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9  
10 BEFORE THE DEPARTMENT OF BUSINESS OVERSIGHT  
11 OF THE STATE OF CALIFORNIA

12 In the Matter of:

13 THE COMMISSIONER OF BUSINESS  
OVERSIGHT,

14 Complainant,

15 v.

16 THOMAS M. MANEY; SILVER SADDLE  
17 COMMERCIAL DEVELOPMENT, LP;  
SILVER SADDLE RANCH & CLUB, INC.;  
18 GALILEO COMMERCIAL PROPERTY  
OWNER’S ASSOCIATION, INC.

19 Respondents.  
20

)  
) DESIST AND REFRAIN ORDER FOR  
) VIOLATIONS OF CORPORATIONS CODE  
) SECTIONS 25110 AND 25401; AND ORDER  
) FOR ANCILLARY RELIEF

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22 Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), alleges and  
23 charges as follows:

24 **I.**  
**STATEMENT OF FACTS**

25 1. The Commissioner is authorized to administer and enforce the provisions of the  
26 Corporate Securities Law of 1968 (Corporations Code section 25000, et seq.) (CSL) and the rules  
27 and regulations promulgated thereunder which control the qualification, offer, and sale of securities  
28 in California.

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

4           3.       At all relevant times, Silver Saddle Ranch & Club, Inc. (SSRC), was a California  
5 company with a business address of 20751 Aristotle Drive, California City, California 93505. SSRC  
6 runs and operates a resort facility in California City called the Silver Saddle Resort Club.

7           4.       At all relevant times, Galileo Commercial Property Owners Association, Inc.  
8 (Association) was a California company with a business address of 7635 North San Fernando Road,  
9 Burbank, California 91505.

10          5.       At all relevant times, Thomas M. Maney (Maney) was President of Silver Saddle  
11 Commercial Development, LP, Chief Executive Officer and President of Silver Saddle Ranch &  
12 Club, Inc., and President of Galileo Commercial Property Owners Association, Inc.

13          6.       Beginning in 2011, Maney, through Silver Saddle, SSRC, and the Association,  
14 offered and sold securities in California in the form of an investment called “LandBanking Plus+” or  
15 “The Galileo Project.” The investment purportedly comprised a total of 4,000 available “units,”  
16 offered in one-quarter, one-half, or full units. Each unit consisted of four bundled components:

17               (a) A payment by the investor of money, generally between \$20,000.00 to  
18 \$30,000.00, for an undivided, 1/4000<sup>th</sup> fractionalized interest in a parcel of circa 1,020 acres of  
19 undeveloped, commercially zoned desert real estate in Kern County, California.

20               (b) A payment by the investor of \$500.00, \$1,000.00 or \$2,000.00 (for, respectively,  
21 one-quarter unit, one-half unit, or one whole unit) into a pool of investors’ funds called the “Capital  
22 Improvement Fund.” The stated purpose of the Capital Improvement Fund, according to the  
23 Declaration of Covenants, Conditions and Restrictions (CC&Rs) that governed the investments, was  
24 for “capital improvements or major renovations” to the 1,020-acres of undeveloped land. Investors  
25 were told that the capital contributions of \$500.00, \$1,000.00 or \$2,000.00 made to the Capital  
26 Improvement Fund would appreciate in value and would later be used to develop the 1,020 acres of  
27 undeveloped land into viable commercial and industrial properties.

28               (c) A payment by the investor of several hundreds of dollars per year to establish and

1 maintain a “membership” in the Silver Saddle Ranch and Club resort.

2 (d) A right of first refusal option for the investors to jointly purchase the Silver  
3 Saddle Ranch for \$500,000.00.

4 7. Management of the Capital Improvement Fund was controlled by a “Board of  
5 Directors” consisting of five Board Members, two who were Silver Saddle staff/employees, Maney,  
6 and two investors. Since the decision to develop the 1,020-acres undeveloped land was made by a  
7 vote of the majority of the Board of Directors, Maney and Silver Saddle could effectively make and  
8 did make all of the management decisions, with investors having no control in the development  
9 despite each having contributed (or contractually committed to contribute) \$500.00 to \$2,000.00 to  
10 the Capital Improvement Fund.

