

1 MARY ANN SMITH
Deputy Commissioner
2 KENNY V. NGUYEN (State Bar No. 233385)
Senior Counsel
3 Department of Business Oversight
1515 K Street, Suite 200
4 Sacramento, California 95814
Telephone: (916) 322-8781
5 Facsimile: (916) 445-6985

6 Attorneys for Complainant

7
8
9 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:)
12 THE COMMISSIONER OF BUSINESS) DESIST AND REFRAIN ORDER AND
OVERSIGHT,) ORDER FOR ANCILLARY RELIEF
13)
14 Complainant,)
15 v.)
16 THOMAS M. MANEY; SILVER SADDLE)
COMMERCIAL DEVELOPMENT, LP;)
17 SILVER SADDLE RANCH & CLUB, INC.;)
GALILEO COMMERCIAL PROPERTY)
18 OWNER’S ASSOCIATION, INC.)
19 Respondents.)

20
21 Jan Lynn Owen, the Commissioner of Business Oversight (Commissioner), alleges and
22 charges as follows:

23 I.
24 STATEMENT OF FACTS

25 1. At all relevant times, Silver Saddle Commercial Development, LP (Silver Saddle)
26 was a company formed in California with a business address of 7635 N. San Fernando Road, Suite
27 A, Burbank, California 91505.

28 2. At all relevant times, Silver Saddle Ranch & Club, Inc. (SSRC), was a California

1 company with a business address of 20751 Aristotle Drive, California City, California 93505. SSRC
2 runs and operates a resort facility in California City called the Silver Saddle Resort Club.

3 3. At all relevant times, Galileo Commercial Property Owners Association, Inc.
4 (“Association”) was a California company with a business address of 7635 N San Fernando
5 Road, Burbank, California 91505.

6 4. At all relevant times, Thomas M. Maney (Maney) was President of Silver Saddle
7 Commercial Development, LP, Chief Executive Officer and President of Silver Saddle Ranch &
8 Club, Inc., and President of Galileo Commercial Property Owners Association, Inc.

9 5. Beginning in 2014, Maney, through Silver Saddle, SSRC, and the Association,
10 offered securities in California to investors in the form of interests in a pooled fund for the future
11 development of 1,020 acres of adjoining vacant plots in the desert in California City, Kern County
12 (the 1,020-acres desert plots). The pooled fund was called the “Capital Improvement Fund.”
13 Investors were told that the capital contributions of \$500, \$1,000 or \$2,000 they made to this Capital
14 Improvement Fund would appreciate in value and would later be used to develop the 1,020-acres
15 desert plots into commercial and industrial properties. The securities were part of a larger
16 investment package called “LandBanking Plus+” or “The Galileo Project,” which included the sale
17 to these investors of 1/4000th fractional ownership interests in the 1,020-acres desert plots,
18 membership in the Silver Saddle Resort Club (to which investors were obligated to pay monthly
19 dues), and the right of first refusal to purchase the Silver Saddle Resort Club for \$500,000.

20 6. Management of the Capital Improvement Fund was controlled by a “Board of
21 Directors” consisting of three Board Members who were Silver Saddle staff/employees, Maney, and
22 only two Board Members who were investors. Since the decision to develop the 1,020-acres desert
23 plots was made by a vote of the majority of the Board of Directors, Maney and Silver Saddle
24 effectively made all of the management decisions, with investors having no say in its development
25 despite each having contributed (or contractually committed to contribute) \$500 to \$2,000 to the
26 Capital Improvement Fund.

27 7. The interests in the Capital Improvement Fund of the LandBanking Plus+/Galileo
28 Project investment were not registered as securities with the Department of Business Oversight or

1 any federal securities regulatory bodies. In fact, investment documents provided to investors stated
2 that “[n]either the subject property nor this Disclosure Statement have been reviewed or approved by
3 any national, state or local governmental body or regulatory agency.”

4 8. Beginning as early as October 2014, over 2,394 California investors collectively gave
5 or contractually committed over \$4 million to Maney, through Silver Saddle, SSRC, and the
6 Association, for the purpose of investing in the Capital Improvement Fund. Maney, through Silver
7 Saddle, SSRC, and the Association, specifically targeted certain ethnic groups with limited
8 understanding of English. To lure investors to the Silver Saddle Resort Club, where they would be
9 pressured into investing, Maney, through Silver Saddle, SSRC, and the Association, set up raffles at
10 ethnic supermarkets that promised prizes in the form of gift cards, TVs, watches, cameras, buffet
11 dinners, culminating with a free night stay at the Silver Saddle Resort Club. The dinners were
12 internally referred to as the “Latino dinner parties,” “Filipino dinner parties,” and “Chinese Dinner.”

