
IN THE MATTER OF:

CFP FUND 1, LLC

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STIPULATION AND AGREEMENT

MATTER NO. ST-24-2022-8-S

WHEREAS, the Banking Commissioner (“Commissioner”) is charged with the administration of Chapter 672a of the General Statutes of Connecticut, the Connecticut Uniform Securities Act (“Act”) and Sections 36b-31-2 to 36b-31-33, inclusive, of the Regulations of Connecticut State Agencies (“Regulations”) promulgated under the Act;

WHEREAS, CFP Fund 1, LLC (“CFP Fund”), was formed on March 2, 2017, as a California limited liability company, to provide accredited investors the opportunity to invest in a diversified pool of debt facilities and private equity investments. The principal place of business of the CFP Fund was located at 757 Linden Avenue, Los Altos, California 94022 until the CFP Fund moved its principal place of business to its current location at 290 Los Gatos-Saratoga Road, Los Gatos, California 95030;

WHEREAS, the CFP Fund’s Private Placement Memorandum (PPM) offered membership interests in the CFP Fund. The PPM indicates that the CFP Fund’s business model is to provide secured debt and equity financing to cannabis operators. In addition, the PPM indicates that the manager of the CFP Fund has broad discretion in selecting and structuring the investments and such investment decisions are not subject to prior review or approval by the members;

WHEREAS, initially, Atwood Consortium, LLC (“Atwood”) was the CFP Fund’s sole Manager and Daniel Thomas Nero (CRD# 6471333) (“Nero”) was the manager of Atwood. Nero is not currently registered in any state and was last registered as an investment adviser agent under the Act from July 14,

2015, to January 4, 2016. Nero was responsible for day-to-day operations of Atwood, as well as all decisions and actions taken by the Atwood on behalf of the CFP Fund;

WHEREAS, the Commissioner, through the Securities and Business Investments Division (“Division”) of the Department of Banking, conducted an investigation of the CFP Fund pursuant to Section 36b-26 of the Act to determine whether the CFP Fund had violated, was violating or was about to violate any provision of the Act or any regulation or order under the Act (“Investigation”);

WHEREAS, as a result of the Investigation, the Division ascertained that, on April 27, 2017, the CFP Fund filed a Form D (Notice of Exempt Offering of Securities) with the Securities and Exchange Commission pursuant to Rule 506(C) of Regulation D;

WHEREAS, CFP Fund did not make a Rule 506 notice filing with the Commissioner pursuant to Sections 36b-16 and 36b-21(e) of the Act;

WHEREAS, in connection with the Investigation, Division staff ascertained that on June 24, 2020, and June 29, 2020, the CFP Fund offered and sold securities to two Connecticut investors in a private placement (“2020 Offerings”);

WHEREAS, at the time of the 2020 Offerings, such securities were not registered nor the subject of an exemptive claim or claim of covered security status under Section 36b-21 of the Act;

WHEREAS, Section 36b-16 of the Act provides that “[n]o person shall offer or sell any security in this state unless (1) it is registered under sections 36b-2 to 36b-34, inclusive, (2) the security or transaction is exempted under section 36b-21, or (3) the security is a covered security provided such person complies with any applicable requirements in subsections (c), (d) and (e) of section 36b-21”;

WHEREAS, Section 36b-21(e) of the Act provides, in pertinent part, that “[a]ny person who offers or sells a security that is a covered security under Section 18(b)(4)(E) of the Securities Act of 1933 shall file a notice with the commissioner within fifteen days after the first sale of such a security in this state”;

WHEREAS, the Commissioner believes that and the failure by the CFP Fund to comply with Section 36b-16 of the Act in conjunction with the 2020 Offerings and the failure by the CFP Fund to timely file the notice required by Section 36b-21(e) of the Act in connection with the 2020 Offerings

would support the imposition of administrative sanctions against the CFP Fund pursuant to Section 36b-27 of the Act;

WHEREAS, an administrative proceeding initiated under Section 36b-27 of the Act would constitute a “contested case” within the meaning of Section 4-166(4) of the General Statutes of Connecticut;

WHEREAS, Section 4-177(c) of the General Statutes of Connecticut and Section 36a-1-55(a) of the Regulations provide that a contested case may be resolved by stipulation or agreed settlement, unless precluded by law;

WHEREAS, on October 21, 2020, John Kirkorian (“Kirkorian”), the single largest investor in the CFP Fund, was added as Co-Manager of the CFP Fund to provide Kirkorian with more oversight of the CFP Fund;

