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**STATE OF CALIFORNIA**  
**BUSINESS, TRANSPORTATION AND HOUSING AGENCY**  
**DEPARTMENT OF CORPORATIONS**

TO: RTO Investors, LLC  
Silverback Realty  
Samuel Lee Hales  
Scott Keate  
Melanie Keate  
1577 Eden Forest Dr.  
Colfax, CA 95713

**DESIST AND REFRAIN ORDER**  
**(For violations of sections 25110 of the Corporations Code)**

The California Corporations Commissioner finds that:

1. At all relevant times, RTO Investors, LLC (“RTO”) was a California limited liability company founded on July 13, 2011, specializing in structuring tenant-in-common investments for passive investors.
2. Sam Hales (“Hales”) is a natural person and believed to be a resident of California. According to RTO’s website, [www.RTOInvestors.com](http://www.RTOInvestors.com), Hales is the Chief Executive Officer (“CEO”) of RTO and personally oversees each transaction.
3. As of December 29, 2010, Hales has used the dba Silverback Realty (“Silverback”).
4. Scott Keate (“Mr. Keate”) is a natural person and believed to be a resident of California. According to RTO’s website, Mr. Keate is the Vice President of business development, including managing the company’s website and web content.
5. Melanie Keate (“Mrs. Keate”) is a natural person and believed to be a resident of California. According to RTO’s website, Mrs. Keate is the Vice President of Investor Relations. She is responsible for guiding investors through the purchase process.
6. Both of the business entities as well as the three individual persons identified above have a business address of 1577 Eden Forest Dr., Colfax, CA 95713.
7. Beginning in or about July 2011, and continuing to the present, RTO, Silverback, Hales, and

1 Mr. and Mrs. Keate offered and sold securities in the form of tenant-in-common investment contracts  
2 by advertising on the internet, offering these securities on the company website, touting and puffing in  
3 YouTube videos, and marketing through social networking sites like Facebook, through internet  
4 chatting, word of mouth and other forms of general solicitation.

5 8. The securities were offered and sold in this state in issuer transactions. The Department of  
6 Corporations has not issued a permit or other form of qualification authorizing any person to offer and  
7 sell these securities in this state.

8  
9 Based upon the foregoing findings, the California Corporations Commissioner is of the opinion  
10 that the tenant-in-common investment contracts that are being and have been offered and sold by RTO  
11 Investors, LLC, Silverback Realty, Sam Hales, Scott Keate and Melanie Keate are securities subject to  
12 qualification under the California Corporate Securities Law of 1968 and are being or have been  
13 offered and sold without being qualified in violation of Corporations Code section 25110. Pursuant to  
14 section 25532 of the Corporate Securities Law of 1968, RTO Investors, LLC, Silverback Realty, Sam  
15 Hales, Scott Keate and Melanie Keate, are hereby ordered to desist and refrain from the further offer  
16 or sale in the State of California of securities, including but not limited to tenant-in-common  
17 investment contracts, unless and until qualification has been made under the law or unless exempt.

18 This Order is necessary, in the public interest, for the protection of investors and consistent  
19 with the purposes, policies, and provisions of the Corporate Securities Law of 1968.

20 Dated: October 11, 2011  
21 Sacramento, California

22 PRESTON DuFAUCHARD  
23 California Corporations Commissioner

24  
25 By \_\_\_\_\_  
26 Alan S. Weinger  
27 Deputy Commissioner  
28 Enforcement Division