

MedMen Co Founders' New Weed Venture Collapses Fast

Megabud's Swift Collapse: How MedMen Founders' Latest Cannabis Venture Unraveled Amid Lawsuits and Financial Struggles

Megabud, the latest legal marijuana venture from MedMen Enterprises co-founders Adam Bierman and Andrew Modlin, faced a swift and dramatic collapse, leaving behind lawsuits, unpaid bills, and an uncertain future. What was initially pitched as a groundbreaking “chain of cannabis convenience stores” in California’s San Francisco Bay Area lasted less than a year before shutting its doors.

An Ambitious Cannabis Expansion Plan That Quickly Fell Apart

When Megabud launched in December 2022, it had three retail locations and ambitious plans for expansion. Bierman and Modlin, both known for their previous high-profile yet troubled ventures in the cannabis industry, aimed to reestablish themselves after MedMen’s meteoric rise and fall.

MedMen had once been a symbol of cannabis industry success, with a valuation reaching \$2 billion when it went public on the Canadian Securities Exchange. However, financial mismanagement, legal battles, and unsustainable growth strategies led to its downfall. Bierman and Modlin’s second cannabis venture, Coastal Holding Co., also met a similar fate when it was sold to The Parent Co. in late 2021.

Megabud emerged from the ashes of their previous endeavors, but its rapid demise mirrored past failures. Within months of opening, financial struggles, dwindling inventory, and unpaid bills plagued the business, culminating in its indefinite closure by mid-September 2023.

Legal and Financial Woes Surface: Megabud's Collapse Documented in Court Records

Court filings and public licensing records paint a grim picture of Megabud’s operational struggles. The company faced lawsuits alleging unpaid security bills totaling nearly \$80,000 and disputes between business partners. By June 2024, all of Megabud’s business licenses had expired, signaling the end of the venture.

In one lawsuit filed in San Francisco County, a security firm claimed it was never paid for its services despite repeatedly providing protection for Megabud’s stores. Business partners also clashed over control of locations, with Bierman reportedly being locked out of a store in Daly City by a co-investor.

Bad Timing and Market Challenges Contribute to Megabud's Downfall

The cannabis industry in California has faced declining wholesale prices and shrinking retail margins, making it a tough market for new businesses. Megabud launched at a time when San Francisco imposed a moratorium on new cannabis stores due to declining sales, further limiting its growth potential.

Despite securing a seemingly prime location in San Francisco's Divisadero Street—a busy commercial area near a major hospital and transit corridor—Megabud struggled to attract enough business to sustain its operations.

Early Signs of Trouble: Empty Shelves, Limited Inventory, and Unhappy Vendors

Internal communications suggest that Megabud was struggling as early as mid-2023. Text messages from store managers indicate that product shortages were severe, with the theft of a single five-pack of Jeeter prerolls being considered a “big hit” to the business.

The financial troubles worsened when the company allegedly failed to pay vendors and service providers. By September 2023, Megabud was forced to close its doors indefinitely due to a lack of business.

Unpaid Bills and Business Partner Disputes Lead to Lawsuits

Lawsuits filed in multiple counties highlight Megabud's failure to meet its financial obligations. One security firm claimed that it had provided unarmed guards for Megabud's San Francisco and Daly City locations from June to September 2023 but never received payment for its services.

Robert Bell, a security contractor who worked with Megabud, stated that his company continued to provide protection despite warnings that Megabud had a reputation for not paying its bills. However, after months of unpaid invoices, Bell's firm terminated its services.

Additionally, a business partner reportedly locked Bierman out of a Daly City location amid an internal dispute, further complicating the company's financial and operational stability.

Investors Left Scratching Their Heads: How Did Bierman and Modlin Secure Funding Again?

Industry insiders and investors were shocked to see Bierman and Modlin reenter the cannabis market, given their controversial history. Some questioned how they managed to secure funding for another venture despite their track record of unpaid debts and financial mismanagement.

One anonymous cannabis investor expressed disbelief that Bierman was able to pass due diligence with new investors. “I have no idea how he passed any real investor's DD (due diligence),” the investor told MJBizDaily via email.

The skepticism is particularly pronounced in San Francisco, where MedMen's old signage still hangs above an empty storefront in the upscale Cow Hollow neighborhood, serving as a reminder of the company's downfall.

A Pattern of Financial Mismanagement and Unrealistic Growth Projections

Megabud's struggles echo the same issues that plagued MedMen. The company appeared to suffer from supply chain problems, inconsistent inventory, and unrealistic financial projections.

Bell, the former security contractor, suggested that Megabud's leadership never intended for the business to succeed in the long term. “I know it seems weird,” he said, “but I think they just did a money grab.”

The Future of MedMen's Founders: What's Next for Bierman and Modlin?

While Megabud has officially shut down, Bierman remains active in the public sphere. He is currently on a media tour promoting a memoir about his tenure at MedMen. However, he declined to comment on Megabud's collapse when contacted by MJBizDaily.

Modlin's involvement in Megabud was primarily in a co-owner role, according to corporate registration and cannabis control records. His future in the industry remains uncertain, given the legal and financial troubles surrounding his previous ventures.

A Cautionary Tale for Cannabis Entrepreneurs

Megabud's rapid rise and fall serve as yet another cautionary tale for entrepreneurs in the legal cannabis industry. The venture's struggles highlight the challenges of operating in a highly regulated, financially demanding market where reputation and financial responsibility play a crucial role in long-term success.

For investors and business owners in the cannabis sector, Megabud's failure reinforces the importance of due diligence, financial transparency, and sustainable growth strategies.

As the legal marijuana industry continues to evolve, one thing remains clear: flashy branding and ambitious expansion plans are not enough to guarantee success. Proper financial management, ethical business practices, and strong industry partnerships are essential to building a lasting presence in the market.

With Bierman and Modlin's latest venture now a cautionary footnote in the cannabis industry, only time will tell whether they will attempt another comeback—or if Megabud marks the end of their turbulent journey in the legal marijuana business.

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