

1 PRESTON DuFAUCHARD  
California Corporations Commissioner  
2 ALAN S. WEINGER  
Acting Deputy Commissioner  
3 MIRANDA L. MAISON (CA BAR NO. 210082)  
Senior Corporations Counsel  
4 Department of Corporations  
1515 K Street, Suite 200  
5 Sacramento, California 95814  
Telephone: (916) 322-8730  
6 Facsimile: (916) 445-6985

7 Attorneys for Complainant

8 BEFORE THE DEPARTMENT OF CORPORATIONS  
9 OF THE STATE OF CALIFORNIA

11	In the Matter of	)	OAH CASE NO. 2008050527
12	THE CALIFORNIA CORPORATIONS	)	FILE NO. 506-2762
13	COMMISSIONER,	)	ORDER REVOKING EFFECTIVENESS
14	Complainant,	)	OF PERMIT
15	v.	)	[Corporations Code Section 25140]
16	CEDAR FUNDING MORTGAGE FUND,	)	
17	L.L.C.,	)	
18	Respondent.	)	
19		)	

21 1. On April 30, 2008, the California Corporations Commissioner (“Commissioner”) initiated  
22 this action pursuant to Corporations Code section 25140, subdivision (a)(1), to revoke the permit  
23 issued to Cedar Funding Mortgage Fund, L.L.C. (“Respondent”).

24 2. Respondent’s primary place of business is located at 465 Tyler Street, Monterey, California  
25 93940.

26 3. Respondent is a California limited liability company organized for the purpose of making or  
27 investing in loans secured by deeds of trust secured primarily by California real estate, both  
28 commercial and residential.

1 4. Respondent's manager is Cedar Funding, Inc. ("Manager"), whose president and sole  
2 stockholder is David Arthur Nilsen.

3 5. On November 27, 2007, the Commissioner issued a permit under Corporations Code section  
4 25113 to Respondent to offer and sell securities valued up to \$90,000,000 in the form of membership  
5 interests in California. The permit expires on November 27, 2008.

6 6. This permit was issued under a limited offering qualification authorizing the offer and sale of  
7 Respondent's securities only to investors with: (a) a net worth (exclusive of home, furnishings and  
8 automobiles) of at least \$250,000 and an annual gross income of at least \$65,000; or (b) a net worth  
9 (exclusive of home, furnishings and automobiles) of at least \$500,000; and the amount of each  
10 investor's investment in units must not exceed 10% of such investor's net worth (exclusive of home,  
11 furnishings and automobiles).

12 7. In April 2008, the Commissioner determined Respondent violated terms of the permit in the  
13 following manner:

14 a) Falsely representing in its offering circular that the corporate Manager is a licensed  
15 California real estate broker;

16 b) Disbursing at least \$8,527,577 of loan proceeds not recorded by deeds of trust, exposing  
17 members to unsecured losses;

18 c) Issuing a single loan exceeding \$5,000,000 or 15% of the total loan fund, in violation of  
19 the loan diversification clause set forth in the offering circular;

20 d) Making excessive loans to the Manager and affiliates.

21 8. On April 30, 2008, the Commissioner issued a Notice of Intention to Enter an Order  
22 Revoking Permit Issued Under Section 25113, Accusation, and accompanying documents against  
23 Respondent based upon the aforementioned violations.

24 9. On May 15, 2008, Respondent requested an administrative hearing to adjudicate the  
25 Commissioner's permit revocation action.

26 10. On August 6, 2008, Respondent withdrew its hearing request.

27 11. Based on the foregoing, the Commissioner finds that Respondent's proposed plan of business  
28 and issuance of securities is no longer fair, just, and equitable, or that Respondent does not intend to

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28

transact business fairly and honestly, or that the securities proposed to be issued or method used in issuing them will tend to work a fraud upon the purchaser thereof, and thus it is in the public interest to revoke Respondent's permit.

NOW FOR GOOD CAUSE APPEARING, IT IS ORDERED that the permit issued by the California Corporations Commissioner to Cedar Funding Mortgage Fund, L.L.C. on November 27, 2007 is hereby revoked. This Order is effective as of this date.

Dated: August 7, 2008  
Los Angeles, California

PRESTON DuFAUCHARD  
California Corporations Commissioner

By: \_\_\_\_\_  
ALAN S. WEINGER  
Acting Deputy Commissioner  
Enforcement Division