11 8. The LandBanking Plus+/Galileo Project securities investments were not qualified or  
12 registered as securities with the Department of Business Oversight or any federal securities  
13 regulatory bodies. In fact, investment documents provided to investors stated that “[n]either the  
14 subject property nor this Disclosure Statement have been reviewed or approved by any national,  
15 state or local governmental body or regulatory agency.”

16 9. Beginning as early as 2011, at least 3,032 California investors collectively gave or  
17 contractually committed millions of dollars to Maney, through Silver Saddle, SSRC, and the  
18 Association, for the purpose of investing in the LandBanking Plus+/Galileo Project securities.  
19 Maney, through Silver Saddle, SSRC, and the Association, specifically targeted certain ethnic  
20 groups with limited understanding of English and with no regard to investment experience.

21 10. To lure prospective investors to the Silver Saddle Resort Club, Maney, through Silver  
22 Saddle, SSRC, and the Association, set up raffles at various ethnic supermarkets throughout the state  
23 of California that promised prizes in the form of gift cards, televisions, watches, cameras, and buffet  
24 dinners, culminating with a free night stay at the Silver Saddle Resort Club. The buffet dinners were  
25 internally referred to as the “Latino dinner parties,” “Filipino dinner parties,” and “Chinese Dinner.”  
26 The consumers who accepted the offer to the resort were subjected to high-pressured sales tactics to  
27 make payments and sign contracts to invest.

28 11. Beginning as early as October 2011, in connection with the offer and sale of the

1 LandBanking Plus+/Galileo Project securities, Maney, through Silver Saddle, SSRC, and the  
2 Association, also made, or caused to be made, misrepresentations of material facts or omitted to state  
3 material facts necessary in order to make the statements made, in light of the circumstances under  
4 which they were made, not misleading, including, but not limited to:

5 (a) Touting marketing materials to investors that their Capital Improvement Fund  
6 investment dollars were “projected to exceed \$8,000,000” and that this would provide a means to  
7 later develop the 1,020-acres of undeveloped land into commercial or industrial complexes,  
8 including wind energy facilities, restaurants, shopping centers, and movie theaters. However, tax  
9 returns filed by Maney reported year-over-year losses in the management of investor monies, and the  
10 claimed value of the Capital Improvement Fund was derived in large part from promissory note  
11 obligations to the Capital Improvement Fund by new investors, not actual cash.

12 (b) Falsely assuring investors that “as of the end of 2017, the Galileo Project had a  
13 record 2,294 units having closed of the approximately 4,000 total units allowed for sale.” In reality,  
14 however, many of these units reverted back to Maney when the investors could not make monthly  
15 mortgage and capital contribution payments. Maney, through Silver Saddle, simply resold the  
16 interests to other investors, while continuing to maintain a majority of the ownership interests in the  
17 1,020-acres of undeveloped land.

18 (c) Promising that investors would make the decisions as to how to use the money  
19 they contributed to the Capital Improvement Fund. The marketing materials, including statements  
20 made on its marketing website at: [www.silversaddlelandbanking.com/landbanking-details.htm](http://www.silversaddlelandbanking.com/landbanking-details.htm),  
21 stated that the investor controlled the development, not “a non-invested third party developer.”  
22 However, Maney, Silver Saddle, SSRC, and the Association failed to disclose that as part of their  
23 investment in the Landbanking Plus+/Galileo Project and the Capital Improvement Fund, investors  
24 were required to execute a grant deed that contained a durable power of attorney appointing Maney  
25 as their agent and authorizing him to “convey, by sale or lease, all or a portion of” the 1,020 acres of  
26 undeveloped land.

27 (d) Omitting from the investment offerings the fair market value of the fractionalized  
28 interests in the undeveloped property, resulting in the investors substantially overpaying for their

1 property interests.

2 12. The Commissioner is informed and believes that Respondents have made at least  
3 3,032 offers and sales of the LandBanking Plus/Galileo Project investments from 2011 to 2019.

