

SF Pot Brand Wins \$18M in Battle Against Billionaire Investors

Judge Grants \$18 Million Preliminary Award to San Francisco-Based Cannabis Brand in High-Stakes Investor Dispute

A judge has issued an \$18 million preliminary award to San Francisco-based global cannabis brand Cookies, marking a significant development in a heated legal battle between the company's founders and its investors.

Founders and Investors Engage in Legal Clash Over \$100 Million in Damages

The dispute has escalated into a full-blown legal war, with Cookies and its early investors leveling serious allegations against each other. The investors, who also operate a network of Cookies-branded retail stores, have accused the company's founder, Gilbert Anthony "Berner" Milam Jr., and his associates of fraud. In response, Milam has labeled the group as "predatory investors" attempting a hostile takeover of the brand.

Arbitrator Sides With Milam, Awards Nearly \$18 Million in Damages

On February 14, a private administrative judge in San Francisco ruled in favor of Milam and his executives, though the damages awarded fell far short of the \$118 million originally sought by Cookies. The judge granted approximately \$17.9 million in damages along with attorneys' fees.

Final Ruling Expected in April, With Minimal Changes Anticipated

While the preliminary award remains subject to revision or appeal, attorneys representing Cookies have expressed confidence that the final ruling will largely uphold the interim decision. In a court filing last week, Cookies' legal team described the ruling as a "clean-sweep victory" and asserted that the final award was "obviously nigh."

Investor's Attorney Dismisses Award as Unenforceable, Pledges to Continue Legal Fight

Roger L. Scott, an attorney for Cookies Retail LLC, dismissed the arbitrator's interim award as non-binding and vowed to continue challenging Cookies in court. "The Superior Court remains the proper venue for this dispute," Scott stated in an email to SFGATE, adding that Cookies Retail LLC would raise concerns about the interim award's legitimacy in upcoming proceedings.

Private Arbitration Ruling Made Public Amid Related Court Battle

Typically, arbitration rulings remain private, but this decision came to light due to a related court case filed by the same investors in January 2023. Cookies submitted the interim award as evidence while seeking to halt ongoing litigation in that case until arbitration concludes.

Milam's Battle for Control: How Early Business Decisions Led to Investor Conflict

The 48-page arbitration ruling serves as a vindication for Cookies' founders while also shedding light on the complex financial maneuvers that left Milam fighting for control of his brand. Among the investors is billionaire venture capitalist Vinny Smith, who backed Brandon Johnson, a cannabis entrepreneur managing a network of Cookies stores.

Investors' Secret Plan to Overtake Cookies: 'Blue Wedding' Reference Raises Eyebrows

According to the arbitrator's findings, the investors discussed a potential takeover of Cookies in an email referencing a "blue wedding"—a nod to the brand's signature blue logo and a "Game of Thrones" episode depicting a violent family betrayal disguised as a wedding celebration.

Cookies President Declines Case-Specific Comments but Celebrates Legal Win

Parker Berling, Cookies' president and a defendant in the 2023 lawsuit, declined to answer case-related inquiries but welcomed the arbitrator's decision. "We are pleased with the interim award and remain committed to building Cookies into a 100-year brand," Berling said in an email.

Brand's Future Uncertain as Legal Battles Threaten Stability

The legal dispute largely revolves around licensing fees and venture capital investments, with both sides making aggressive legal maneuvers that could impact the company's future. Investors such as Brandon Johnson, backed by Smith's venture capital fund, have played a significant role in managing and expanding Cookies retail operations.

Closures and Controversies: What Lies Ahead for the Cookies Brand?

The dispute's impact on Cookies' retail presence remains uncertain. The company has already closed flagship locations, including its Haight Street store in San Francisco and its Melrose store in Los Angeles, although it has since launched a new Melrose location.

Adding to the turmoil, another investor, Ned Fussell, has accused Milam and Cookies of using the brand to extort millions in personal benefits and kickbacks, as outlined in an ongoing Los Angeles court case. Berling declined to comment on the Fussell lawsuit or the future of Cookies' retail network.

As legal battles continue, the future of one of cannabis's most recognizable brands hangs in the balance.

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