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1	CLOTHILDE V. HEWLETT	
_	Commissioner	
2	MARY ANN SMITH	
3	Deputy Commissioner	
4	DANIEL P. O'DONNELL	
4	Assistant Chief Counsel RYAN M. CASSIDY (State Bar No. 340274)	
5	Counsel	
6	Department of Financial Protection and Innovation	
	2101 Arena Boulevard	
7	Sacramento, CA 95834	
8	Telephone: (916) 764-8358	
	Attorneys for Complainant	
9	REFORE THE DEPARTMENT OF FINA	NCIAL PROTECTION AND INNOVATION
10		
1.1	OF THE STATE OF CALIFORNIA	
11	In the Matter of:	
12		AMENDED DESIST AND REFRAIN
13	THE COMMISSIONER OF FINANCIAL	ORDER;
13	PROTECTION AND INNOVATION,	
14	Complainant,	and
15	v.	AMENDED CLAIM FOR ANCILLARY
16	ATWOOD CONSORTIUM LLC, and DANIEL	RELIEF
10	T. NERO,	
17		(Corp. Code § 25532)
18	Respondents.	
19	The Commissioner of Financial Protection and Innovation (Commissioner) is informed a	

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

I. <u>FACTUAL BACKGROUND</u>

- 1. At all relevant times, Atwood Consortium, LLC (Atwood), is and was a California limited liability company located at 757 Linden Avenue, Los Altos, California 94022 operating as the sole manager of CFP Fund I, LLC (CFP), a California limited liability company.
- 2. At all relevant times, Daniel T. Nero (Nero), is and was the managing member of Atwood.
- 3. 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.

- 4. At all relevant times, Atwood was the manager of The Fund.
- 5. Atwood Consortium LLC and Daniel T. Nero are collectively referred to as Respondents.
- 6. 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.
- 7. 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.
- 8. 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.
- 9. 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.

II. DESIST AND REFRAIN ORDER

- 10. The Commissioner is authorized to administer and enforce the provisions of the Corporate Securities Law of 1968 (Cal. Corp. Code §§ 25000-25707) (CSL) and the regulations promulgated thereunder at title 10 of the California Code of Regulations, which includes the licensure, examination, and regulation of investment advisers.
- 11. Based on the foregoing findings, the Commissioner is of the opinion that the Respondents have conducted 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.

Pursuant to California Corporations Code section 25532, Atwood Consortium LLC and Daniel T. Nero are hereby ordered to desist and refrain from acting as an investment adviser in the

State of California unless and until he has first applied for and secured from the Commissioner a certificate, authorizing them to act as an investment adviser, or unless exempt.

III. CLAIM FOR ANCILLARY RELIEF IN THE FORM OF DISGORGEMENT

Complainant re-alleges and reincorporates by reference, as set forth fully above in paragraphs 1 to 9.

Corporations Code section 25532 authorizes the Commissioner to seek ancillary relief on behalf of any person injured by violations of any provision of the Corporations Code and any rules promulgated thereunder.

Based on the foregoing findings, the Commissioner finds that the Respondents collected from the California pooled investment vehicle, while engaged in unregistered investment advisory activities, in an amount of \$743,665.70, in violation of Corporations Code sections 25230.

WHEREFORE, good cause showing and the Commissioner's determination that this action is in the public interest and necessary to effectuate the Department's primary, legitimate, regulatory purpose based upon the Respondents' violations of the Corporations Code, the Commissioner hereby prays for an order of ancillary relief pursuant to Corporation Code section 25532, individually, jointly and severally against Respondents as follows:

A) Full Disgorgement, consisting of the total investment advisory fees collected by the Respondents, in the amount of \$743,665.70. or according to proof.

This Order is necessary, in the public interest, for the protection of investors, and consistent with the purposes, policies, and provisions of the CSL.

By:

DATED: April 26, 2023 Sacramento, California

CLOTHILDE V. HEWLETT
Commissioner of Financial Protection and Innovation



MARY ANN SMITH
Deputy Commissioner
Enforcement Division

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