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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 SEVENTH INTERIM
STATUS REPORT**

IMAGED FILE

Judge: Hon. Joel R. Wohlfeil
Dept.: C-73
Action filed: September 9, 2019
Trial Date: None Set

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 Seventh Interim Report of receivership activities for the period
5 of January 1, 2022, through August 31, 2022. This Report also serves as the Receiver’s notice of
6 fees and expenses for the months of January 2022 through August 2022.

7 **I.**

8 **INTRODUCTION**

9 During this reporting period, the Receiver sought and was given approval to sell the
10 Galileo Project Land and continued the process of selling two single-family residential homes
11 owned by a Receivership Defendant; reached a settlement agreement with Defendant Thomas
12 Maney’s two other partners in the High Plains Mesa venture; and spent a substantial amount of
13 time (i) identifying and reviewing internal and external records to determine each investor’s
14 investment, (ii) calculating net claims, (iii) communicating claim calculations to investors, and
15 (iv) then addressing objections to claim determinations as discussed below.

16 **II.**

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

18 **A. Sale of Galileo Project Land**

19 On March 4, 2022, the Receiver filed a motion to approve the sale of the eight remaining
20 significant parcels of land which were part of the Galileo Project (the “Galileo Project Land”) for
21 \$900,000 to Aaron Mamann, the buyer of the Silver Saddle Ranch (the “Ranch”). (ROA # 686.)
22

23 ¹ Receivership Defendants are defined in the Temporary Restraining Order and Preliminary
24 Injunction as Defendants Silver Saddle Commercial Development, LP; Silver Saddle Ranch &
25 Club, Inc.; The Galileo Commercial Property Owners Association, Inc., as well as any other
26 entity that has conducted any business related to Defendants’ offering and selling of the Galileo
27 Project investment contracts, including receipt of assets derived from any activity that is the
28 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 As the Court is aware, the Receiver had received the offer for the Galileo Project Land
2 concurrently with the offer for the Ranch (ROA # 395), but he held off on moving to approve the
3 Galileo sale after counsel purporting to represent a group of investors claimed that they were
4 prepared to strenuously object to the sale of the Galileo Project Land. After more than eleven
5 months, no challenge had been filed and the Receiver believed it was appropriate to finally
6 present the sale of the Galileo Project Land for Court approval. (ROA # 686.)

7 On April 4, 2022, two of the Silver Saddle investors, Carlos Novelo and Maria Pereira,
8 filed an opposition to the Receiver’s motion to approve the sale of the Galileo Project. The
9 investors cited “several concerns about the sale of the Galileo Project Land,” including
10 prematurely selling the property before trial, and they objected to the appraisal used in part to
11 value the land. (ROA # 701.) The Court held a hearing on the Receiver’s motion to approve the
12 sale on April 15, 2022. Mr. Novelo and Ms. Pereira, along with a dozen or so other investors
13 who were opposed to the sale, were present at the hearing. The Court ultimately approved its
14 tentative ruling and granted the Receiver’s motion, finding the sale price to be reasonable.
15 Following the hearing, the Receiver stayed to speak with the attending investors and answered a
16 number of the investors’ questions regarding the sale price and the effect of the sale on their
17 interests in the land.

18 Since the hearing, the Receiver has been in contact with Mr. Mamann’s counsel and
19 representatives regarding the sale of the land and the best way to convey title. Being able to
20 effectively convey title to the Galileo parcels has proven to be a challenge even with the Court
21 order given the number of undivided fractional interests recorded against the land. The Receiver
22 has continued to work with Mr. Mamann to pursue solutions to close the sale.

23 **B. Updates on Remos and Aloha Properties**

24 As reported in the Receiver’s Sixth Interim Status Report, on November 24, 2021, the
25 Receiver filed a motion asking the Court’s permission to list for sale real property located at
26 19790 Remos Court and 19840 Aloha Way (the “Remos Property” and the “Aloha Property,”
27 respectively), which the Court subsequently granted. (ROA # 664, # 670.) Shortly after the
28 Court granted the Receiver’s motion to list the Remos and Aloha Properties, the Receiver’s team

1 began vetting realtors in the California City area and ultimately retained Christie Limpus-
2 Hathaway of Berkshire Hathaway to list, market, and sell the Remos and Aloha Properties. Both
3 properties were listed soon thereafter.

