughtful opinion concluding that  
18 the bankruptcies should be dismissed. (See *id.*, Dkt. No. 125 [attached to the Declaration of  
19 Cornelia J. B. Gordon as Ex. 1].)

20           Following the dismissal of the bankruptcies, the Receiver made a demand on the HPM  
21 principals' bankruptcy counsel for the remainder of the roughly \$154,451 retainer. (Gordon  
22 Decl. ¶ 4.) The Receiver had ample reason to believe some of the retainer would remain, since at  
23 the time of filing, the balance stood at \$119,883.50. (See *In re High Plains Mesa Holdings, LP,*  
24

---

25 <sup>4</sup> Three other secured creditors were referenced with respect to the properties located at 19790  
26 Remos Court, California City, 93505 and 19840 Aloha Way, California City, CA 93505  
(property taxes and deeds of trust for both of the properties). (*In re High Plains Mesa Holdings,*  
27 *LP, supra*, Dkt. No. 29.)

28 <sup>5</sup> The proceedings were substantially the same in the two bankruptcy proceedings. For ease of  
reference, only the HPMH bankruptcy is cited herein.

1 *supra*, Dkt. No. 21 at p. 1.) Counsel for the HPM principals informed the Receiver that nothing  
2 remained of the retainer, however. (Gordon Decl. ¶ 5.)

3 2. The Appeal

4 The HPM principals' appeal of this Court's Order approving the sale of the HPM  
5 Property was equally unfounded, and in fact, the principals never paid the fee for preparation of  
6 the Clerk's Transcripts. (See *High Plains Mesa Holdings, LP, et al. v. People of the State of*  
7 *California, et al.* (4th App. Dist., Div. 1, 2021, D079371.) The principals abandoned the appeal  
8 on November 10, 2021. (See *ibid.*)

9 **B. Update on the Aloha and Remos Properties**

10 As reported in the Receiver's Fifth Interim Status Report, in June of this year, the  
11 Accelerated Assets Parties<sup>6</sup> filed a motion to modify or clarify the preliminary injunction entered  
12 against them (ROA # 239), which has since been dissolved (ROA # 624) so that they could, in  
13 relevant part, foreclose on two properties owned by Receivership Defendant HPMH and located  
14 at 19790 Remos Court (APN 305-181-31) and 19840 Aloha Way (APN 305-230-38) (the  
15 "Remos and Aloha Properties"). Prior to the hearing on the Accelerated Assets Parties' motion,  
16 a compromise was reached between the parties and reported to the Court at the hearing. The  
17 Receiver agreed to recognize and pay the \$10,434.11 owed to Accelerated Assets and secured by  
18 the Remos and Aloha Properties at the time of the properties' sale. On November 24, 2021, the  
19 Receiver filed a motion asking the Court's permission to list the properties for sale. The motion  
20 is set to be heard on January 14, 2022.

21 **C. Preliminary Determination of Investors' Claims**

22 On April 9, 2021, the Court authorized the Receiver to begin preliminary determinations  
23 of investors' claims, each of which would "be comprised of the total that the investor paid into  
24 the Galileo Project and the Capital Improvement Fund." (See ROA # 505.) Since then, the  
25 Receiver's forensic accountant has been diligently working to prepare the preliminary claim  
26

---

27 <sup>6</sup> Defendants SS Purchco, LLC, Pahump Valley Real Estate Co., LLC, and Accelerated Assets,  
28 LLC were dismissed with prejudice from this action in early November. They are collectively  
referred to as the "Accelerated Assets Parties" herein.

1 determinations which, once completed, will be sent to investors for their review according to the  
2 notice procedure outlined in the Court's order.

3         Preparing the preliminary claim determinations has been more difficult than anticipated,  
4 however. Investor information is contained in several separate (and sometimes conflicting) data  
5 sources. Most, but not all, of the investor accounts were maintained in Equiant's databases.  
6 Reports obtained from Equiant consisted of investor account transactions from September 2012  
7 through February 2021.<sup>7</sup> The Equiant reports are complex, tracking both investors' principal and  
8 interest loan payments and contributions to the Capital Improvement Fund, and voluminous,  
9 consisting of approximately 121,000 rows of data related to more than 4,100 investors involving  
10 roughly 2,400 units.