13 9. Beginning as early as October 2014, in connection with the offer and sale of the
14 securities, Maney, through Silver Saddle, SSRC, and the Association, also made, or caused to be
15 made, misrepresentations of material fact or omitted to state material facts necessary in order to
16 make the statements made, in light of the circumstances under which they were made, not
17 misleading, as follows:

18 (a) Marketing materials given to investors touted that their investment dollars were
19 “projected to exceed \$8,000,000” and that this would provide a means to later develop the 1,020-
20 acres desert plots into commercial or industrial complexes, including wind energy facilities,
21 restaurants, shopping centers, and movie theaters. However tax returns filed by Maney reported
22 year-over-year losses in the management of investor monies, and that the claimed value of the
23 Capital Improvement Fund was derived in part from promissory note obligations, not actual cash.

24 (b) Marketing materials falsely assured investors that “as of the end of 2017, the Galileo
25 Project had a record 2,294 units having closed of the approximately 4,000 total units allowed for
26 sale.” In reality, however, many of the closed units reverted to Maney when investors could not
27 make monthly mortgage and capital contribution payments. Maney, through Silver Saddle, simply
28 resold the interest to another investor, but continued to maintain a majority of the ownership interests

1 in the 1,020-acres desert plots.

2 (c) Maney, Silver Saddle, SSRC, and the Association promised that investors would decide
3 how to use the money they contributed to the Capital Improvement Fund. The marketing materials,
4 including statements made on its marketing website at
5 <http://www.silversaddlelandbanking.com/landbanking-details.htm>, stated that the investor controlled
6 the development, not “a non-invested third party developer.” However, Maney, Silver Saddle,
7 SSRC, and the Association failed to disclose that as part of their investment in the Landbanking
8 Plus+/Galileo Project and the Capital Improvement Fund, investors had to execute a grant deed that
9 contained a durable power of attorney appointing Maney as their agent and authorizing him to
10 “convey, by sale or lease, all or a portion of” the 1,020 acres desert plots.

11 II.

12 DESIST AND REFRAIN ORDER

13 (For Violations of Corporations Code Sections 25110 and 25401)

14 Based upon the foregoing, the Commissioner is of the opinion that interests in the pooled
15 funds offered by Maney, Silver Saddle, SSRC, and the Association are securities subject to
16 qualification under the Corporate Securities Law of 1968 (Corp. Code § 25000 et seq.) that have
17 been offered or sold without first being qualified in violation of Corporations Code section 25110.

18 Pursuant to Corporations Code section 25532, subdivision (a), Thomas M. Maney, Silver
19 Saddle Commercial Development, LP, Silver Saddle Ranch & Club, Inc., and Galileo Commercial
20 Property Owner’s Association, Inc. are hereby ordered to desist and refrain from the further offer or
21 sale of securities, in the State of California, including but not limited to interests in a pooled
22 investment fund for the development of real estate, unless and until qualification has been made
23 under said law or unless the security is exempt.

24 Furthermore, based on the foregoing findings, the Commissioner is of the opinion that
25 Thomas M. Maney, Silver Saddle Commercial Development, LP, Silver Saddle Ranch & Club, Inc.,
26 and Galileo Commercial Property Owner’s Association, Inc. offered or sold securities in the form of
27 interests in the Capital Improvement Fund by means of a written or oral communication which
28 included an untrue statement of material fact or omitted to state a material fact necessary to make the

1 statement made, in light of the circumstances under which they were made, not misleading, in
2 violation of Corporations Code section 25401.

3 Pursuant to Corporations Code section 25532, subdivision (c), Thomas M. Maney, Silver
4 Saddle Commercial Development, LP, Silver Saddle Ranch & Club, Inc., and Galileo Commercial
5 Property Owner’s Association, Inc. are hereby ordered to desist and refrain from offering or selling
6 any security in the State of California, including but not limited to interests in a pooled investment
7 fund for the development of real estate, by means of any written or oral communication which
8 includes an untrue statement of material fact or omits to state a material fact necessary in order to
9 make the statements made, in light of circumstances under which they were made, not misleading.

10 **III.**

11 **ORDER FOR ANCILLARY RELIEF**

12 **(For Violations of Corporations Code Sections 25110 and 25401)**

13 Corporations Code section 25532, subdivision (e), authorizes the Commissioner to seek
14 ancillary relief as follows:

15 (e) If the commissioner determines it is in the public interest, the commissioner may include
16 in any administrative action brought under this division a claim for ancillary relief, including,
17 but not limited to, a claim for restitution or disgorgement or damages on behalf of the
18 persons injured by the act or practice constituting the subject matter of the action, and the
administrative law judge shall have jurisdiction to award additional relief.

19 Based on the foregoing findings of fact, and pursuant to Corporations Code section 25532,
20 subdivision (e), Thomas M. Maney, Silver Saddle Commercial Development, LP, Silver Saddle

21 //
22 //
23 //
24 //
25 //
26 //
27 //
28 //

1 Ranch & Club, Inc., and Galileo Commercial Property Owner’s Association, Inc. are hereby ordered
2 to rescind all contracts made with investors obligating them to contribute to the Capital Improvement
3 Fund of the LandBanking Plus+/The Galileo Project investment.

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

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: May 14, 2018
Sacramento, CA

JAN LYNN OWEN
Commissioner of Business Oversight

By _____
MARY ANN SMITH
Deputy Commissioner
Enforcement Division