4 The Receiver accepted an offer on the Aloha Property first, submitting a motion to
5 approve its sale to the Court on April 29, 2022 (ROA # 719) which the Court approved at a
6 hearing on May 26, 2022 (ROA # 724). On July 5, 2022, the Receiver submitted a motion to
7 approve the sale of the Aloha Property (ROA # 737), which the Court granted after a shortened
8 briefing schedule (ROA # 744, ROA # 748). The Receiver will keep the Court apprised of the
9 status of the sales.²

10 **C. Settlement Agreement and Release of Claims with Justin G. Child and Terry E.
11 Hansen (HPM Holdings)**

12 On June 3, 2022, the Receiver filed a motion to approve the settlement agreement
13 between the Receiver and the two non-party partners (the third partner was Defendant Thomas
14 Maney) of Receivership Defendants HPM Holdings and High Plains Mesa Management, LLC
15 (the “HPM entities”): Justin Child (“Child”) and Terry Hansen (“Hansen”). (ROA # 726.)
16 Defendant Maney holds a roughly 56% interest in HPM Holdings, and Child and Hansen together
17 hold a roughly 44% interest. When it was named a Receivership Defendant, HPM Holdings held
18 title to valuable real property assets: a 640-acre parcel of land subject to a third party’s purchase
19 option and two single-family residential homes (the Remos and Aloha Properties), the ownership
20 of which the Receiver would conceivably have to litigate if Child and/or Hansen made a claim.
21 While the Receiver firmly believes he would have prevailed in such litigation, to spare the Estate
22 its expense he entered into a settlement agreement with Child and Hansen (which the Court
23 thereafter approved, ROA # 747), pursuant to which they released all potential claims and agreed
24 to transfer their ownership interest in the HPM entities to the Receiver in exchange for \$350,000.
25 (ROA # 726.)

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27 ² The time period addressed by the instant report covers the Receiver’s activities through August
28 2022. Subsequently, the buyer of the Aloha Property backed out of the sale, and the Receiver
filed a motion asking the Court to vacate the existing sale order, which the Court granted at a
September 30, 2022 hearing on the motion.

1 **D. Claims Determination Process**

2 Last year the Receiver proposed, and the Court approved, a claims determination process.
3 (See ROA # 505.) The process proposed by the Receiver and approved by the Court required the
4 Receiver’s team to make an initial determination as to each investor’s claim, notify investors of
5 those determinations and allow investors time to submit challenges, and review those challenges
6 before issuing final notices of claim determinations.³ As part of this process, the Receiver’s
7 forensic accountant spent a significant amount of time during the reporting period reviewing an
8 immense volume of paper and electronic records in order to prepare the investors’ claims
9 determinations.

10 1. Claim Determination Calculations

11 As explained in the Receiver’s Sixth Interim Status Report, preparing the preliminary
12 claim determinations was a more difficult and timely endeavor than had been anticipated. (ROA
13 # 667). In order to accurately determine the amounts invested per unit, the Receiver’s forensic
14 accountant had to cull through several separate (and sometimes conflicting) data sources.

15 Most, but not all, of the investor accounts were maintained in databases hosted by Equiant
16 Financial Services, Inc. (“Equiant”), the primary servicer for the investors’ notes. Reports
17 obtained from Equiant consisted of investor account transactions from September 2012 through
18 February 2021. The Equiant reports are complex – tracking both investors’ principal and interest
19 loan payments and contributions to the Capital Improvement Fund – and voluminous, consisting
20 of approximately 121,000 rows of data related to more than 4,100 investors and involving
21 roughly 2,400 units. Each report also only provided one piece of the larger puzzle. For example,
22 the transaction data tracked each unit of ownership by an account number. However, some
23 accounts had multiple investors, which would not be readily apparent from the transaction data
24 alone. For example, each unit could be sold to as many as four different investors, but the
25 transaction data might only reflect one out of the four investor’s names. Therefore, to properly

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27 ³ While the Receiver has made his final claims determination, the Court’s order provides that
28 those determinations will not be filed with the Court until a distribution is imminent (at which
point the investors will have a chance to object to the Court if they are unsatisfied with the
Receiver’s determinations).

1 calculate each investor's claim determination, the forensic accountant had to cross reference all
2 transaction data against a separate customer list report to determine whether the name associated
3 with the account was the 100% owner or only a partial owner of the fractional interest.