4 **II.**

5 **DESIST AND REFRAIN ORDER**

6 Based on the foregoing, the Commissioner finds that the LandBanking Plus/Galileo Project  
7 investments offered by Thomas M. Maney, Silver Saddle Commercial Development, LP, Silver  
8 Saddle Ranch & Club, Inc., and the Galileo Commercial Property Owners Association, Inc., are  
9 securities subject to qualification under the Corporate Securities Law of 1968 that have been offered  
10 and sold without first being qualified in violation of Corporations Code section 25110.

11 Pursuant to Corporations Code section 25532, subdivision (a), Thomas M. Maney, Silver  
12 Saddle Commercial Development, LP, Silver Saddle Ranch & Club, Inc., and Galileo Commercial  
13 Property Owner’s Association, Inc. are hereby ordered to desist and refrain from the further offer or  
14 sale of securities in the State of California, including but not limited to investments in the  
15 LandBanking Plus/Galileo Project, unless and until qualification has been made under said law or  
16 unless the security is exempt.

17 Furthermore, based on the foregoing findings, the Commissioner finds that Thomas M.  
18 Maney, Silver Saddle Commercial Development, LP, Silver Saddle Ranch & Club, Inc., and the  
19 Galileo Commercial Property Owners Association, Inc., offered and sold securities in the form of the  
20 LandBanking Plus/Galileo Project investments by means of written or oral communications which  
21 included an untrue statement of material fact or omitted to state a material fact necessary to make the  
22 statement made, in light of the circumstances under which they were made, not misleading, in  
23 violation of Corporations Code section 25401.

24 Pursuant to Corporations Code section 25531, subdivision (c), Thomas M. Maney, Silver  
25 Saddle Commercial Development, LP, Silver Saddle Ranch & Club, Inc., and the Galileo  
26 Commercial Property Owners Association, Inc. are hereby ordered to desist and refrain from  
27 offering or selling any security in the State of California, including but not limited to securities in the  
28 form of LandBanking Plus/Galileo Project investments, by means of any written or oral

1 communication which includes an untrue statement of material fact or omits to state a material fact  
2 necessary in order to make the statements made, in light of circumstances under which they were  
3 made, not misleading.

4 The Commissioner is informed and believes that at all relevant times herein, each and every  
5 Respondent directly or indirectly knowingly controlled other co-Respondents, employees, agents or  
6 representatives, or knowingly provided substantial assistance to other co-Respondents, employees,  
7 agents, or representatives, to violate the provisions of the CSL, within the meaning of Corporations  
8 Code section 25403.

9 **III.**

10 **ORDER FOR ANCILLARY RELIEF**

11 Corporations Code section 25532, subdivision (e), authorizes the Commissioner to seek  
12 broad ancillary relief:

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

18 Based on the foregoing findings, and pursuant to Corporations Code section 25532,  
19 subdivision (e), Thomas M. Maney, Silver Saddle Commercial Development, LP, Silver Saddle  
20 Ranch & Club, Inc., and the Galileo Commercial Property Owners Association, Inc. are hereby  
21 ordered to offer to repurchase the LandBanking Plus/Galileo Project securities, and shall repurchase  
22 the named securities as to each purchaser who accepts the repurchase offer, on the following terms  
23 and conditions:

24 (1) Pursuant to Corporations Code section 25507, subdivision (b), and California Code of  
25 Regulations, tit. 10, section 260.507 (10 CCR 260.507), with respect to all investors who  
26 purchased a security from Respondents in the form of a LandBanking Plus/Galileo  
27 Project investment, Respondents shall offer to repurchase the security or offer to rescind  
28 the transaction. As set forth in Corporations Code section 25507(b), and 10 CCR  
260.507, Respondents shall submit an application for approval as to the form of the offer  
to repurchase securities to the Securities Regulation Division of the Department of

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Business Oversight. Respondents shall complete the repurchase offer and repurchase the securities or rescind the transaction as to all investors who accept the offer.

(2) The repurchase offer shall be accompanied by all of the information required under Corporations Code section 25507 and 10 CCR 260.507, including, but not limited to, a disclosure informing the offeree of the findings set forth herein, and describing the current status of Respondents’ business operations.

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

Dated: June 18, 2019  
Sacramento, California

MANUEL P. ALVAREZ  
Commissioner of Business Oversight

By \_\_\_\_\_  
MARY ANN SMITH  
Deputy Commissioner  
Enforcement Division