WHEREAS, on November 24, 2021, due to continuing concerns regarding Nero’s actions pertaining to the operation of the CFP Fund, the members of the CFP Fund, led by Kirkorian, removed Atwood and Kirkorian as Co-Managers of the CFP Fund and appointed JMK Capital Management, LLC, a California limited liability company, as the sole Manager of the CFP Fund;

WHEREAS, the CFP Fund offered to repay the two Connecticut investors, the offers were accepted, and the two Connecticut investors were paid back their investments in twelve monthly installments;

WHEREAS, the CFP Fund, maintains that its failure to file was attributable to an oversight by its former manager Atwood;

WHEREAS, the CFP Fund desires to settle the matters described herein and voluntarily enters into this Stipulation and Agreement;

WHEREAS, the Commissioner and the CFP Fund acknowledge that this Stipulation and Agreement is in lieu of any court action or administrative proceeding against the CFP Fund, its members, officers, employees, agents, or representatives adjudicating any issue of fact or law on the matters described herein and is being made to settle only the matters described herein;

WHEREAS, without admitting or denying the allegations contained herein, the CFP Fund expressly consents to the Commissioner’s jurisdiction under the Act and to the terms of this Stipulation and Agreement;

WHEREAS, the CFP Fund through its execution of this Stipulation and Agreement, voluntarily waives any rights it may have to seek judicial review or otherwise challenge or contest the terms and conditions of this Stipulation and Agreement;

WHEREAS, the CFP Fund acknowledges that it has had the opportunity to consult with and be represented by independent counsel in negotiating and reviewing this Stipulation and Agreement and enters into this Stipulation and Agreement freely;

AND WHEREAS, the CFP Fund specifically assures the Commissioner that the violations alleged in this Stipulation and Agreement shall not occur in the future.

NOW THEREFORE, THE PARTIES HERETO DO MUTUALLY AGREE AS FOLLOWS:

1. No later than the date this Stipulation and Agreement is executed by the Commissioner, the CFP Fund 1, LLC shall remit to the Department by cashier’s check, certified check or money order made payable to “Treasurer, State of Connecticut” or by electronic funds transfer the sum of two thousand five hundred dollars (\$2,500) as an administrative fine;
2. The CFP Fund 1, LLC, its members, officers, representatives, agents, employees, affiliates, and successors in interest shall, in connection with the CFP Fund 1, LLC’s business, refrain from engaging, directly or indirectly, in conduct constituting or which would constitute a violation of the Act, or any regulation, rule or order adopted or issued under the Act;
3. Execution of this Stipulation and Agreement by the Commissioner is without prejudice to the right of the Commissioner to take enforcement action against the CFP Fund 1, LLC or its successors in interest based upon a violation of this Stipulation and Agreement or the basis for its entry if the Commissioner determines that compliance is not being observed with the terms hereof; and
4. This Stipulation and Agreement shall become binding when executed by the CFP Fund 1, LLC and the Commissioner.

IN WITNESS WHEREOF, the undersigned have executed this Stipulation and Agreement on the dates indicated.

Dated at Hartford, Connecticut,
this 28th day of March 2025.

/s/
Jorge L. Perez
Banking Commissioner

I, John Kirkorian, state on behalf of the CFP Fund 1, LLC, that I have read the foregoing Stipulation and Agreement; that I know and fully understand its contents; that I am authorized to execute this Stipulation and Agreement on behalf of the CFP Fund 1, LLC; and that the CFP Fund 1, LLC agrees freely and without threat or coercion of any kind to comply with the terms and conditions stated herein.

CFP Fund 1, LLC

By: _____/s/_____

Name: John Kirkorian_____

Title: Manager

JMK Capital Management, LLC
Sole Manager of CFP Fund 1, LLC

State of: _____

**CALIFORNIA ACKNOWLEDGEMENT
PROVIDED
SEPARATELY**

County of: _____

~~On this the _____ day of March 2025, before me, the undersigned officer, personally appeared _____, who acknowledged himself to be the _____ of JMK Capital Management, LLC, a limited liability company, the Sole Manager of CFP Fund 1, LLC, a limited liability company, and that he, as such _____, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself as _____.~~

~~In witness whereof I hereunto set my hand.~~

~~_____
Notary Public / Commissioner of the Superior Court
Date Commission Expires:~~