11         But the Equiant data is not the only source of information relevant to determining  
12 investors' claims. Along with the Equiant data, there is additional data that was maintained by  
13 Silver Saddle Commercial Development and/or Silver Saddle Ranch & Club employees which  
14 must be reviewed. This data includes, for example, down payments made by investors at the  
15 time of the purchase, which do not appear in the database of investor transactions provided by  
16 Equiant. All of this data needs to be analyzed, reconciled, and considered in full to properly  
17 calculate the claim amounts per unit. While this methodology for determining investor claims is  
18 time consuming and labor intensive, it is necessary to accurately determine the amounts invested  
19 per unit and will allow for an efficient and fair distribution process.

#### 20 **D. Ongoing Communication with Investors**

21         The Receiver's office continues to keep the investors apprised of the status of the case  
22 and to field their inquiries, whether those inquiries are by email or by phone. Investors have  
23 continued to reach out to the Receiver's office to inquire about the effect of their Silver Saddle  
24 investments on their credit reports (credit reports can flag the investment as a potential concern  
25 for, *e.g.*, mortgage lenders). The Receiver's office has prepared, and sent to these investors,

---

26 <sup>7</sup> Because Accelerated Assets continued collecting investor payments into January 2021 (some of  
27 which, per Accelerated Assets, occurred inadvertently and was returned, see ROA # 456  
28 [Declaration of Peter Moody]), the Receiver requested data through February 2021 to ensure a  
full capture of investor payments.

1 letters explaining the status of the case. Investors are then able to share the letters with their  
2 lenders to explain the situation.

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

### 5 III.

#### 6 RECEIVERSHIP ACCOUNTING

7 Attached as Exhibit A is a Receipts and Disbursements Summary for the Receivership for  
8 the period August 19, 2021 through December 31, 2021. During this time period, receipts were  
9 minimal (a total of \$850.64). Disbursements were \$117,396.96, the largest components of which  
10 were professional fees (\$111,333.27). The professional fees paid include both the fees and costs  
11 incurred during the previous reporting period by TWM Receiverships, Inc. d/b/a Regulatory  
12 Resolutions and McNamara Smith LLP (\$50,536.07 and \$11,790.10, respectively), as well as the  
13 legal fees of \$47,196.84 and \$1,810.26 which were incurred by the Receiver's bankruptcy and  
14 appellate counsel, respectively, during the present reporting period.

15 In the aggregate, as of December 31, 2021, the Receivership bank accounts had a balance  
16 of \$1,575,367.43.

### 17 IV.

#### 18 RECEIVER'S FEES AND COSTS

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


26 Concurrent with the filing of this Report, the Receiver intends to pay the following fees  
27 and expenses of the Receiver and his professionals for the months of August 2021 through  
28 December 2021:

	TWM Receiverships, Inc. d/b/a Regulatory Resolutions		McNamara Smith LLP	
	Fees	Expenses	Fees	Expenses
August 2021	\$14,673.50	\$398.68	\$5,629.00	\$298.70
September 2021	\$5,277.50	\$282.00	\$2,704.00	\$108.76
October 2021	\$2,715.50	\$282.00	\$2,658.50	\$18.76
November 2021	\$18,580.50	\$282.00	\$942.50	\$23.71
December 2021	\$23,609.00	\$282.00	\$3,315.00	\$95.09
<b>Totals:</b>	<b>\$64,856.00</b>	<b>\$1,526.68</b>	<b>\$15,249.00</b>	<b>\$ 545.02</b>

During the five-month period of August 2021 through December 2021, the total fees for the Receiver and his staff are \$64,856.00 as set forth in the invoices from TWM Receiverships, Inc. d/b/a Regulatory Resolutions attached as Exhibit B. The invoices also include expenses totaling \$1,526.68. The uptick in fees during November and December is due, largely, to the preliminary determination of claims discussed above in Part II.C. During the same time period, the total fees for the Receiver's counsel, McNamara Smith LLP, are \$15,249.00 in fees and \$545.02 in expenses as set forth in the invoices attached as Exhibit C.

Dated: January 13, 2022

MCNAMARA SMITH LLP

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