

1 MARY ANN SMITH
Deputy Commissioner
2 SEAN ROONEY
Assistant Chief Counsel
3 ROBERT R. LUX (State Bar No. 189191)
Senior Counsel
4 BORYANA ARSOVA (State Bar No. 282703)
Counsel
5 Department of Business Oversight
1350 Front Street, #2034
6 San Diego, California 92101
Telephone: (619) 525-3729
7 Facsimile: (619) 525-4045

8 Attorneys for Complainant

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

12 In the Matter of:)

13 THE COMMISSIONER OF BUSINESS)
14 OVERSIGHT,)

15 Complainant,)

16 v.)

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

20 Respondents.)

STATEMENT IN SUPPORT OF ORDER
LEVYING ADMINISTRATIVE PENALTIES
PURSUANT TO CORPORATIONS CODE
SECTION 25252

21
22 Manuel P. Alvarez, the Commissioner of Business Oversight (Commissioner), alleges and
23 charges as follows:

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

26 1. The Commissioner is authorized to administer and enforce the provisions of the
27 Corporate Securities Law of 1968 (Corporations Code section 25000, et seq.) (CSL) and the rules
28 and regulations promulgated thereunder which control the qualification, offer, and sale of securities
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, 1/4000th 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, a 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
23 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-pressure sales tactics to
27 make payments and sign contracts to become investors.

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 in marketing materials given to investors that their Capital Improvement
6 Fund investment dollars were “projected to exceed \$8,000,000” and that this would provide a means
7 to 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,
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 Based on the foregoing finding, the Commissioner finds that the LandBanking Plus/Galileo
5 Project investments offered by Thomas M. Maney, Silver Saddle Commercial Development, LP,
6 Silver Saddle Ranch & Club, Inc., and the Galileo Commercial Property Owners Association, Inc.,
7 are securities subject to qualification under the Corporate Securities Law of 1968, and that
8 Respondents willfully offered and sold such securities without the securities first being qualified, in
9 violation of Corporations Code section 25110.

10 In addition, based on the foregoing findings, the Commissioner finds that Thomas M. Maney,
11 Silver Saddle Commercial Development, LP, Silver Saddle Ranch & Club, Inc., and the Galileo
12 Commercial Property Owners Association, Inc., willfully offered and sold securities in the form of
13 the LandBanking Plus/Galileo Project investments by means of written or oral communications
14 which included an untrue statement of material fact or omitted to state a material fact necessary to
15 make the statement made, in light of the circumstances under which they were made, not misleading,
16 in violation of Corporations Code section 25401.

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

22 **II.**

23 **ORDER LEVYING ADMINISTRATIVE PENALTIES**

24 Corporations Code section 25252 authorizes the Commissioner to issue an order levying
25 administrative penalties against a person for willful violations of law, rule or order.

26 Good cause showing, and pursuant to Corporations Code section 25252, the Commissioner
27 prays for an order levying administrative penalties against Respondents Thomas M. Maney, Silver
28

1 Saddle Commercial Development, LP, Silver Saddle Ranch & Club, Inc., and the Galileo
2 Commercial Property Owners Association, Inc., jointly and severally, as follows:

3 For each of the 3,032 (or according to proof) willful violations of Corporations Code section
4 25110, that Respondents be ordered to pay administrative penalties of \$1,000.00 for the first
5 violation and \$2,500.00 for each subsequent violation.

6 For each of the 3,032 (or according to proof) willful violations of Corporations Code section
7 25401, that Respondents be ordered to pay administrative penalties of \$1,000.00 for the first
8 violation and \$2,500.00 for each subsequent violation.

9

10 Dated: June 18, 2019
11 San Diego, California

MANUEL P. ALVAREZ
Commissioner of Business Oversight

12

By _____
13 ROBERT R. LUX
14 Senior Counsel
15 Enforcement Division

16

17

18

19

20

21

22

23

24

25

26

27

28