1	CLOTHILDE V. HEWLETT	
2	Commissioner MARY ANN SMITH	
3	Deputy Commissioner	
4	DANIEL P. O'DONNELL Assistant Chief Counsel	
5	RYAN M. CASSIDY (State Bar No. 340274)	
	Counsel	
6	Department of Financial Protection and Innovation 2101 Arena Boulevard	
7	Sacramento, CA 95834	
8	Telephone: (916) 764-8358 Attorneys for the Complainant	
9	BEFORE THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION	
10	OF THE STATE OF CALIFORNIA	
11		
12	In the Matter of:	NOTICE OF INTENT TO ISSUE ORDER
13	THE COMMISSIONER OF FINANCIAL PROTECTION AND INNOVATION,	LEVYING ADMINISTRATIVE PENALTIES AND STATEMENT IN SUPPORT
14	Complainant,	PURSUANT TO CORPORATIONS CODE
15	v.	SECTION 25252
16	ATWOOD CONSORTIUM LLC, DANIEL T.	
17	NERO, and JOHN KIRKORIAN	
18	Respondents.	
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. <u>STATEMENT OF FACTS</u>	
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 th	
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 a managing member of	
26	Atwood.	
27	3. At all relevant times, John Kirkorian (Kirkorian), is and was a managing member of	
28	Atwood.	

- 4. At all relevant times, CFP Fund I, LLC (The Fund), is and was a California limited liability company located at 757 Linden Avenue, Los Altos, California 94022.
 - 5. At all relevant times, Atwood was the manager of The Fund.
- 6. Atwood Consortium LLC, Daniel T. Nero, and John Kirkorian are collectively referred to as Respondents.

Violations of Corporations Code Section 25230

(Conducting Business as an Investment Adviser without a Certificate)

- 7. Beginning in or about April 2017, Atwood provided investment advisory services to a pooled investment vehicle, CFP Fund I, LLC, and recommended to members of the public, to invest money in The Fund. At all relevant times, Atwood was the investment manager of The Fund and had discretionary authority of how The Fund invested its money.
- 8. The Fund's Private Placement Memorandum (PPM) offers membership interests in The Fund. The PPM indicates The Fund's business model is to provide secured debt and equity financing to Cannabis Operators. In addition, the PPM indicates that the Manager has broad discretion in selecting and structuring the investments and such investment decisions are not subject to prior review or approval by the members.
- 9. Between April 2017 through December 2021, Atwood provided investment advisory services to at least one California client and collected at least \$743,665.70 in fees.
- 10. At all relevant times, neither the Department nor the United States Securities and Exchange Commission have issued an investment adviser certificate to any of the Respondents.
- 11. Corporations Code section 25230 prohibits an investment adviser from conducting business as an investment adviser in this state without first securing from the Commissioner a certificate, then in effect, authorizing them to do so or unless they are exempt.

II. NOTICE OF INTENT TO ISSUE ORDER LEVYING ADMINISTRATIVE PENALTIES

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

- 13. Corporations Code section 25252 authorizes the Commissioner to issue an order levying administrative penalties against any person for willful violations of any provision of CSL and any rules promulgated thereunder.
- 14. Based on the foregoing findings, the Commissioner finds that Respondents willfully violated Corporations Code section 25230. Respondents are prohibited from conducting business as an investment adviser in this state without first securing from the Commissioner a certificate, authorizing them to do so. in violation of Corporations Code section 25230. Atwood Consortium LLC collected at least \$743,665.70 in advisory fees.
- 15. Pursuant to California Corporations Code section 25252(b), the Commissioner hereby provides notice of intent to levy administrative penalties against Atwood Consortium LLC, Daniel T. Nero, and John Kirkorian for the statutory amount of not more than five thousand dollars (\$5,000.00) for the first violation, not more than ten thousand dollars (\$10,000.00) for the second violation, and not more than fifteen thousand dollars (\$15,000.00) for each subsequent violation, or according to proof, for Respondents willful violations of Corporation Code section 25230.

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

Dated: April 10, 2023 CLOTHILDE V. HEWLETT
Sacramento, California Commissioner of Financial Protection and Innovation

By

RYAN M. CASSIDY
Counsel
Enforcement Division