4 The Receiver's forensic accountant had to also incorporate into each claim determination
5 calculation additional data separately stored and maintained by Silver Saddle Commercial
6 Development and/or Silver Saddle Ranch & Club. This data included, for example, the down
7 payments made by investors at the time of purchase – information which was not noted in the
8 database of investor transactions provided by Equiant. After separately analyzing all relevant
9 record sources, the forensic accountant then had to perform an additional review to properly
10 reconcile the information (*i.e.*, down payments, loan payments, Capital Improvement Fund
11 payments) between the various sources to properly calculate each investor's claim determination.

12 2. Claims Determination Letters & Mailing List

13 While the forensic accountant finalized the preliminary claim determinations, the
14 Receiver's staff tracked down the best contact information for each investor, whether that be a
15 physical mailing address or an email, in order to determine where notice of the Receiver's
16 preliminary claim determinations should be sent. To further alert investors to be on the lookout
17 for claim determination notices, the Receiver also posted the claims determination process and
18 announced the mailings on the Regulatory Resolutions website and explained that if an investor
19 did not receive a claims determination letter, he or she should contact the Receiver's office by
20 March 15, 2022. Once the claim amounts were finalized, the Receiver's staff drafted and sent
21 each investor a claim determination letter to explain how his or her claim was calculated.
22 Investors were also notified that if they disagreed with the Receiver's claim determination they
23 had until April 8, 2022, to challenge the Receiver's determination.

24 3. Claims Determination Challenges & Review Process

25 Out of nearly 3,000 investors, only 40 challenged the Receiver's determinations.
26 Investors who challenged their determination (about 1% of all claims) had until April 8, 2022, to
27 submit copies of documents – *i.e.*, bank statements, the front and back of cancelled checks, etc. –
28 to support their challenges. Each challenge was then reviewed by comparing the investor's

1 calculated claim amount against his or her supporting documents and the Receiver’s own claim
2 calculations. The investors were then timely notified whether the Receiver accepted, denied, or
3 adjusted their claim determinations based on their submission.

4 **III.**

5 **RECEIVERSHIP ACCOUNTING**

6 Attached as Exhibit A is a Receipts and Disbursements Summary for the Receivership for
7 the period January 1, 2022 through August 31, 2022. During this time period, receipts totaled
8 \$4,237,038.40, most of which came from the sale of the 640-acre parcel of land owned by HPM
9 Holdings. Disbursements were \$449,637.44, the largest components of which were the \$350,000
10 settlement with the HPM principals and professional fees and expenses (\$82,176.70). The
11 professional fees paid include both the fees and costs incurred during the previous reporting
12 period by TWM Receiverships, Inc. d/b/a Regulatory Resolutions and McNamara Smith LLP
13 (\$66,382.68 and \$15,794.02, respectively).

14 In the aggregate, as of August 31, 2022, the Receivership bank accounts had a balance of
15 \$5,364,025.29 (which includes restitution funds of \$70,000 paid by Wayne Pedersen).

16 **IV.**

17 **RECEIVER’S FEES AND COSTS**

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

24 Concurrent with the filing of this Report, the Receiver intends to pay the following fees
25 and expenses of the Receiver and his professionals for the months of January 2022 through
26 August 2022:

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	TWM Receiverships, Inc. d/b/a Regulatory Resolutions		McNamara Smith LLP	
	Fees	Expenses	Fees	Expenses
January 2022	\$7,274.50	\$282.00	\$2,905.50	\$49.02
February 2022	\$22,918.00	\$303.39	\$5,947.50	\$0.00
March 2022	\$31,207.00	\$311.15	\$7,715.50	\$316.60
April 2022	\$28,820.00	\$282.00	\$8,993.50	\$303.04
May 2022	\$9,021.50	\$282.00	\$4,257.50	\$243.01
June 2022	\$6,351.50	\$282.00	\$5,369.00	\$404.51
July 2022	\$5,379.50	\$282.00	\$6,196.00	\$235.84
August 2022	\$2,896.50	\$281.99	\$1,592.50	\$132.48
Totals:	\$113,868.50	\$2,306.53	\$42,977.00	\$1,684.50

During the eight-month period of January 2022 through August 2022, the total fees for the Receiver and his staff are \$113,868.50 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 \$2,306.53. During the same time period, the total fees for the Receiver's counsel, McNamara Smith LLP, are \$42,977.00 in fees and \$1,684.50 in expenses as set forth in the invoices attached as Exhibit C.

Dated: September 30, 2022

MCNAMARA SMITH LLP

By: 

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