

1 CLOTHILDE V. HEWLETT
Commissioner
2 MARY ANN SMITH
Deputy Commissioner
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6 Department of Financial Protection and Innovation
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9 BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION
10 OF THE STATE OF CALIFORNIA

11 In the Matter of:

12 THE COMMISSIONER OF FINANCIAL
13 PROTECTION AND INNOVATION,

14 Complainant,

15 v.

16 ATWOOD CONSORTIUM LLC, and DANIEL
17 T. NERO

18 Respondents.

AMENDED NOTICE OF INTENT TO ISSUE
ORDER LEVYING ADMINISTRATIVE
PENALTIES AND STATEMENT IN
SUPPORT PURSUANT TO CORPORATIONS
CODE SECTION 25252

19 The Commissioner of Financial Protection and Innovation (Commissioner) is informed and
20 believes, and based upon such information and believe, alleges and charges as follows:

21 **I. STATEMENT OF FACTS**

22 1. At all relevant times, Atwood Consortium, LLC (Atwood), is and was a California
23 limited liability company located at 757 Linden Avenue, Los Altos, California 94022 operating as the
24 sole manager of CFP Fund I, LLC (CFP), a California limited liability company.

25 2. At all relevant times, Daniel T. Nero (Nero), is and was the managing member of
26 Atwood.

27 3. At all relevant times, CFP Fund I, LLC (The Fund), is and was a California limited
28 liability company located at 757 Linden Avenue, Los Altos, California 94022.

1 4. At all relevant times, Atwood was the manager of The Fund.

2 5. Atwood Consortium LLC and Daniel T. Nero are collectively referred to as
3 Respondents.

4 **Violations of Corporations Code Section 25230**
5 **(Conducting Business as an Investment Adviser without a Certificate)**

6 6. Beginning in or about April 2017, Atwood provided investment advisory services to a
7 pooled investment vehicle, CFP Fund I, LLC, and recommended to members of the public, to invest
8 money in The Fund. At all relevant times, Atwood was the investment manager of The Fund and had
9 discretionary authority of how The Fund invested its money.

10 7. The Fund’s Private Placement Memorandum (PPM) offers membership interests in
11 The Fund. The PPM indicates The Fund’s business model is to provide secured debt and equity
12 financing to Cannabis Operators. In addition, the PPM indicates that the Manager has broad
13 discretion in selecting and structuring the investments and such investment decisions are not subject
14 to prior review or approval by the members.

15 8. Between April 2017 through December 2021, Atwood provided investment advisory
16 services to at least one California client and collected at least \$743,665.70 in fees.

17 9. At all relevant times, neither the Department nor the United States Securities and
18 Exchange Commission have issued an investment adviser certificate to any of the Respondents.

19 10. Corporations Code section 25230 prohibits an investment adviser from conducting
20 business as an investment adviser in this state without first securing from the Commissioner a
21 certificate, then in effect, authorizing them to do so or unless they are exempt.

22 **II. NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE**
23 **PENALTIES**

24 11. The Commissioner re-alleges and incorporates by reference paragraphs 1 to 10 of this
25 Statement in Support, also contained in the Commissioner’s Desist and Refrain Order, as though fully
26 set forth herein.

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1 12. Corporations Code section 25252 authorizes the Commissioner to issue an order
2 levying administrative penalties against any person for willful violations of any provision of CSL and
3 any rules promulgated thereunder.

4 13. Based on the foregoing findings, the Commissioner finds that Respondents willfully
5 violated Corporations Code section 25230. Respondents are prohibited from conducting business as
6 an investment adviser in this state without first securing from the Commissioner a certificate,
7 authorizing them to do so. in violation of Corporations Code section 25230. Atwood Consortium
8 LLC collected at least \$743,665.70 in advisory fees.

9 14. Pursuant to California Corporations Code section 25252(b), the Commissioner hereby
10 provides notice of intent to levy administrative penalties against Atwood Consortium LLC and Daniel
11 T. Nero for the statutory amount of not more than five thousand dollars (\$5,000.00) for the first
12 violation, not more than ten thousand dollars (\$10,000.00) for the second violation, and not more than
13 fifteen thousand dollars (\$15,000.00) for each subsequent violation, or according to proof, for
14 Respondents willful violations of Corporation Code section 25230.

15 WHEREFORE, good cause showing, and pursuant to Corporations Code section 25252, the
16 Commissioner prays for an order levying administrative penalties, individually, jointly and severally,
17 against Respondents, in an amount of five thousand dollars (\$5,000.00), for violation of Corporations
18 Code section 25230.

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20 Dated: April 26, 2023
21 Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation

22 By _____
23 RYAN M. CASSIDY
24 Counsel
25 Enforcement Division
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